

CITY OF EDGEWATER, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2014



CITY OF EDGEWATER, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2014

Prepared by: The Finance Department



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March 31, 2014

To the Honorable Mayor, and Members of the City Council, and Citizens of the City of Edgewater

City Charter and State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with the generally accepted accounting principles in the United States of America (GAAP) and that they be audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, it is with great pleasure that we present to the City of Edgewater, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30th, 2014.

This report consists of management's representations concerning the finances of the City of Edgewater. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Edgewater has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Edgewater's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Edgewater's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

James Moore & Co., P.L. a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the City of Edgewater's financial statements for the fiscal year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designated to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Edgewater was incorporated in 1952 and has operated under the Council-Manager form of government since 1981. Primary responsibilities of the City Manager are to implement the policies of the elected officials. The City Manager assumes responsibilities of the day-to-day operations of the City, annual budget preparation, appointing/removing officers and employees. In addition to supervising the daily operations, the City Manager works with elected officials, committees and citizens to plan for the future of the community.

The City of Edgewater is located in southeast Volusia County, primarily east of I-95 south of New Smyrna Beach, two miles west of the Atlantic Ocean and runs along 10.5 miles of the Indian River coastline. The City is within the economic zone of Central Florida, which roughly follows Interstate 4 from Tampa through Orlando to Daytona Beach and the communities along the Atlantic Coast in Volusia County. There are 14,362 acres of land within the City with an estimated population of 20,748.

The City of Edgewater offers a full range of services to its citizens through multiple funds. The City uses funds to separate resources and assure that the City adheres to restrictions placed upon it by legislators, grantors, donors, and other outside parties (e.g. GASB, GAAP). The following is a list of services provided by each fund:

- **General Fund** - provides planning and zoning, economic development, building (e.g. permits, inspections, etc), police, fire, fire rescue, animal control, parks, recreation, streets (new and maintained), code enforcement, and general administrative services.
- **Water and Sewer Fund** - provides water and sewer services.
- **Refuse Fund** - uses a combination of City personnel and assets along with private contracted companies to provide solid waste collection.
- **Stormwater Fund** – provides and ensures proper water drainage from all properties.
- **Internal Service Funds** – account for fleet management services, management information systems, general liability insurance, health insurance, and workers compensation insurance.

Whenever possible the City seeks alternative sources of revenue to provide services, enhance services, and supplement the existing expenses in the budget. The most prominent example of alternative revenue is grants through the federal, state, and local levels.

Local economy

Long established businesses such as Boston Whaler, Edgewater Power Boats, R.J. Dougherty Associates, Inc, Porta Products, Tropical Blossom Honey, Lane Construction, as well as new businesses provide employment opportunities within the City. NASA and related supporting enterprises at Cape Canaveral as well as the cruise industry located at Port Canaveral provide further employment opportunities.

The City of Edgewater currently has a 5.9 percent unemployment rate (in line with the state average of 6.1 percent). During the last year, taxable assessment values of property in Edgewater increased 3.85 percent. The City continues exploring several options to increase economic growth within the City and improve economic development within southeast Volusia County. The City's Economic Development Board is continuing its emphasis on result-oriented initiatives as well as the City is working with the County in creating a Community Revvelopment Agency to encourage redevelopment along our US. 1 and Park Ave. corridor. The City continues to develop many partnerships between various economic development agencies and local businesses.

The City of Edgewater's outlook for fiscal year 2015 is for modest gains in economic growth as the recovery and expansion from the financial crisis and national and international recessions gain a small degree of traction in the local economy. With the modest gains, the City of Edgewater continues to apply for Federal and State and did receive State Revolving Funds for the renewal and replacement of an aging Waste Water Treatment plant as well as Department of Transportation funds for sidewalks along our major corridor US. 1. The Waste Water Treatment Plant R&R was completed in FY2014 with the Sidewalks to be completed in FY2015. Without these funds, this project would not have been completed within the foreseeable future.

Financial planning and budgeting

The City continued to stress expenditure control in preparing the FY2015 General Fund budget. The City ad valorem millage rate for FY2014 was 6.876, which was 9.98% more than the rolled-back rate. The millage rate increased from the prior year rate of 6.50, resulting in property tax collections increase of 9.48% due to an increase in property assessments an annexation.

The City adopts a five-year capital improvement plan that identifies future funding needs to maintain, repair and upgrade capital assets and infrastructure including road resurfacing, water line upgrades and vehicle and technology replacement programs within the funding constraints. It should be noted; however, that the CIP is not a fixed document but a flexible, evolutionary document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Relevant financial policies

The City Council recognizes the need to meet seasonal shortfalls in cash flows, its susceptibility to emergency or unanticipated expenditures or the possibility of revenue shortfalls during any fiscal year. To address these issues, the City Council included in its Charter a requirement to maintain reserves at a minimum of 15 percent to a maximum of 25 percent of the general fund appropriations (excluding operating transfers). The unassigned fund balance at September 30, 2014 was 23.29% which is within the range of 15-25% per the charter. For Fiscal Year 2014 operating budget cuts were necessary in many areas to offset increasing operating cost while still maintaining our five year salary step plan.

Budgeting Controls

The annual budget serves as the foundation for the City of Edgewater's financial planning and control. All departments of the City of Edgewater are required to submit requests for appropriation to the City Manager. The City Manager then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Edgewater's fiscal year. The appropriated budget is prepared by fund (i.e., General Fund), department (i.e., Fire Department) and division (i.e., Fire Operations). The City Manager may make transfers of appropriations within and between divisions and departments; however, any revisions that alter the total appropriations of any funds must be approved by City Council. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund.

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edgewater for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the thirtieth consecutive year that the City of Edgewater has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility of another certificate.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated commitment of the entire Finance Department. The City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of the accounting information and statistics compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult. Appreciation must also be expressed to the City's external auditor whose suggestions and attention to detail enhanced the quality of this report.

In closing, special thanks to the Mayor and City Council for their support and commitment to maintaining the financial integrity and sustainability of the City.

Respectfully submitted,



Tracey T. Barlow
City Manager



Jonathan C. McKinney
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Edgewater
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF EDGEWATER FLORIDA

List of Elected and Appointed Officials

September 30, 2014

CITY COUNCIL

Michael L. Thomas, Mayor

**Christine Power,
District 1**

**Michael Ignasiak,
District 3**

**Gigi Bennington,
District 2**

**Gene Emter,
District 4**

ADMINISTRATION

CITY MANAGER

Tracey T. Barlow

FINANCE DIRECTOR

Jonathan McKinney

CITY ATTORNEY

Aaron R. Wolfe

FIRE CHIEF

Stephen Cousins

CITY CLERK

Bonnie Wenzel

POLICE CHIEF

David J. Arcieri

**PERSONNEL
DIRECTOR**

Donna Looney

**DEVELOPMENT SERVICES
DIRECTOR**

Darren Lear

**ENVIRONMENTAL SERVICES
DIRECTOR**

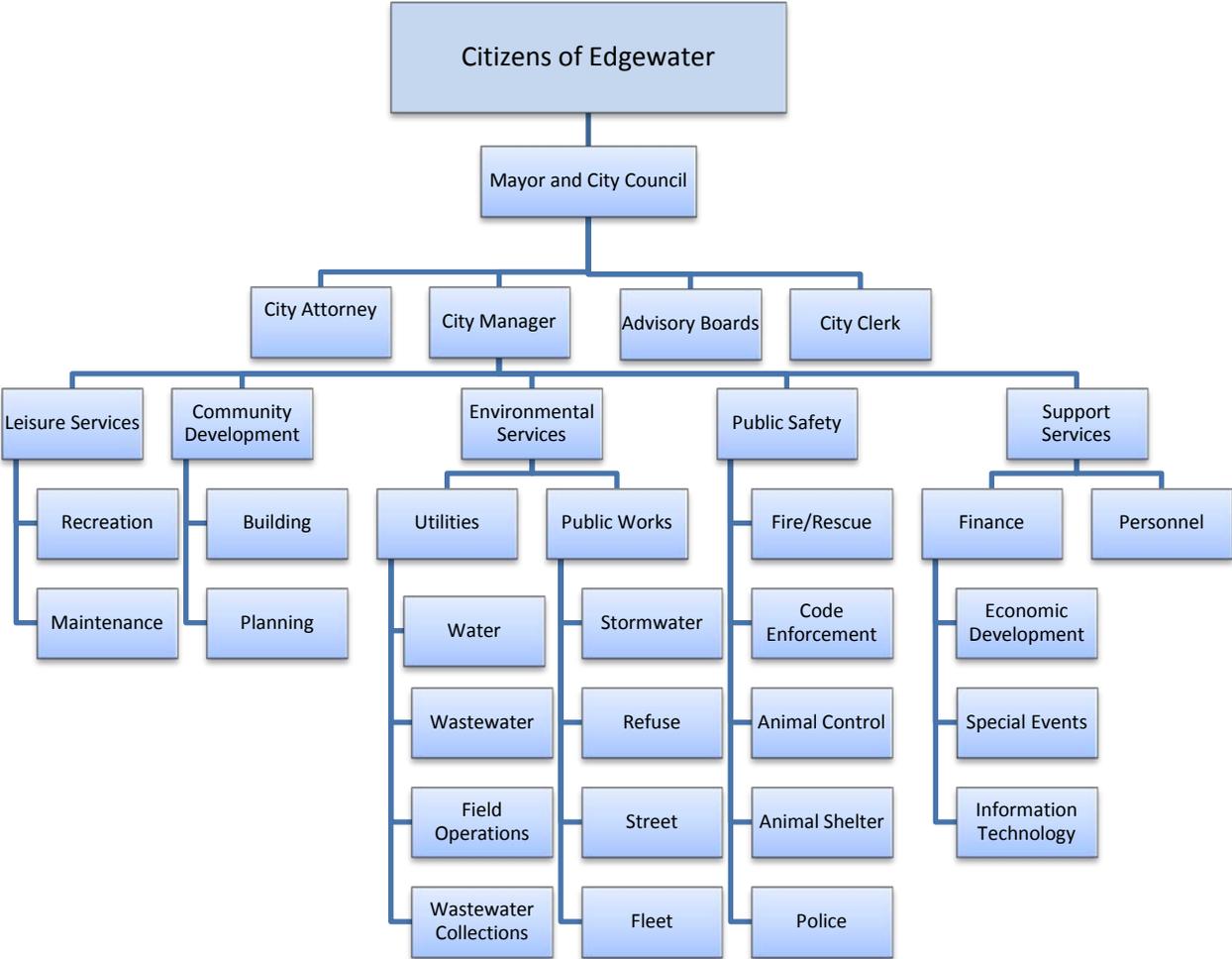
Brenda Dewees

**LEISURE SERVICES
DIRECTOR**

Jack Corder

CITY OF EDGEWATER FLORIDA

City Organization Chart
 September 30, 2014



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council, and City Manager
City of Edgewater, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Edgewater, Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Change in Accounting Principle

As discussed in Note V(H) to the financial statements, in 2014, the entity adopted Governmental Accounting Standards Board (GASB) *Statement No. 65, Items Previously Reported As Assets and Liabilities*, and GASB *Statement No. 67, Financial Reporting for Pension Plans*. See Note V(H) for the effect of GASB 65 on beginning net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, and the schedule of state financial assistance, as required by Section 215.97, Florida Statutes, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

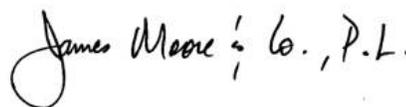
The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Daytona Beach, Florida
March 23, 2015



James Moore & Co., P.L.

Management's Discussion and Analysis

As management of the City of Edgewater, Florida we offer readers of the City of Edgewater's financial statements this narrative overview and analysis of the financial activities of the City of Edgewater for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- Net Position - The assets of the City exceeded its liabilities at the close of FY 2013-14 by \$80,562,682, which represents a decrease in net assets of \$2,527,280 or 3.04% from the prior fiscal year.
- The City's governmental funds reported combined ending fund balance of \$4,845,460, an increase of \$925,423 from the prior fiscal year.
- At the end of FY 2013-14, the General Fund unassigned fund balance was \$2,770,632 or 23.08% of the budgeted FY 2015 General Fund expenditures, excluding transfers. This represents an increase of \$26,024 from the prior fiscal year.
- During the fiscal year, the City's total debt increased by \$1,123,469. Governmental debt increased by \$116,908 and business-type debt reflected an increase of \$1,006,561.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Edgewater that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Edgewater include general government, public safety, transportation/public works and leisure services. The business-type activities of the City of Edgewater include water and sewer, refuse collection and stormwater management.

The government-wide financial statements include only the City of Edgewater itself (known as the *primary government*). The City of Edgewater has no component units.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Edgewater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Edgewater can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City of Edgewater maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the capital projects fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Edgewater adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with this budget at page 22. Budgetary comparison schedules have been provided for the non-major, debt service and capital projects funds at pages 68-73.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Funds - The City of Edgewater maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Edgewater uses enterprise funds to account for water and sewer, refuse collection and stormwater management.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer, refuse collection and stormwater management which are all considered to be major funds.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Internal Services Funds – Internal Service funds are used to account for the financing of centralized services to the City departments on a cost-reimbursement basis.

The basic internal services fund financial statements can be found on pages 75-78 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Edgewater's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 79-81 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 29-59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in its obligation to provide pension benefits to its employees. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the Notes to Financial Statements. Combining and individual fund statements and schedules can be found on pages 63-67 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Edgewater, assets exceeded liabilities by \$80,562,682 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior years. For more detail see the Statement of Net Position on page 15.

City of Edgewater's Statement of Net Position (in whole dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$6,237,617	\$5,178,148	\$10,934,724	\$10,627,203	\$17,172,341	\$15,805,351
Capital Assets	42,267,444	44,948,205	51,461,167	52,601,859	93,728,611	97,550,064
Total Assets	48,505,061	50,126,353	62,395,891	63,229,062	110,900,952	113,355,415
Liabilities:						
Long term liabilities	3,788,164	3,625,438	24,431,577	23,340,342	28,219,741	26,965,780
Other liabilities	817,083	710,725	1,392,443	2,588,948	2,209,526	3,299,673
Total Liabilities	4,605,247	4,336,163	25,824,020	25,929,290	30,429,267	30,265,453
Net Position:						
Net investment in capital assets	40,480,601	43,278,270	27,962,252	30,199,966	68,442,853	73,478,236
Restricted	1,255,664	1,000,424	1,694,339	1,860,458	2,950,003	2,860,882
Unrestricted	2,163,549	1,511,496	7,006,277	5,239,348	9,169,826	6,750,844
Total Net Position	\$43,899,814	\$45,790,190	\$36,662,868	\$37,299,772	\$80,562,682	\$83,089,962

At the end of the current fiscal year, the government's liabilities increased by \$163,814 which is mainly attributed to the increase of long term debt in business-type activities of \$1,006,561, and a decrease of payables in business-type activities of \$1,141,391 from the completion of the wastewater treatment plant refurbishment. Other liabilities increased by \$89,181 which is attributed to increases in OPEB and compensated absence liabilities of the City.

Eighty-five percent (85%) of the City's net position reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewater's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Edgewater's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,169,826 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Edgewater is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net position decreased by \$2,527,280 in the current fiscal year. The government's restricted net position increased by \$89,121 in the current fiscal year. This was mainly attributed to increases in net position being restricted for use in debt service of \$66,400 for business-type activities. Further explanations of the increase are detailed below. The following table reflects the condensed Statement of Activities for the current and prior years. For more detail see the Statement of Activities on page 16-17.

Statement of Activities

Governmental Activities - Governmental activities decreased the City of Edgewater's net position by \$1,890,376 which is less than the previous year's decrease by \$1,810,691. Key elements of this reduction are as follows:

- Property taxes increased by \$356,804 due to increased assessed values, and intergovernmental revenues increased \$215,833 due mainly to increased sales tax collections.
- Expenses decreased by \$205,184 in Public Works and by \$326,350 in Public Safety.
- Transfers increased \$567,081 from transfers from the Enterprise Funds to the General Fund for payments in lieu of franchise fees.

Business-Type Activities - Business-type activities decreased the City of Edgewater's net position by \$546,443. Key elements of this decrease are as follows:

- Water and Sewer Fund expenses increased \$373,044 due to increased employer contributions for members of the General Employee's pension, and increased depreciation expense from the \$7M wastewater treatment plant refurbishment.
- Refuse Fund expenses increased \$139,090 due to an increase in the cost allocation to the General Fund, and increased fleet expenses due to larger trucks now being used.
- Transfers out increased \$567,081 (377%) during the year due to transfers from the Water and Sewer, Refuse, and Stormwater Funds to the General Fund for payments in lieu of franchise fees.

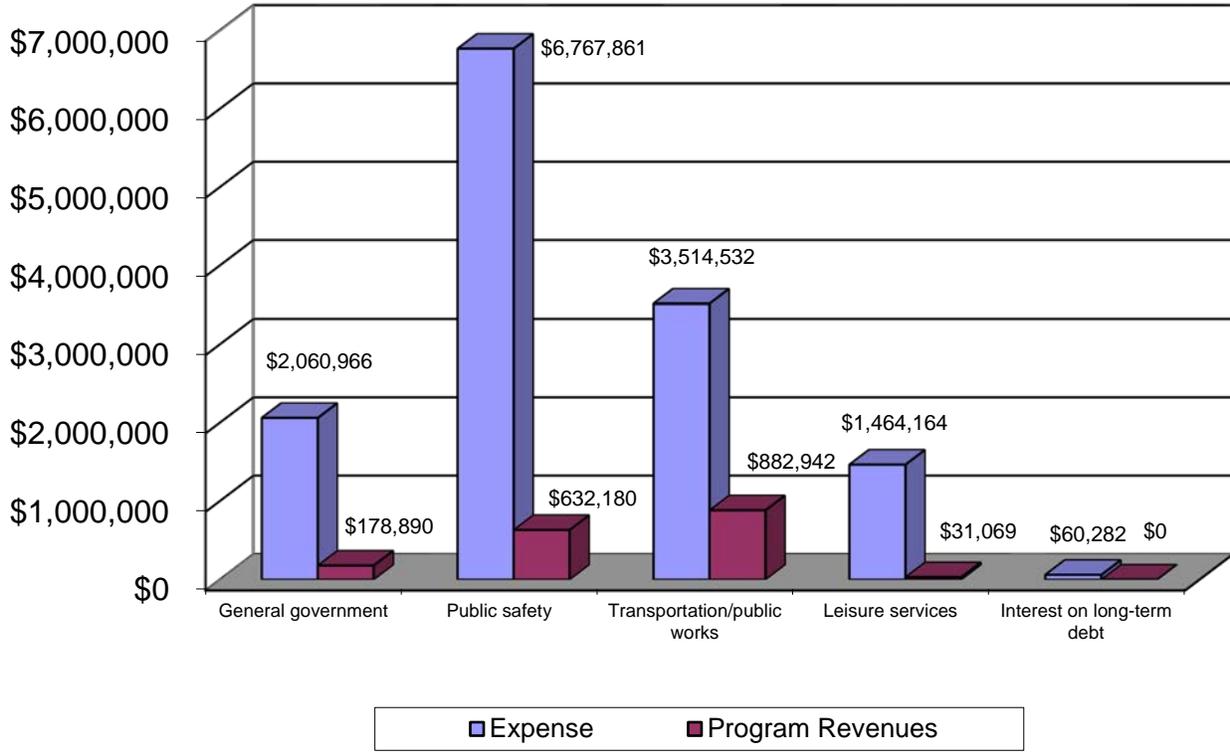
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City of Edgewater's Changes in Revenues, Expenses and Net Position (in whole dollars)

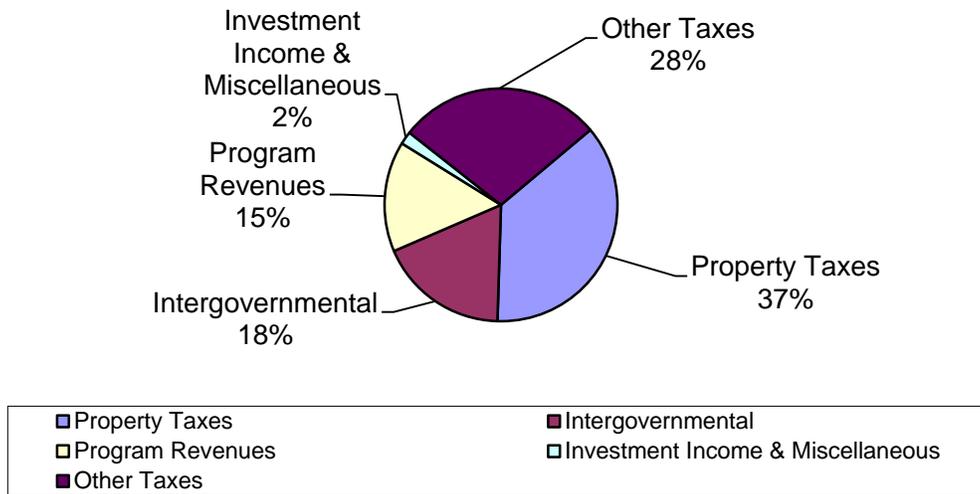
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues -						
Charges for services	\$ 949,596	\$ 788,185	\$ 12,378,319	\$ 12,198,937	\$ 13,327,915	\$ 12,987,122
Operating grants and contributions	442,201	586,345	-	-	442,201	586,345
Capital grants and contributions	333,284	515,775	111,295	83,417	444,579	599,192
General revenues -						
Property taxes	4,120,260	3,763,456	-	-	4,120,260	3,763,456
Franchise and utility taxes	3,182,716	3,051,649	-	-	3,182,716	3,051,649
Intergovernmental	2,030,522	1,814,689	-	-	2,030,522	1,814,689
Investment income and miscellaneous	201,203	76,082	105,540	74,861	306,743	150,943
Total revenues	11,259,782	10,596,181	12,595,154	12,357,215	23,854,936	22,953,396
Expenses:						
General government	2,060,966	2,098,288	-	-	2,060,966	2,098,288
Public safety	6,767,861	7,094,211	-	-	6,767,861	7,094,211
Transportation/public works	3,514,532	3,719,716	-	-	3,514,532	3,719,716
Leisure services	1,464,164	1,490,505	-	-	1,464,164	1,490,505
Interest on long-term debt	60,282	45,094	-	-	60,282	45,094
Water and sewer	-	-	8,459,432	8,086,388	8,459,432	8,086,388
Refuse collection	-	-	2,697,843	2,558,753	2,697,843	2,558,753
Stormwater management	-	-	1,266,675	1,157,256	1,266,675	1,157,256
Total expenses	13,867,805	14,447,814	12,423,950	11,802,397	26,291,755	26,250,211
Excess (deficiency) before transfers	(2,608,023)	(3,851,633)	171,204	554,818	(2,436,819)	(3,296,815)
Transfers in / (out)	717,647	150,566	(717,647)	(150,566)	-	-
Increase (Decrease) in net position	(1,890,376)	(3,701,067)	(546,443)	404,252	(2,436,819)	(3,296,815)
Net Position - Beginning	45,790,190	49,491,257	37,209,311	36,895,520	82,999,501	86,386,777
Net Position - Ending	\$ 43,899,814	\$ 45,790,190	\$ 36,662,868	\$ 37,299,772	\$ 80,562,682	\$ 83,089,962

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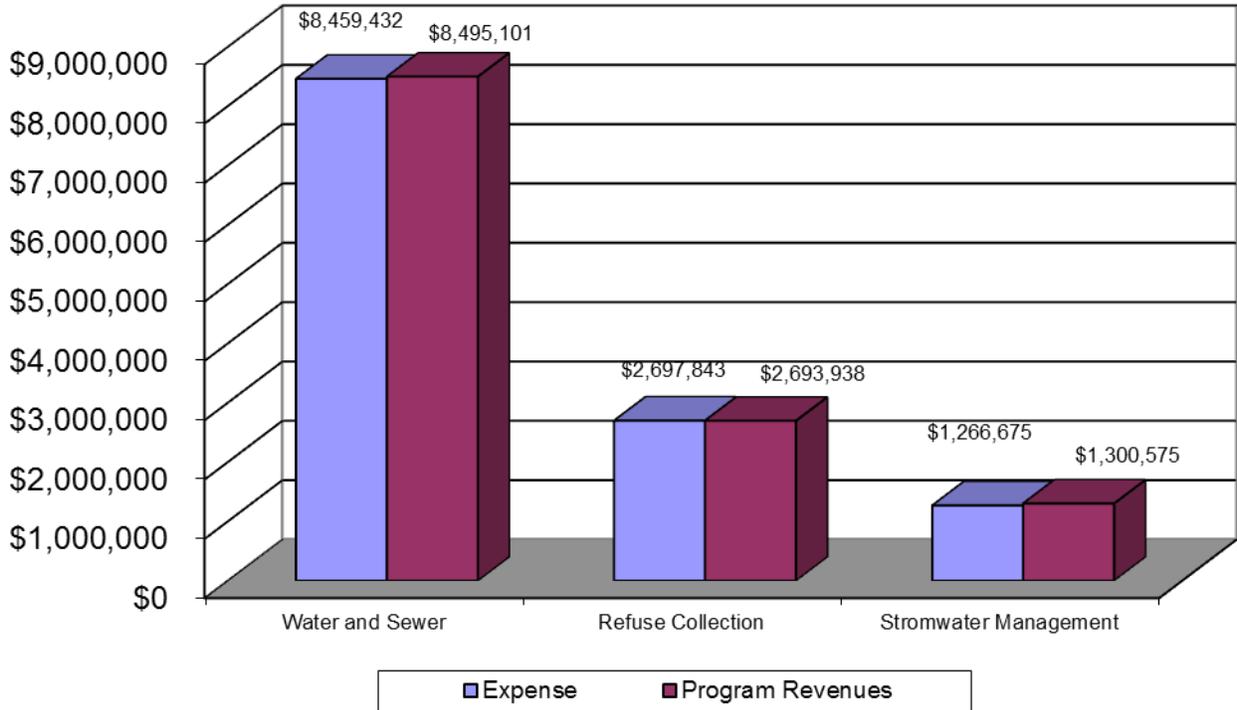
Expenses and Program Revenues - Governmental Activities



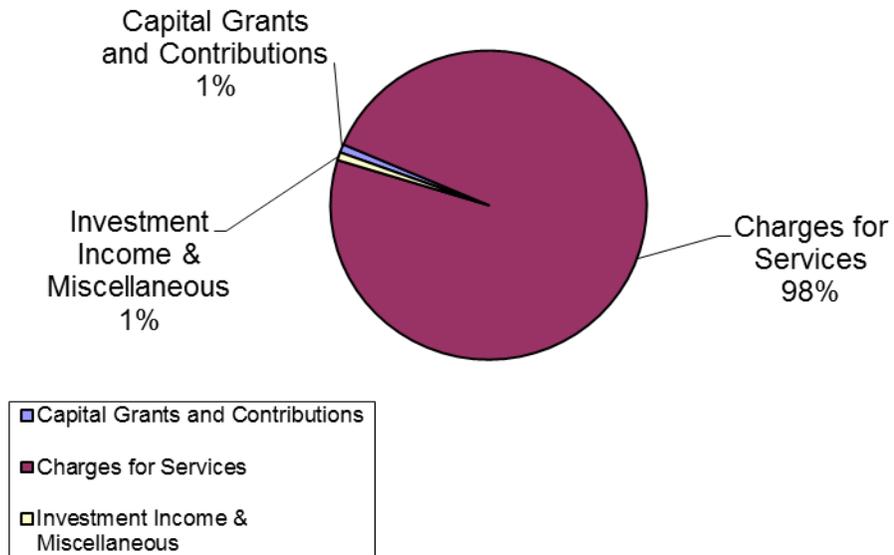
Revenues by Source – Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Edgewater used fund accounting to ensure and demonstrate compliance with finance-related requirements.

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

As of the end of the current fiscal year, the City of Edgewater's governmental funds reported combined ending fund balances of \$4,845,460, an increase of \$925,423 in comparison with the prior year. Approximately 57% of this amount or \$2,770,632 constitutes unassigned fund balance, which is available for spending at the City's discretion. The City has assigned fund balance for the replacement of City Hall in the amount of \$600,000, and \$150,749 for the subsequent year's budget appropriation. Restricted fund balance of \$901,959 is for scholarships, public safety, debt service, and capital projects. Nonspendable fund balance of \$422,120 is held for inventories and prepaids.

The General Fund is the chief operating fund of the City of Edgewater. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,770,632, while total fund balance was \$3,946,491. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23% of the total General Fund expenditures, while total fund balance represents 33% of that same amount.

During the current fiscal year, the fund balance of the General Fund increased by \$675,685. This increase was attributed to increased ad valorem revenues and utility and franchise tax revenues in the current year.

During the current fiscal year, the Capital projects fund has undertaken significant infrastructure projects to design and build sidewalks along U.S. 1 our major corridor thru the City and infill sidewalks leading to our schools to provide a safer means of travel for pedestrian traffic.

Proprietary Funds - The City of Edgewater's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at the year-end amounted to \$7,007,439. The total decrease in net position for these funds was \$579,962. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Edgewater's business-type activities.

General Fund Budgetary Highlights

During the year, actual revenues were \$150,483 less than budgeted revenues primarily due to lesser than anticipated utility and franchise taxes, intergovernmental revenues, and investment earnings.

Actual expenditures were \$527,053 less than budgeted expenditures primarily due to less other contractual costs and less salary & benefit costs.

Capital Asset and Debt Administration

Capital Assets - The City of Edgewater's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$93,728,611 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was 3.92%.

City of Edgewater's Capital Assets (net of depreciation)(in whole dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 23,094,587	\$ 23,094,577	\$ 1,235,467	\$ 1,235,467	\$ 24,330,054	\$ 24,330,044
Buildings	4,106,830	4,343,106	8,590,331	9,517,679	12,697,161	13,860,785
Improvements	8,237,968	8,866,817	37,153,221	30,836,526	45,391,189	39,703,343
Machinery and equipment	1,120,052	1,155,500	4,261,030	4,499,609	5,381,082	5,655,109
Infrastructure	3,727,924	5,912,669	-	-	3,727,924	5,912,669
Construction in progress	1,980,083	1,575,536	221,118	6,512,578	2,201,201	8,088,114
Total	\$ 42,267,444	\$ 44,948,205	\$ 51,461,167	\$ 52,601,859	\$ 93,728,611	\$ 97,550,064

Additional information on the City of Edgewater's capital assets can be found in Note IV E of the notes to the financial statements on pages 40-41 of this report.

Long-Term Debt

At the end of the current fiscal year, the City of Edgewater had total debt outstanding of \$25,285,759. This debt includes bonds payable, notes payable, state revolving loan and capital leases. In FY 2014, the City issued the City of Edgewater, Capital Improvement Revenue Note, Series 2014 for the purchases of a fire pumper, a Vac-Con truck, Utility website, and Stormwater projects. Also in FY 2014 the City finished drawing on the State Revolving Loan for the wastewater treatment plant renewal and replacement. The City is current on all required debt service obligations.

City of Edgewater's Outstanding Debt (in whole dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Bonds payable	\$ -	\$ -	\$ 12,753,000	\$ 13,946,595	\$ 12,753,000	\$ 13,946,595
Notes payable	1,560,000	1,382,019	4,455,000	4,142,717	6,015,000	5,524,736
loan	-	-	6,290,915	4,403,042	6,290,915	4,403,042
Capital leases	226,844	287,916	-	-	226,844	287,916
Total	\$ 1,786,844	\$ 1,669,935	\$ 23,498,915	\$ 22,492,354	\$ 25,285,759	\$ 24,162,289

During the current fiscal year, the City's total debt increased by \$1,123,470 (5%).

Additional information on the City of Edgewater's long-term debt can be found in Note IV G of the notes to the financial statements on pages 42-46 of this report.

Reserve Policy

The City Council has approved a Reserve Policy, which was adopted within the City Charter. The policy addresses that the City is required to maintain reserves at a minimum of 15 percent with a maximum of 25 percent of the general fund. The reserve range is established based on a percentage of current years' budget. Reserve levels above the top of the range are deemed to be available for capital or other lawful purposes.

The Reserve amount per Charter is currently set at \$2,045,877 (16.3%) of the FY2014 – 2015 General Fund Budget. The City Council has designated \$600,000 towards the future replacement of City Hall and \$150,749 for subsequent year's budget appropriation. The nonspendable balance is \$422,120 with restricted balances of \$2,990. The amount available for capital or other lawful purposes less any reserves or set asides is \$2,770,632 at September 30, 2014. The increase in available reserves is attributed to revenues exceeding forecast while maintaining expenditures at or below forecast.

Next Year's Budget and Rates

The City Council adopted a conservative budget for Fiscal Year 2014/2015. The proposed budget contains many ambitious work plan objectives that are intended to address the highest priorities in the community and the goals of the City Council. This budget also sets the financial foundation to establish an accurate and understandable assessment and tracking of the uses and sources of all funds. The 2014/2015 budget presents a number of opportunities and challenges to improve overall service to the community while dealing with the slow recovery as a result of the severe economic downturn. By any standard this is a very aggressive program of work that will challenge the capacity of staff and the City Council to accomplish under the slow recovery.

The proposed General Fund budget for Fiscal Year 2014/2015 includes the following assumptions:

- Realization of reduced revenues as a result of the current economic conditions.
- Decreases in operating expenditures consistent with the revenue forecasts.
- Maintenance of service levels and program to the extent possible and minimal reductions in service levels where appropriate.

Requests for Information

This financial report is designed to provide a general overview of the City of Edgewater's finances for those with an interest in the government's finances. Questions concerning any of the information should be addressed to the office of the Finance Director, City of Edgewater, P.O. Box 100, Edgewater, Florida 32132-0100.



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CITY OF EDGEWATER, FLORIDA

Statement of Net Position

September 30, 2014

	Governmental - type Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,878,204	\$ 6,662,209	\$ 8,540,413
Investments	2,850,519	-	2,850,519
Receivables, net	402,318	1,609,395	2,011,713
Special assessment receivable, net	-	125,357	125,357
Internal balances	(362,325)	362,325	-
Due from other governments	504,752	301,360	806,112
Inventories and prepaids	444,618	-	444,618
Restricted assets:			
Cash and cash equivalents	-	1,874,078	1,874,078
Investment in joint venture	163,209	-	163,209
Pension assets	356,322	-	356,322
Capital Assets			
Nondepreciable assets	25,074,670	1,456,585	26,531,255
Depreciable assets, net	17,192,774	50,004,582	67,197,356
Total assets	<u>48,505,061</u>	<u>62,395,891</u>	<u>110,900,952</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding	-	90,997	90,997
Total deferred outflows of resources	<u>-</u>	<u>90,997</u>	<u>90,997</u>
LIABILITIES			
Accounts payable and other current liabilities	735,206	296,629	1,031,835
Accrued interest payable	17,480	180,618	198,098
Unearned revenue	62,793	-	62,793
Due to other governments	1,604	-	1,604
Customer deposits	-	915,196	915,196
Noncurrent liabilities			
Due within one year	1,072,467	2,548,323	3,620,790
Due in more than one year	2,715,697	21,883,254	24,598,951
Total liabilities	<u>4,605,247</u>	<u>25,824,020</u>	<u>30,429,267</u>
NET POSITION			
Net investment in capital assets	40,480,601	27,962,252	68,442,853
Restricted for:			
Debt service	-	1,307,886	1,307,886
Public safety	360,889	-	360,889
Capital projects	891,785	386,453	1,278,238
Scholarships	2,990	-	2,990
Unrestricted	2,163,549	7,006,277	9,169,826
Total net position	<u><u>\$ 43,899,814</u></u>	<u><u>\$ 36,662,868</u></u>	<u><u>\$ 80,562,682</u></u>

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

CITY OF EDGEWATER, FLORIDA
Statement of Activities
For the Fiscal Year Ended September 30, 2014

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative	\$ 2,060,966	\$ 178,890	\$ -	\$ -
Public works	3,514,532	248,531	411,284	223,127
Public safety	6,767,861	507,279	30,917	93,984
Culture and recreation	1,464,164	14,896	-	16,173
Interest on long-term debt	60,282	-	-	-
Total governmental activities	<u>13,867,805</u>	<u>949,596</u>	<u>442,201</u>	<u>333,284</u>
Business-type activities:				
Water / Sewer	8,459,432	8,383,806	-	111,295
Refuse	2,697,843	2,693,938	-	-
Stormwater	1,266,675	1,300,575	-	-
Total business-type activities	<u>12,423,950</u>	<u>12,378,319</u>	<u>-</u>	<u>111,295</u>
Total primary government	<u>\$ 26,291,755</u>	<u>\$ 13,327,915</u>	<u>\$ 442,201</u>	<u>\$ 444,579</u>

General revenues:
Property taxes
Utility and franchise taxes
Intergovernmental shared revenue - non-program
Investment earnings
Gain on sale of assets
Miscellaneous revenue
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning, as restated
Net position - ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (1,882,076)	\$ -	\$ (1,882,076)
(2,631,590)	-	(2,631,590)
(6,135,681)	-	(6,135,681)
(1,433,095)	-	(1,433,095)
(60,282)	-	(60,282)
<u>(12,142,724)</u>	<u>-</u>	<u>(12,142,724)</u>
-	35,669	35,669
-	(3,905)	(3,905)
-	33,900	33,900
<u>-</u>	<u>65,664</u>	<u>65,664</u>
(12,142,724)	65,664	(12,077,060)
4,120,260	-	4,120,260
3,182,716	-	3,182,716
2,030,522	-	2,030,522
52,399	6,517	58,916
14,500	-	14,500
134,304	99,023	233,327
717,647	(717,647)	-
<u>10,252,348</u>	<u>(612,107)</u>	<u>9,640,241</u>
(1,890,376)	(546,443)	(2,436,819)
45,790,190	37,209,311	82,999,501
<u>\$ 43,899,814</u>	<u>\$ 36,662,868</u>	<u>\$ 80,562,682</u>

CITY OF EDGEWATER, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 626,178	\$ 571,577	\$ 454,143	\$ 1,651,898
Investments	2,850,519	-	-	2,850,519
Receivables--net of allowance for uncollectibles	396,245	-	15	396,260
Due from other governments	476,109	28,638	5	504,752
Inventories and prepaids	422,120	-	-	422,120
Total assets	<u>\$ 4,771,171</u>	<u>\$ 600,215</u>	<u>\$ 454,163</u>	<u>\$ 5,825,549</u>
LIABILITIES				
Accounts payable	\$ 234,654	\$ 155,280	\$ -	\$ 389,934
Accrued liabilities	163,433	-	-	163,433
Due to other governments	1,604	-	-	1,604
Advances from other funds	362,325	-	-	362,325
Unearned revenues	62,664	129	-	62,793
Total liabilities	<u>824,680</u>	<u>155,409</u>	<u>-</u>	<u>980,089</u>
FUND BALANCES				
Nonspendable:				
Inventories and prepaids	422,120	-	-	422,120
Restricted for:				
Scholarships	2,990	-	-	2,990
Public safety	-	-	4,567	4,567
Debt service	-	-	2,617	2,617
Capital projects	-	444,806	446,979	891,785
Assigned to:				
Subsequent year's budget appropriation of fund balance	150,749	-	-	150,749
City Hall	600,000	-	-	600,000
Unassigned	2,770,632	-	-	2,770,632
Total fund balances	<u>3,946,491</u>	<u>444,806</u>	<u>454,163</u>	<u>4,845,460</u>
Total liabilities and fund balances	<u>\$ 4,771,171</u>	<u>\$ 600,215</u>	<u>\$ 454,163</u>	<u>\$ 5,825,549</u>

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

CITY OF EDGEWATER, FLORIDA

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2014

Total governmental funds fund balance \$4,845,460

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds - total less accumulated depreciation.

Land and land rights	\$ 23,094,587	
Buildings and improvements	26,112,398	
Infrastructure	56,434,524	
Furniture and equipment	4,051,176	
Construction in progress	1,955,208	
Accumulated depreciation	<u>(69,504,587)</u>	
		42,143,306

Investment in joint venture is not a financial asset and therefore is not reported in the funds. 163,209

Internal service funds are used by management to charge the costs of fleet, management information systems and insurance activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 22,300

The cumulative net pension contribution in excess of the annual required contribution is presented as an asset on the government-wide statement of net position. 356,322

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

Compensated absences	\$ 1,507,731	
OPEB	421,935	
Long-term debt	<u>1,683,843</u>	
		(3,613,509)

Accrued interest payable on bonds that is not recognized on the fund statements. (17,274)

Net position of governmental activities \$43,899,814

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

CITY OF EDGEWATER, FLORIDA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2014

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 4,085,728	\$ -	\$ 34,532	\$ 4,120,260
Utility and franchise taxes	3,182,716	-	-	3,182,716
Intergovernmental	2,472,551	336,659	3,355	2,812,565
Licenses and permits	263,641	-	-	263,641
Charges for services	1,319,396	-	-	1,319,396
Fines and forfeitures	233,754	-	6,395	240,149
Investment earnings	52,158	-	241	52,399
Impact fees	-	-	102,105	102,105
Miscellaneous revenue	134,461	-	-	134,461
Total revenues	<u>11,744,405</u>	<u>336,659</u>	<u>146,628</u>	<u>12,227,692</u>
EXPENDITURES				
Current:				
Legislative	96,597	-	-	96,597
Executive	567,755	-	-	567,755
Legal counsel	101,398	-	-	101,398
Community development	459,651	-	-	459,651
Public works	588,415	-	-	588,415
Public safety:				
Law enforcement	3,246,220	-	16,639	3,262,859
Fire and emergency services	2,942,624	-	-	2,942,624
Code enforcement	75,725	-	-	75,725
Animal services	110,809	-	-	110,809
Culture and recreation	1,198,951	-	-	1,198,951
General administrative services	1,680,375	-	-	1,680,375
Debt Service:				
Principal	398,092	-	20,000	418,092
Interest	33,994	-	13,650	47,644
Capital outlay	396,952	412,234	80,082	889,268
Total expenditures	<u>11,897,558</u>	<u>412,234</u>	<u>130,371</u>	<u>12,440,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(153,153)</u>	<u>(75,575)</u>	<u>16,257</u>	<u>(212,471)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	698,897	379,271	-	1,078,168
Transfers out	(309,056)	-	(70,215)	(379,271)
Issuance of debt	432,000	-	-	432,000
Sale of capital assets	6,997	-	-	6,997
Total other financing sources (uses)	<u>828,838</u>	<u>379,271</u>	<u>(70,215)</u>	<u>1,137,894</u>
Net change in fund balances	675,685	303,696	(53,958)	925,423
Beginning fund balances	<u>3,270,806</u>	<u>141,110</u>	<u>508,121</u>	<u>3,920,037</u>
Ending fund balances	<u>\$ 3,946,491</u>	<u>\$ 444,806</u>	<u>\$ 454,163</u>	<u>\$ 4,845,460</u>

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

CITY OF EDGEWATER, FLORIDA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended September 30, 2014

Net change in fund balances - total governmental funds \$ 925,423

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditure for capital assets	\$	747,245	
Current year depreciation		<u>(3,418,009)</u>	(2,670,764)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position. (43,217)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Changes in compensated absences	\$	9,484	
Changes in OPEB obligation		(62,799)	
Changes in interest payable		<u>(8,506)</u>	(61,821)

The net revenue of certain activities of internal service funds is reported with governmental activities. (33,519)

Pension expenses recorded in the statement of activities which are in excess of the annual required pension contribution are considered to be assets and not expenses of the period. 7,430

The issuance of long-term debt (i.e., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amount on refunding, when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal payments	\$	418,092	
Debt issued		<u>(432,000)</u>	<u>(13,908)</u>

Change in net position of governmental activities \$ (1,890,376)

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

CITY OF EDGEWATER, FLORIDA
Statement of Revenues, Expenditures, and
Changes in Fund Balances--Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 4,034,382	\$ 4,082,003	\$ 4,085,728	\$ 3,725
Utility and franchise taxes	3,134,737	3,274,711	3,182,716	(91,995)
Intergovernmental	2,532,222	2,522,871	2,472,551	(50,320)
Licenses and permits	248,300	272,391	263,641	(8,750)
Charges for services	1,367,143	1,324,044	1,319,396	(4,648)
Fines and forfeitures	191,800	223,108	233,754	10,646
Investment earnings	25,000	72,033	52,158	(19,875)
Miscellaneous revenue	45,149	123,727	134,461	10,734
Total revenues	<u>11,578,733</u>	<u>11,894,888</u>	<u>11,744,405</u>	<u>(150,483)</u>
EXPENDITURES				
Current:				
Legislative	90,706	97,841	96,597	1,244
Executive	620,764	588,472	567,755	20,717
Legal counsel	104,000	100,900	101,398	(498)
Community development	451,875	447,756	459,651	(11,895)
Public works	585,152	592,934	588,415	4,519
Public safety:				
Law enforcement	3,482,960	3,346,500	3,246,220	100,280
Fire and emergency services	2,935,449	2,980,940	2,942,624	38,316
Code enforcement	180,662	80,333	75,725	4,608
Animal services	120,901	120,901	110,809	10,092
Culture and recreation	1,275,105	1,409,347	1,198,951	210,396
General administrative services	1,254,771	1,805,685	1,680,375	125,310
Debt service:				
Principal	278,092	278,092	398,092	(120,000)
Interest	31,650	44,230	33,994	10,236
Capital outlay	-	530,680	396,952	133,728
Total expenditures	<u>11,412,087</u>	<u>12,424,611</u>	<u>11,897,558</u>	<u>527,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>166,646</u>	<u>(529,723)</u>	<u>(153,153)</u>	<u>376,570</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	698,897	1,083,897	698,897	(385,000)
Transfers out	(704,056)	(755,152)	(309,056)	446,096
Proceeds from issuance of debt	-	432,000	432,000	-
Sale of capital assets	10,000	10,000	6,997	(3,003)
Total other financing sources (uses)	<u>4,841</u>	<u>770,745</u>	<u>828,838</u>	<u>58,093</u>
Net change in fund balances	171,487	241,022	675,685	434,663
Beginning fund balances	3,270,806	3,270,806	3,270,806	-
Ending fund balances	<u>\$ 3,442,293</u>	<u>\$ 3,511,828</u>	<u>\$ 3,946,491</u>	<u>\$ 434,663</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Net Position
 Proprietary Funds
 September 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,624,821	\$ 684,251	\$ 1,353,137	\$ 6,662,209	\$ 226,306
Receivables, net	1,078,058	361,860	169,477	1,609,395	6,058
Due from other governments	301,360	-	-	301,360	-
Inventories	-	-	-	-	22,498
Special assessments receivable	64,339	-	-	64,339	-
Total current assets	<u>6,068,578</u>	<u>1,046,111</u>	<u>1,522,614</u>	<u>8,637,303</u>	<u>254,862</u>
Noncurrent assets:					
Advances to other funds	-	-	362,325	362,325	-
Restricted cash and cash equivalents:					
Debt service	1,487,625	-	-	1,487,625	-
Capital projects	386,453	-	-	386,453	-
Total restricted cash and cash equivalents	<u>1,874,078</u>	<u>-</u>	<u>-</u>	<u>1,874,078</u>	<u>-</u>
Capital assets:					
Land and land rights	966,228	-	269,239	1,235,467	-
Buildings and improvements	73,605,725	69,075	8,298,917	81,973,717	60,684
Machinery and equipment	8,314,984	2,248,728	1,024,089	11,587,801	110,134
Construction in progress	-	120,090	101,028	221,118	24,875
Less accumulated depreciation	<u>(38,026,990)</u>	<u>(1,604,355)</u>	<u>(3,925,591)</u>	<u>(43,556,936)</u>	<u>(71,555)</u>
Total capital assets (net of accumulated depreciation)	<u>44,859,947</u>	<u>833,538</u>	<u>5,767,682</u>	<u>51,461,167</u>	<u>124,138</u>
Special assessment receivable	61,018	-	-	61,018	-
Total noncurrent assets	<u>46,795,043</u>	<u>833,538</u>	<u>6,130,007</u>	<u>53,758,588</u>	<u>124,138</u>
Total assets	<u>\$ 52,863,621</u>	<u>\$ 1,879,649</u>	<u>\$ 7,652,621</u>	<u>\$ 62,395,891</u>	<u>\$ 379,000</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	\$ 90,997	\$ -	\$ -	\$ 90,997	\$ -
Total deferred outflows of resources	<u>\$ 90,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,997</u>	<u>\$ -</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 61,568	\$ 70,146	\$ 6,441	\$ 138,155	\$ 172,893
Accrued liabilities	108,769	30,956	18,749	158,474	8,946
Compensated absences	303,443	107,790	70,560	481,793	23,847
Customer deposits	915,196	-	-	915,196	-
Accrued interest payable	179,739	-	879	180,618	206
Notes payable - current	713,607	-	38,923	752,530	9,112
Revenue bonds payable - current	1,314,000	-	-	1,314,000	-
Total current liabilities	<u>3,596,322</u>	<u>208,892</u>	<u>135,552</u>	<u>3,940,766</u>	<u>215,004</u>
Noncurrent liabilities:					
Compensated absences	174,130	38,039	15,495	227,664	31,950
OPEB obligation	137,687	60,112	25,406	223,205	15,858
Long-term debt payable after one year	21,031,308	-	401,077	21,432,385	93,888
Total noncurrent liabilities	<u>21,343,125</u>	<u>98,151</u>	<u>441,978</u>	<u>21,883,254</u>	<u>141,696</u>
Total liabilities	<u>24,939,447</u>	<u>307,043</u>	<u>577,530</u>	<u>25,824,020</u>	<u>356,700</u>
NET POSITION					
Net investment in capital assets	21,801,032	833,538	5,327,682	27,962,252	21,138
Restricted:					
Capital projects	386,453	-	-	386,453	-
Debt service	1,307,886	-	-	1,307,886	-
Unrestricted	4,519,800	739,068	1,747,409	7,006,277	1,162
Total net position	<u>\$ 28,015,171</u>	<u>\$ 1,572,606</u>	<u>\$ 7,075,091</u>	<u>\$ 36,662,868</u>	<u>\$ 22,300</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Revenues, Expense and
Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Total	
Operating revenues:					
Charges for sales and services	\$ 8,383,806	\$ 2,693,938	\$ 1,300,575	\$ 12,378,319	\$ 3,924,485
Operating expenses:					
Salaries and employee benefits	2,768,025	1,137,636	616,841	4,522,502	2,585,250
Supplies and materials	564,931	158,314	46,193	769,438	492,861
Contract services	452,756	805,210	12,443	1,270,409	177,558
Other services and charges	1,562,959	430,606	254,826	2,248,391	700,705
Depreciation and amortization	2,544,890	166,077	318,727	3,029,694	23,751
Total operating expenses	7,893,561	2,697,843	1,249,030	11,840,434	3,980,125
Operating income (loss)	490,245	(3,905)	51,545	537,885	(55,640)
Nonoperating revenues (expenses):					
Investment earnings	5,909	266	342	6,517	-
Miscellaneous revenues	75,983	17,246	5,794	99,023	-
Gain (Loss) on disposition of capital assets	(102,068)	-	-	(102,068)	7,503
Interest expense	(463,803)	-	(17,645)	(481,448)	(4,132)
Total nonoperating revenues (expenses)	(483,979)	17,512	(11,509)	(477,976)	3,371
Income before capital contributions and transfers	6,266	13,607	40,036	59,909	(52,269)
Transfers in	-	-	-	-	103,421
Transfers out	(489,484)	(146,393)	(81,770)	(717,647)	(84,671)
Capital contributions and grants	111,295	-	-	111,295	-
Change in net position	(371,923)	(132,786)	(41,734)	(546,443)	(33,519)
Total net position - beginning, as restated	28,387,094	1,705,392	7,116,825	37,209,311	55,819
Total net position - ending	\$ 28,015,171	\$ 1,572,606	\$ 7,075,091	\$ 36,662,868	\$ 22,300

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

CITY OF EDGEWATER, FLORIDA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds			Total	
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility		
Cash flows from operating activities:					
Receipts-customers and users	\$ 8,364,436	\$ 2,686,642	\$ 1,298,752	\$ 12,349,830	\$ 3,918,427
Payments-suppliers	(3,674,364)	(1,403,372)	(308,004)	(5,385,740)	(3,626,403)
Payments-employees	(2,739,713)	(1,146,364)	(592,278)	(4,478,355)	(344,866)
Net cash provided (used) by operating activities	<u>1,950,359</u>	<u>136,906</u>	<u>398,470</u>	<u>2,485,735</u>	<u>(52,842)</u>
Cash flows from noncapital financing activities:					
Cash paid to other funds	(489,484)	(146,393)	(444,095)	(1,079,972)	-
Cash received from other funds	-	-	-	-	18,750
Net cash provided (used) by noncapital financing activities	<u>(489,484)</u>	<u>(146,393)</u>	<u>(444,095)</u>	<u>(1,079,972)</u>	<u>18,750</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,748,307)	(175,677)	(67,087)	(1,991,071)	(56,765)
Proceeds from sale of capital assets	-	-	-	-	7,503
Interest payments on debt	(478,109)	-	(16,766)	(494,875)	(4,132)
Capital contributions and fees	231,405	17,246	5,794	254,445	-
Proceeds from issuance of debt	2,232,538	-	440,000	2,672,538	103,000
Principal paid on debt	(1,765,999)	-	-	(1,765,999)	-
Net cash provided (used) by capital and related financing activities	<u>(1,528,472)</u>	<u>(158,431)</u>	<u>361,941</u>	<u>(1,324,962)</u>	<u>49,606</u>
Cash flows from investing activities:					
Interest on investments	5,909	266	342	6,517	-
Net cash provided (used) by investing activities	<u>5,909</u>	<u>266</u>	<u>342</u>	<u>6,517</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(61,688)	(167,652)	316,658	87,318	15,514
Beginning cash and cash equivalents	6,560,587	851,903	1,036,479	8,448,969	210,792
Ending cash and cash equivalents	<u>\$ 6,498,899</u>	<u>\$ 684,251</u>	<u>\$ 1,353,137</u>	<u>\$ 8,536,287</u>	<u>\$ 226,306</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income	\$ 490,245	\$ (3,905)	\$ 51,545	\$ 537,885	\$ (55,640)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	2,544,890	166,077	318,727	3,029,694	23,751
(Increase) decrease in assets:					
Accounts receivable	(6,374)	(7,296)	(1,823)	(15,493)	(6,058)
Inventories	2,003	316	1,043	3,362	(2,137)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(1,121,120)	(24,383)	4,112	(1,141,391)	(5,261)
Compensated absences	32,530	(2,748)	20,867	50,649	(10,581)
OPEB obligation	21,181	8,845	3,999	34,025	3,084
Customer deposits	(12,996)	-	-	(12,996)	-
Total adjustments	<u>1,460,114</u>	<u>140,811</u>	<u>346,925</u>	<u>1,947,850</u>	<u>2,798</u>
Net cash provided (used) by operating activities	<u>\$ 1,950,359</u>	<u>\$ 136,906</u>	<u>\$ 398,470</u>	<u>\$ 2,485,735</u>	<u>\$ (52,842)</u>
Classified As:					
Cash and cash equivalents	\$ 4,624,821	\$ 684,251	\$ 1,353,137	\$ 6,662,209	\$ 226,306
Restricted cash and cash equivalents	1,874,078	-	-	1,874,078	-
Total	<u>\$ 6,498,899</u>	<u>\$ 684,251</u>	<u>\$ 1,353,137</u>	<u>\$ 8,536,287</u>	<u>\$ 226,306</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2014

	<u>Pension</u> <u>Trust Funds</u>
ASSETS	
Accrued interest	\$ 87,776
Investments, at fair value:	
Money market funds	1,341,064
Certificates of deposit	50,061
US Treasury notes	137,812
GNMA/FMNA	2,453,713
Municipal bonds	610,410
Corporate bonds	5,957,392
Equities	9,702,398
Mutual fund - equities	10,231,771
Total assets	<u>30,572,397</u>
LIABILITIES	
Accounts payable	13,902
Unearned contributions	28,668
Total liabilities	<u>42,570</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 30,529,827</u>

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

CITY OF EDGEWATER, FLORIDA
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2014

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 1,657,307
Employee	177,256
State of Florida	<u>280,769</u>
Total contributions	<u>2,115,332</u>
Investment earnings (loss):	
Interest and dividends	842,346
Net increase in the fair value of investments	<u>2,240,313</u>
Total investment earnings (loss)	3,082,659
Less investment expenses	<u>(18,221)</u>
Net investment earnings (loss)	<u>3,064,438</u>
Total Additions	<u>5,179,770</u>
DEDUCTIONS	
Pension benefits	2,286,723
Administrative expenses	<u>201,811</u>
Total deductions	<u>2,488,534</u>
Change in net position	2,691,236
Net position - beginning of year	<u>27,838,591</u>
Net position - end of Year	<u>\$ 30,529,827</u>

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



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I. Summary of Significant Accounting Policies

The accompanying financial statements present the financial position, changes in financial position and cash flows of the applicable fund types governed by the City Council of the City of Edgewater, Florida ("the City") and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity:

The City of Edgewater was originally incorporated under general law on October 20, 1924. The City became the City of Edgewater and incorporated in 1951 as a political subdivision of the State of Florida and a municipal corporation with a five-member Council, including a Mayor and Vice-Mayor. The registered voters of the City of Edgewater elect the Mayor and Council. The Council appoints the City Manager, who in turn performs as the administrator of the everyday operations of the City. The City provides a full range of municipal services as directed by the City Charter including general government, public safety, public improvements, planning and zoning, water and sewer service, refuse collection, a recycling program, a stormwater management utility program, and related general and administrative services to 20,748 residents.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect expenses are included in the program expense reported for individual functions and segments. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Grant funds received prior to the incurrence of eligible expenditures are reported as deferred revenues in the fund financial statements and are included in accounts payable and other current liabilities on the government-wide financial statements.

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

Property taxes, franchise taxes, certain other tax revenues, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

The City reports the following major proprietary funds:

- The *Water and Sewer Utility Fund* is used to account for the activities of the City's water and wastewater systems, which are financed similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed through user charges.

- The *Refuse Utility Fund* accounts for the activities of the City's refuse collection and recycling services.
- The *Stormwater Management Utility Fund* accounts for the activities of the City's stormwater management, conservation, protection, control, use and enhancement of stormwater.

Additionally, the City reports the following fund types:

- *Special Revenue Funds* account for specific revenue resources that are restricted by law or administrative action to expenditures for specific purposes.
- *Pension Trust Funds* account for the activities of the Police Officers Pension Fund, the Firefighters Pension Fund and the General Employees' Pension Fund, which accumulate resources for pension benefit payments to qualified employees.
- *Internal Services Funds* account for fleet management services, management information systems, general liability insurance, health insurance, and workers' compensation insurance.

As a rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to the rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and stormwater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues include*:

1. Charges to customers or applicants for goods, services, or privileges provided,
2. Operating grants and contributions, and
3. Capital grants and contributions.

Internal, dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Utility Fund, the Refuse Fund, and the Stormwater Management Utility Fund are charges to customers for sales and services. The Water and Sewer Utility fund also recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and investments

The City's cash consists of cash on hand, demand deposits, and equity in pooled cash. The equity in pooled cash represents a fund's share of a cash pool maintained by the City for the use of all funds except the pension trust funds and funds that require separate bank accounts.

Florida Statutes and/or the City's investment policy authorize the City to invest in the Local Government Surplus Funds Trust Fund Investment Pool, United States Government Securities, United States Government Agencies, Federal Instrumentalities, Interest Bearing Time Deposit or Saving Accounts, Repurchase Agreements, Commercial Paper, High Grade Corporate Notes, Bankers' Acceptances, State and/or Local Government Taxable and/or Tax-Exempt Debt, Registered Investment Companies (Money Market Mutual Funds).

Florida Statutes and/or the pension plans' investment policies allow the City's retirement plans' trustees to invest in time deposits, savings and money market deposit accounts of a national bank, a state bank insured by the Bank Insurance Fund, a savings/building and loan association insured by the Savings Association Insurance Fund, a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund; Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government; stocks, bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia; foreign stocks, bonds or other evidences of indebtedness; and real estate investments made through participation in diversified commingled funds of real properties.

Investments are stated at fair value. Changes in the fair value during the year are included in investment income. The Local Governmental Surplus Funds Trust Fund (LGSF) is governed by Chapter 19-7 of the Florida Administrative Code which identifies the Rules of the State Board of Administration (SBA). These rules provide guidance and establish the general operating procedures for the administration of the LGSF. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the SBA. The LGSF is not a registrant with the Securities and Exchange Commission; however, the Board has adopted operating procedures consistent with the requirements for a 2a-7-like fund. The LGSF Pool's investments are recorded at amortized cost.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/due from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Accounts receivable balances are shown net of the allowance for uncollectibles. The allowances are determined based on management estimates of uncollectible amounts.

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and prepaid items

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items.

4. Restricted assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net position and their use is limited by applicable bond covenants. Restricted cash and investments in the enterprise funds represent debt issuance proceeds that are restricted assets for purchase of assets, construction and repayment of bonded debt respectively. In the enterprise fund statement of net position, bond issuance proceeds as well as other assets are set aside for their repayment and itemized in the restricted cash and investments.

5. Capital assets

In the Government Wide and Proprietary Fund financial statements, capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

The City has implemented the provisions of GASB Statement No. 34. In this process, infrastructure assets are being accounted for using different methods. For governmental activities, the cost or estimated cost of roads and sidewalks are presented. The City compiled this information and recorded all roads and sidewalks acquired after June 30, 1980 during the fiscal year ending September 30, 2007. For business type activities, infrastructure assets have been capitalized at cost. Water and sewer utility improvements are being depreciated over their useful lives. The City has recorded all drainage infrastructure acquired including pre-GASB 34 assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of any interest earnings on specific project debt issued. In Governmental funds capital outlay (capital assets) are reported as expenditures and no depreciation expense is reported.

Buildings and improvements, improvements other than buildings, and machinery and equipment (including assets amortized under lease purchase contracts) are amortized using the straight-line method over the following estimated useful lives:

Infrastructure	20-30 Years
Buildings and improvements	10-50 Years
Improvements other than buildings	5-65 Years
Machinery and equipment	3-35 Years

6. Deferred outflows of resources

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

7. Compensated absences

The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's unused hours and rate of pay, including the City's share of Social Security and Medicare taxes and pension costs. All compensated absences are accrued when earned in the government-wide and proprietary fund financial statements as accrued liabilities. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences in the Proprietary Fund Types is liquidated in the Proprietary Fund in which the liability originally incurred.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expenses when paid.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred inflows of resources

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

10. Fund balance

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or as delegated to the City Manager. The City Council has by resolution authorized City management to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Disbursements of fund balances will first be made from restricted amounts when both restricted and unrestricted fund balance is available. Additionally, the City will first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position:

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

III. Stewardship, Compliance and Accountability

A. Budgetary Information:

The annual operating budgets are adopted by City Council using the following procedures:

- Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are carried forward in subsequent annual budgets.

- Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.
- Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Council. The recommended budget includes proposed expenditures and the source of receipts to finance them.
- City Council holds a series of budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.
- The budget, as adopted, may only be amended through formal approval by City Council. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budget at the fund level. Therefore, the City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Council.

B. Deficit Net Position:

At September 30, 2014, the Fully Insured internal service fund reported a \$161,766 deficit net position.

C. Ad Valorem Property Taxes:

Under Florida law, the assessment of all properties and the collections of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. Florida Statutes regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. For the fiscal year ended September 30, 2014, the millage rate in effect was \$6.8760 and the Edgewater I&S 2005 voted debt millage was \$.0580 for a total millage of \$6.9340.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Volusia County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements.

Property taxes are levied in November and attached as a lien on property as of January 1 of each year. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% for payments received in the month of November, 3% for payments received in the month of December, 2% for payments received in the month of January and 1% for payments received in the month of February. The taxes paid in March are not subject to discount. Tax certificates on all property for which taxes are delinquent are sold on or about June 1 of each year.

D. Connection Fees and Impact Fees:

Water and sewer connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as non-operating revenue at the time of service. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as non-operating revenue in the period earned in the appropriate Enterprise Fund.

E. Reserve Policy

The City Council has approved a reserve policy, which was adopted within the City Charter. The policy addresses that the City is required to maintain reserves at a minimum of 15 percent with a maximum of

25 percent of the General Fund. The reserve range is established based on a percentage of current years' budget. Reserve levels above the top of the range are deemed to be available for capital or other lawful purposes.

IV. Detailed Notes on All Funds

A. Deposits:

At September 30, 2014, the carrying amount of the City's bank deposits was \$10,400,589. The bank balance at September 30, 2014 was \$10,327,567, all of which is held by a bank that qualifies as a public depository, as required by Chapter 280 of the Florida Statutes. All of the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". (Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits). Of the bank balance, no amount was uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at September 30, 2014.

B. Investments:

The City Council formally adopted a comprehensive investment policy pursuant to Section 218.415, Florida Statutes that established permitted investments, asset allocation limits and issuer limits, credit ratings requirements and maturity limits to protect the City's cash and investment assets. The City maintains a cash and investment pool for the use of all funds except the pension trust funds and funds that require separate bank accounts.

The City's investment policy allows for the following investments: Local Government Surplus Funds Trusts (SBA), SEC registered money market funds, Interest-bearing time deposits or savings accounts, direct obligations of the U.S. Treasury, Federal agencies and instrumentalities, Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940 and Other investments authorized by ordinance.

Investments of the defined benefit pension plans consist principally of debt and equity mutual funds, all of which are authorized by the plans.

Interest Rate Risk

The City's investment policy does not specifically address interest rate risk; however the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of one year or less, with a special provision allowing up to 20% of the investment portfolio to have a maturity of not more than five years.

As of September 30, 2014, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Less Than 1	Investment Maturities (in Years)			Credit Rating
			1-5	6-10	More Than 10	
Government-wide						
Investments Subject to Rate Risk:						
SBA LGIP	\$ 854,913	\$ 854,913	\$ -	\$ -	\$ -	AAAm
Corporate bond	1,995,606	1,995,606	-	-	-	AA+
Total government-wide investments	<u>\$ 2,850,519</u>	<u>\$ 2,850,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Fiduciary Funds						
Investments Subject to Rate Risk:						
Money market funds	\$ 1,341,064	\$ 1,341,064	\$ -	\$ -	\$ -	N/A
Certificates of deposit	50,061	-	50,061	-	-	N/A
Bonds:						

US treasury notes	137,812	-	-	-	137,812	N/A
GNMA	2,453,713	-	421,133	298,613	1,733,967	N/A
Municipal obligations	610,410	-	437,913	172,497	-	*
Corporate bonds	5,957,392	100,013	3,360,447	1,064,958	1,431,974	**
	<u>\$ 10,550,452</u>	<u>\$ 1,441,077</u>	<u>\$ 4,269,554</u>	<u>\$ 1,536,068</u>	<u>\$ 3,303,753</u>	
Other Investments:						
Corporate equities	9,702,398					
Mutual funds – equity	<u>10,231,771</u>					
Total other investments	<u>19,934,169</u>					
Total fiduciary fund investments	<u>30,484,621</u>					
Total City Investments	<u>\$ 33,335,140</u>					

* - The Standard and Poor's credit ratings range from BBB+ to AA- and Moody's credit ratings range from Baa2 to Aa2 for the Municipal obligations.

** - The Standard and Poor's credit ratings range from BBB- to AAA and Moody's credit ratings range from Baa3 to Aa2 for the Corporate bonds.

Credit Risk

The City's investment policy limits credit risk by restricting authorized investments to those described above. Also the policy requires that investments held are to be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issue, instrument, dealer or bank through which financial instruments are bought and sold.

Custodial Credit Risk

The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2014, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy. The City's investment policy requires that time deposit investments be made only with banking institutions that are members of the State of Florida collateral pool. Florida Statutes authorize, and the state administers, a collateral pool that ensures no loss of public funds.

Concentration of Credit Risk

The City's investment policy requires diversification, but does not specify limits on types of investments.

C. Receivables:

Receivables as of year-end including the applicable allowances for uncollectible accounts are as follows:

Governmental Funds	General	Capital Projects	Nonmajor Funds	Total
Receivables:				
Accounts	\$ 472,616	\$ -	\$ 15	\$ 472,631
Intergovernmental	476,109	28,638	5	504,752
Gross receivables	948,725	28,638	20	977,383
Less: allowance for uncollectible	(76,371)	-	-	(76,371)
Net total receivables	<u>\$ 872,354</u>	<u>\$ 28,638</u>	<u>\$ 20</u>	<u>\$ 901,012</u>

Proprietary Funds	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Internal Service	Total
Receivables:					
Accounts	\$ 1,543,296	\$ 507,480	\$ 236,855	\$ 6,058	\$ 2,293,689
Intergovernmental	301,360	-	-	-	301,360
Special Assessments	125,357	-	-	-	125,357
Gross receivables	1,970,013	507,480	236,855	6,058	2,720,406
Less: allowance for uncollectible	(465,238)	(145,620)	(67,378)	-	(678,236)
Net total receivables	\$ 1,504,775	\$ 361,860	\$ 169,477	\$ 6,058	\$ 2,042,170

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. No deferred inflows are reported as of September 30, 2014. Governmental funds also defer revenue recognition and report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year, unearned revenue, in the amount of \$62,664, reported in the major and non-major governmental funds was deferred business tax receipts. Such amounts have also been included as current liabilities on the government-wide financial statements.

D. Interfund Receivables, Payables, and Transfers:

The composition of Interfund balances as of September 30, 2014 is as follows:

	Transfers In				Total
	General Fund	Capital Projects	Internal Service MIS	Internal Service WC	
Transfers Out:					
General Fund	\$ -	\$ 309,056	\$ -	\$ -	\$ 309,056
Recreation Impact	-	61,272	-	-	61,272
Transportation Impact	-	8,943	-	-	8,943
Enterprise:					
Water Sewer	483,234	-	6,250	-	489,484
Refuse	140,143	-	6,250	-	146,393
Stormwater	75,520	-	6,250	-	81,770
Internal Service:					
Fleet	-	-	25,000	-	25,000
Fully Insured	-	-	-	59,671	59,671
Total	\$ 698,897	\$ 379,271	\$ 43,750	\$ 59,671	\$ 1,181,589

Transfers are used to 1) move revenues from the fund with collection authorization to the fund that statute or budget requires expending them and, 2) move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

E. Capital Assets:

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

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 23,094,577	\$ 10	\$ -	\$ 23,094,587
Construction in progress	1,575,536	583,214	(178,667)	1,980,083
Total assets not being depreciated	24,670,113	583,224	(178,667)	25,074,670
Capital assets being depreciated:				
Buildings	6,996,035	-	(2,720)	6,993,315
Improvement other than buildings	19,179,767	-	-	19,179,767
Machinery and equipment	4,026,863	281,715	(147,268)	4,161,310
Infrastructure	56,359,796	74,728	-	56,434,524
Total assets being depreciated	86,562,461	356,443	(149,988)	86,768,916
Less accumulated depreciation for:				
Buildings	(2,652,929)	(236,276)	2,720	(2,886,485)
Improvement other than buildings	(10,312,950)	(628,849)	-	(10,941,799)
Machinery and equipment	(2,871,363)	(317,163)	147,268	(3,041,258)
Infrastructure	(50,447,127)	(2,259,473)	-	(52,706,600)
Total accumulated depreciation	(66,284,369)	(3,441,761)	149,988	(69,576,142)
Total capital assets, being depreciated, net	20,278,092	(3,085,318)	-	17,192,774
Governmental activities capital assets, net	\$ 44,948,205	\$ (2,502,094)	\$ (178,667)	\$ 42,267,444

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,235,467	\$ -	\$ -	\$ 1,235,467
Construction in progress	6,512,578	1,370,907	(7,662,367)	221,118
Total assets not being depreciated	7,748,045	1,370,907	(7,662,367)	1,456,585
Capital assets being depreciated:				
Buildings	24,565,769	-	(179,000)	24,386,769
Improvement other than buildings	49,821,189	7,765,759	-	57,586,948
Machinery and equipment	11,267,184	516,770	(196,153)	11,587,801
Total assets being depreciated	85,654,142	8,282,529	(375,153)	93,561,518
Less accumulated depreciation for:				
Buildings	(15,048,090)	(840,458)	92,110	(15,796,438)
Improvement other than buildings	(18,984,663)	(1,449,064)	-	(20,433,727)
Machinery and equipment	(6,767,575)	(740,172)	180,976	(7,326,771)
Total accumulated depreciation	(40,800,328)	(3,029,694)	273,086	(43,556,936)
Total capital assets, being depreciated, net	44,853,814	5,252,835	(102,067)	50,004,582
Business-type activities capital assets, net	\$ 52,601,859	\$ 6,623,742	\$ (7,764,434)	\$ 51,461,167

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

Governmental activities:	
General government	\$ 69,102
Public safety	350,037
Transportation / public works	2,783,424
Leisure services	215,446
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	23,751
 Total depreciation expense - governmental activities	 <u><u>\$ 3,441,760</u></u>
 Business-type activities:	
Water Sewer Utility	\$ 2,544,890
Refuse collection	166,077
Stormwater System	318,727
 Total depreciation expense - business-type activities	 <u><u>\$ 3,029,694</u></u>

F. Leases:

Operating Leases – On March 3, 2014, the City entered into an operating lease agreement with the Volusia/Flagler Family Young Men's Christian Association, Inc. (the "YMCA") for the leasing and reimbursement for the expansion of, certain buildings and facilities located at Hawks Park Recreational Complex, which may be renegotiated and renewed at the request of the City Council or the YMCA Board at any time, provided any amendments are in writing and executed by both parties. Based on the terms of the agreement, the initial ten year lease began on April 1, 2014 and is scheduled to expire on March 31, 2024, with an option to renew for two additional ten year periods provided the parties mutually agree on the terms at the time of renewal. Annual rentals under the lease agreement include minimum monthly payments of \$3,779. During the year ended September 30, 2014, amounts received totaled \$22,693.

Capital Leases - The City has lease agreements for financing the acquisition of rescue and other vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental
	<u>Activities</u>
Assets -	
Machinery and equipment	\$ 366,069
Less: accumulated depreciation	<u>(150,844)</u>
Total	<u><u>\$ 215,225</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Year Ending <u>30-Sep</u>	Governmental <u>Activities</u>
2015	\$ 68,807
2016	68,607
2017	68,607
2018	<u>33,566</u>
Total minimum lease payments	239,987
Less: amount representing interest	<u>(13,144)</u>
	<u>\$ 226,843</u>

G. Long-term Debt:

Revenue Bonds

The City issues bonds where the City pledges revenue derived from the acquired or constructed assets to pay debt service. Revenue bonds have been issued for business-type activities. The original amount of the revenue bonds issued and outstanding at year-end is as follows:

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2014</u>
Water and Sewer Revenue Refunding Bonds - Series 2009	3.40% (4/1 & 10/1)	10/1/2016	\$7,945,000	\$5,675,000
Water and Sewer Revenue Refunding Bonds- Series 2012	2.18% (4/1 & 10/1)	10/1/2023	8,310,000	<u>7,078,000</u>
Total Revenue Bonds Outstanding				<u>\$12,753,000</u>

The Water and Sewer Revenue Bonds are secured by a first lien on and pledge of the net revenues of the water and sewer system and a first lien on and pledge of allowable impact fees imposed on new users of the system.

The Water and Sewer Revenue Bond resolution provides for:

- (1) Establishment and maintenance of various funds and accounts
- (2) Restrictions on the use of cash from operations in order of priority
 - (a) Deposits are made to the operations and maintenance fund each month in an amount which will pay the costs of operation and maintenance for the next month;
 - (b) Deposits to the sinking fund are made monthly in an amount equal to one-sixth (1/6) of the interest coming due on the next semi-annual interest payment date and one-twelfth (1/12) of the bond amortization installment coming due during the next year:

- (c) Deposits to the reserve fund are required to make up any deficiency in its balance as compared to the reserve equipment;
- (d) Deposits to the Renewal and Replacement Fund are required each month in an amount equal to one-twelfth (1/12) of five per centum (5%) of the gross revenues of the system for the previous fiscal year; provided, however, that so long as there shall be on deposit in the renewal and replacement fund a balance of at least five per centum (5%) of the value of the fixed assets of the system, no additional deposits shall be required;
- (e) Deposits will next be made into the rate stabilization fund for the amount budgeted for the then current period; and
- (f) Thereafter for any lawful purposes.

(3) Early redemption:

The bond resolution provides for early redemption of outstanding bonds at call rates varying from 100% to 102% of the instruments' face value, dependent upon the call date.

Annual requirements to amortize water and sewer revenue bonds outstanding as of September 30, 2014 are as follows:

Year Ending September 30	Business -Type Activities	
	Principal	Interest
2015	\$ 1,314,000	\$ 332,793
2016	1,349,000	295,985
2017	5,093,000	195,099
2018	724,000	105,032
2019	740,000	89,162
2020-2024	3,533,000	195,350
Total	\$ 12,753,000	\$ 1,213,421

The Water and Sewer Revenue Refunding Bonds, Series 2009 were issued on November 24, 2009, in the amount of \$7,945,000 to refund the City's outstanding Water and Sewer Revenue Bonds, Series 1991 and Water and Sewer Revenue Refunding Bonds, Series 1993. The bond will have semi-annual payments due on April 1 and October 1. The stated interest rate on the refunding revenue bond is 3.40% and maturity is on October 1, 2016. The new issue will reduce debt service payments for the City by \$3,340,233 with an economic gain of \$1,082,825 or 11.719%.

The Water and Sewer Revenue Refunding Bonds, Series 2012 were issued on May 18, 2012, in the amount of \$8,310,000 to refund two of the City's outstanding State Revolving Fund Loans. The remaining State Revolving Loans were paid off with surplus cash during the year. The new bond will have semi-annual payments due on April 1 and October 1. The stated interest rate on the refunding revenue bond is 2.18% and maturity is on October 1, 2023.

Notes Payable

The City issued the following revenue note in a prior year:

**Guaranteed Entitlement
Revenue Note, Series 2010**

Original amount issued	\$750,000
Issue date	November 23, 2010
Final maturity	October 1, 2030
Interest due	April 1 and Oct 1
Interest rate	Fixed – 2.77%

The note is pledged by State Revenue Sharing monies received by the City and the proceeds were used to construct fire station, number 55.

Debt service requirements for this revenue note using interest rate of 2.77% at September 30, 2014 are:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 30,000	\$ 18,699
2016	35,000	17,846
2017	35,000	16,829
2018	35,000	15,860
2019	35,000	14,890
2020-2024	195,000	58,862
2025-2029	225,000	29,451
2030-2031	100,000	2,774
Total	<u>\$ 690,000</u>	<u>\$ 175,211</u>

During 2006, the City signed a limited general obligation note payable for \$500,000 to fund the construction of a new animal shelter. The note is secured by a limited pledge of ad valorem taxes. While the note is outstanding, the City will levy ad valorem taxes, not to exceed .06 mills to pay principal and interest on the note. Annual debt service requirements are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 20,000	\$ 12,881
2016	20,000	12,112
2017	25,000	11,343
2018	25,000	10,381
2019	25,000	9,420
2020-2024	150,000	31,529
2025-2026	70,000	4,037
Total	<u>\$ 335,000</u>	<u>\$ 91,703</u>

During the year ended September 30, 2013, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$6,438,083 at an interest rate of 1.72-1.84% through the State Revolving Fund loan program, for the purpose of wastewater treatment replacement and renewal. Capitalized interest added to the loan as of September 30, 2014 was \$89,773. Repayment commences on December

15, 2014, is due semiannually thereafter on June 15 and December 15, each year until all amounts due under the agreement have been fully paid. Current debt service requirements are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2015	\$ 151,857	\$ 101,822
2016	272,905	112,239
2017	277,920	106,049
2018	283,027	100,942
2019	288,299	95,740
2020-2024	1,522,571	397,274
2025-2029	1,667,714	252,131
2030-2034	1,826,622	93,152
Total	\$ 6,290,915	\$ 1,259,349

During the year ended September 30, 2013, the City executed an agreement with a financial institution to borrow \$4,507,000 at an interest rate of 1.79%, for the purpose of refinancing the capital lease with Johnson Controls, Inc. for water meters. Principal and interest payments are due quarterly on December 1, March 1, June 1 and September 1. The note is secured by non-ad valorem revenues of the City. Debt service requirements are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2015	\$ 533,000	\$ 62,787
2016	576,000	52,917
2017	622,000	42,266
2018	657,000	30,832
2019-2021	1,302,000	26,852
Total	\$ 3,690,000	\$ 215,654

During the year ended September 30, 2014, the City executed an agreement with a financial institution to borrow \$1,300,000 at an interest rate of 2.41%, for the purpose of capital improvements. Interest only payments are due on September 1st, while interest and principal payments are due on March 1st. Debt service requirements are as follows:

Year Ending September 30	Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2015	\$ 67,673	\$ 17,621	\$ 47,327	\$ 12,323
2016	70,615	15,955	49,385	11,158
2017	72,381	14,230	50,619	9,953
2018	72,969	12,481	51,031	8,728
2019	74,735	10,700	52,265	7,483
2020-2024	406,627	24,911	284,373	17,421
Total	\$ 765,000	\$ 95,898	\$ 535,000	\$ 67,066

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes payable					
Guaranteed Entitlement Note, Series 2010	\$ 690,000	\$ -	\$ -	\$ 690,000	\$ 30,000
FIND Note	337,019	-	(337,019)	-	-
General Obligation note	355,000	-	(20,000)	335,000	20,000
Capital Improvement Revenue Note	-	535,000	-	535,000	47,327
Capital leases					
Ambulance	127,334	-	(29,899)	97,435	31,153
Vehicles	160,583	-	(31,174)	129,409	31,638
Other post-employment benefits	371,909	65,883	-	437,792	-
Compensated absences	1,583,593	1,020,549	(1,040,614)	1,563,528	912,349
Total governmental activities long term liabilities	<u>\$3,625,438</u>	<u>\$1,621,432</u>	<u>\$ (1,458,706)</u>	<u>\$ 3,788,164</u>	<u>\$ 1,072,467</u>
Business-type Activities					
Bonds payable					
Revenue Bonds	\$14,026,000	\$ -	\$ (1,273,000)	\$ 12,753,000	\$ 1,314,000
Notes payable					
State revolving loan	4,403,042	1,887,873	-	6,290,915	151,857
Lease refunding note	4,183,000	-	(493,000)	3,690,000	533,000
Capital Improvement note	-	765,000	-	765,000	67,673
Other post-employment benefits	189,180	34,025	-	223,205	-
Compensated absences	658,808	481,792	(431,143)	709,457	481,793
Total business-type activities long term debt	<u>\$23,460,030</u>	<u>\$ 3,168,690</u>	<u>\$ (2,197,143)</u>	<u>\$ 24,431,577</u>	<u>\$2,548,323</u>

Internal service funds predominately serve the governmental funds. Accordingly, \$55,797 of compensated absences and \$15,858 of Net OPEB liability are included in the above governmental activities amounts. Also, for the governmental activities, compensated absences and the net pension obligation are generally liquidated by the General Fund.

H. Other Commitments and Contingencies

The City has entered into several agreements that are outstanding at September 30, 2014, which will result in future financial obligation as follows:

<u>Description</u>	<u>Amount</u>
General Fund commitments	\$ 291,301
Capital Projects Fund commitments	1,121,710
MIS Fund commitments	74,625
Water and Sewer Utility Fund commitments	96,237
Refuse Utility Fund commitments	7,300
Stormwater Utility Fund commitments	8,914
	<u>\$ 1,600,087</u>

V. Other Matters

A. Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. During 2014, there were no significant reductions in insurance coverage from the previous year or any settlements in excess of insurance coverage in the current year or the prior three years.

B. Other Postemployment Benefits:

Plan Description and Summary of Benefits - The City provides retirees with the option to purchase health insurance from the City's single employer, experience rated health insurance plan (Plan) that provides medical benefits to active and eligible retirees at the City's group rate as mandated by Florida Statute 112.0801. This requirement creates an implicit rate subsidy benefit for the retirees' participation. Retirees are required to pay the full amount of the health insurance premium during their eligibility period. As of the valuation dated October 1, 2013, the Plan had approximately 170 active participants, 3 spouses, and 5 retirees receiving benefits. The plan does not issue a separate publicly available financial report.

Transition Year - GASB Statement No. 45 was implemented prospectively resulting in a zero net OPEB obligation at transition, which was October 1, 2008. There was neither an OPEB asset nor liability at transition.

Funding Policy - The City has followed the pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit costs and expenses plus any addition to the reserve for accrued costs incurred but not yet reported, as determined as part of the insurance contract. The contribution requirements of Plan members are established annually by the City. The City pays any remaining required amounts after contributions of plan members are taken into account. Currently, retired members pay the full premium associated with the coverage elected; no direct City subsidy is applicable; however there is an implicit cost outlined below. Spouses and other dependents are also eligible for coverage, and the member is responsible for payment of the applicable premiums.

State of Florida law prohibits the City from separately rating retirees and active employees. The City therefore assigns both groups equal, blended-rate premiums. Although both groups are assigned the same blended rate premiums, GAAP requires actuarial liabilities to be calculated using age-adjusted premiums approximating claim costs for retirees separate from active members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the Entry Age Normal actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability (or funding excess) using a level percentage of payroll method and closed amortization over a period not to exceed 30 years. Annual requirements include a 4.5% discount rate, compounded annually, and based on assumptions that the plan will be unfunded. The annual health care cost trend rate was assumed to decline gradually over the next several years from 7.5% in 2014 to an ultimate rate of 4.5% on and after 2017. The economic rates are based on an assumed inflation rate of 3% per annum.

The actuarial accrued liability (AAL) was determined as of September 30, 2014, based on the above assumptions and cost method, and applied to member data current at October 1, 2013. Liabilities were developed based on age adjusted costs for retirees currently receiving plan benefits as of October 1, 2013, with an AAL calculated to be \$1,849,238, which is unfunded (or 0% funded). The annual covered payroll is \$7.2 million, resulting in a ratio of unfunded AAL to covered payroll of 25.8%. The actuarial calculations reflect a long-term perspective using methods and assumptions that are designed to reduce short-term volatility in AAL and actuarial value of assets. The Plan provisions affecting the valuation were those in effect on October 1, 2013.

OPEB GASB No. 45 results are not based on the assumption that all members terminate services as of the valuation date, but rather on assumptions of future mortality, retirement, and termination.

	2014 Fiscal Year Valuation as of 10/1/2013
Annual Required Contribution (ARC)	\$ 226,496
Interest on Net OPEB Obligation	25,250
Adjustment to ARC	<u>(24,942)</u>
Annual OPEB Cost (Expense)	226,804
Less: Employer Contributions Made	<u>(126,896)</u>
Increase in Net OPEB Obligation	99,908
Net OPEB Obligation at beginning of year	<u>561,090</u>
Net OPEB Obligation at end of year	<u><u>\$ 660,998</u></u>

In the Statement of Net Position, as of September 30, 2014, the City reports a Net OPEB obligation of \$437,793 in governmental activities and \$223,205 in business-type activities.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years was as follows:

Year Ended September 30,	Annual OPEB Cost	City Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 226,804	\$ 126,896	56.0%	\$ 660,998
2013	\$ 217,722	\$ 117,354	53.9%	\$ 561,090
2012	\$ 195,528	\$ 80,788	41.3%	\$ 460,722

C. Employee Defined Benefit Retirement Pension Plans:

The City maintains three separate single-employer, defined benefit pension plans for general employees, police officers and firefighters, which are maintained as Pension Trust Funds and included as part of the City's reporting entity. These pension plans do not issue stand-alone financial reports. These plans also provide for disability and survivor benefits.

Separate boards of trustees independently govern each system. Assets may not be transferred from one plan to another or used for any purpose other than to benefit each system's participants as defined in their authorizing ordinances. Administrative expenses and fees attributable to each plan are deducted from the plan assets. These funds are reported using the full accrual basis of accounting. The benefits and refunds of each defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

General Employees' Pension Fund - The General Employees' Pension Fund is a single employer defined benefit retirement system and contains the assets of the General Employees' Pension Fund. The General Employees' Pension Fund includes all full-time City employees, except police, firefighters and the City Manager. The board of trustees consists of five members as follows: two legal residents of the City, two current or retired members of the plan, and one member who is a union representative for the General Employees.

The funding methods and determination of benefits payable are provided by various acts of the City Council, including subsequent amendments thereto. The code provides, in general, that funds are to be accumulated from City and active member contributions, and income from investment of accumulated funds. Investments are reported at fair value.

Employees become eligible for the plan after three months of continuous employment with vesting beginning as of the first day of employment. Active members are required to contribute 2.5% of salary to the plan. The City's policy is to contribute amounts as determined by actuarial valuations. Employees vest for full benefits after five years of service. Benefit amounts are calculated based on the three consecutive years which give the highest average out of the last ten years. Members will receive a benefit amount equal to 2% of that average multiplied by years of accrued service.

The General Employees' Pension Fund was amended in October 1996, which closed off the plan to any new employees hired by the City after October 1, 1996. Employees hired after October 1, 1996, however, are eligible for the City's 401(a) Defined Contribution Plan. Employees hired prior to October 1, 1996, and not vested in the General Employees' Pension Fund as of September 30, 1997, may elect to participate in the 401(a) Defined Contribution Plan.

With the October 1, 2013 valuation the Board of Trustees adopted changes to years of service, and the benefit limitation. Starting for the year ending September 30, 2014, funding requirements are now based on a dollar funding methodology as compared to the percentage of payroll methodology. For the year ended September 30, 2014, the total required contribution from the City was \$766,179.

Police Officers' Retirement Trust Fund - The Police Officers' Retirement Trust Fund is a single employer defined benefit retirement system established pursuant with Chapter 185, Florida Statutes. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, the Board of Trustees, and the City Council. The statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investment of accumulated funds. The City funds actuarial deficiencies, as determined by the state. The investments of the fund are administered, managed and operated by its Board of Trustees. Investments are reported at fair value. The board of trustees consists of five members as follows: two legal residents of the City, two police officers of the City, and one member chosen by a majority of the previous four members.

Full-time police officers are eligible to participate in the Police Officers' Retirement Trust Fund on the first of the month following the completion of three months of continuous service with vesting beginning upon their first day of employment with the City. Participating police employees contribute 6% of their salary to the plan. The City is required by statute to contribute remaining amounts necessary based upon actuarial valuations to the fund as performed in accordance with State Statute. Employees vest for full benefits after five years of service. Benefit amounts are calculated based on the three years which give the highest average out of the last five years. Members will receive a benefit amount equal to 2% of that average multiplied by years of actual service up to October 1, 1987, and 3% of that average multiplied by years of actual service after October 1, 1987.

Firefighters' Pension Fund - The Firefighters' Pension Fund is a single employer defined benefit retirement system established pursuant with Chapter 175, Florida Statutes in July 1990, with an effective date of November 1989. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, Firefighters' Pension Board and the City Council. The statutes provide in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investment of accumulated funds. Investments are reported at fair value. The board of trustees consists of five members as follows: two legal residents of the City, two full-time firefighters of the City, and one member chosen by a majority of the previous four members.

Full-time firefighters are eligible to participate in the Firefighters' Pension Fund upon their first day of employment with the City. Participating fire employees contribute 6% of their salary to the plan. The City is required by statute to contribute remaining amounts necessary based upon actuarial valuations to the fund as performed in accordance with State Statute. Employees vest for full benefits after five years of service. Benefit amounts are calculated based on the five years, which give the highest average out of the last ten years. Members will receive a benefit amount equal to 3% of that average multiplied by years of accrual service.

Current membership in the Employees' Pension Plans is comprised of the following as of the latest actuarial valuation report:

Group	General Employees	Police Officers'	Fire Fighters'
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them (vested)	108	33	6
Actively employed participants	11	23	26
Totals	<u>119</u>	<u>56</u>	<u>32</u>

Funding Policy - The City has traditionally contributed the annual required contribution (ARC) and thus had never been required to report a net pension obligation (NPO). The State of Florida Department of Management Services, Division of Retirement has required the City of Edgewater to change their contribution method to a fixed percentage of actual payroll. In accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, the total NPA at year end was \$356,322. The Net Pension Assets (NPA) is the cumulative net contribution in excess of the annual required contribution, is presented as an asset on the City's entity-wide Statement of Net Position. In accordance with GAAP, the City recorded the approved state police and firefighter pension contribution from insurance premium payments and excise tax in the amount of \$280,769 as an intergovernmental revenue and pension contribution expense in the General Fund.

At September 30, 2014 the Police Officers plan has \$359,310 of accumulated funding in the Funding Standard Account, as determined by the actuary. The Funding Standard Account balance can be utilized in future years to reduce the City's contributions into the Police Officers Retirement Trust Fund. In addition, for the year ended September 30, 2014 the City did not utilize the Funding Standard Account to meet the Annual Required Contribution.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As of September 30, 2014, the amounts legally required to be reserved for the general, police and firefighter pension funds are \$12,534,303, \$8,076,363, and \$9,919,161, respectively.

Annual Pension Cost and Annual Pension Obligation - The annual pension cost, net pension obligation and required contribution for September 30, 2013, were determined as part of the latest actuarial valuation of each plan, using the respective actuarial cost method for each plan. The City's annual pension cost and net pension obligation based on the most recent actuarial valuation were as follows:

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution (ARC)	\$ 475,794	\$ 874,513	\$ 534,041
Interest on Net Pension Obligation (NPO)	1	(17,738)	(8,429)
Adjustment to ARC	(1)	21,580	12,466
Annual Pension Cost	475,793	878,355	538,078
City and State Contributions Made	475,793	889,822	534,041
Increase/(Decrease) in NPO	-	(11,467)	4,037
NPO (NPA) beginning of year	-	(236,501)	(112,391)
NPO (NPA) end of year	\$ -	\$ (247,968)	\$ (108,354)

Three Year Trend Information:

General Employee's Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2013	475,793	100%
September 30, 2012	484,340	100%	-
September 30, 2011	443,258	100%	-

Police Officers' Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2013	878,355	101.30%
September 30, 2012	787,116	75.40%	(236,501)
September 30, 2011	701,166	86.50%	(430,115)

Firefighters' Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2013	538,078	99.20%
September 30, 2012	455,352	98.10%	(112,391)
September 30, 2011	362,093	98.20%	(116,578)

As of October 1, 2013, the most recent actuarial valuation date, the General Employees' plan was 64.88 percent funded. The actuarial accrued liability for benefits was \$17,101,109, and the actuarial value of assets was \$11,095,862, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,005,247. The covered payroll (annual payroll of active employees covered by the plan) was \$550,178 and the ratio of the UAAL to the covered payroll was 1,091.51 percent.

As of October 1, 2013, the most recent actuarial valuation date, the Police Officers' plan was 59.20 percent funded. The actuarial accrued liability for benefits was \$11,771,068 and the actuarial value of assets was \$6,968,226 resulting in an unfunded actuarial accrued liability (UAAL) of \$4,802,842. The covered payroll (annual payroll of active employees covered by the plan) was \$1,159,490 and the ratio of the UAAL to the covered payroll was 414.22 percent.

As of October 1, 2013, the most recent actuarial valuation date, the Firefighters' plan was 90.69 percent funded. The actuarial accrued liability for benefits was \$8,618,577, and the actuarial value of assets was \$7,816,177, resulting in an unfunded actuarial accrued liability (UAAL) of \$802,400. The covered payroll (annual payroll of active employees covered by the plan) was \$1,502,209, and the ratio of the UAAL to the covered payroll was 53.41 percent.

Description of Plan Benefits-All Plans

The benefit provisions and all other requirements of the employees' pension retirement systems are established by Chapter 13 of the City's Code of Ordinances and comply with all applicable Florida State Statutes. Notable points of the plans are summarized below. The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to it being appropriated for funding purposes. The funding methods and determination of benefits payable are provided in various acts of the Florida Legislature, which created the funds including subsequent amendments thereto.

Actuarial methods and significant assumptions

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Valuation date	10/1/2013	10/1/2013	10/1/2013
Actuarial cost method	Aggregate	Entry Age Normal	Entry age Normal
Amortization method	N/A	Level Dollar	Level % of pay, Closed
Remaining amortization period	N/A	20 years	21 years
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases **	5.5%	4.2-7.5%	7.5%
** Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	None	None	None

Individual Fiduciary Fund Statements

Individual statements of net position for the three plans included in the City of Edgewater fiduciary funds are as follows:

CITY OF EDGEWATER, FLORIDA

Combining Statement of Fiduciary Net Position

Pension Trust Funds

September 30, 2014

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
ASSETS			
Investments, at fair value:			
Accrued income	\$ 43,111	\$ 32,105	\$ 12,560
Investments, at fair value			
Money market funds	455,485	343,105	542,474
Certificates of deposit	-	-	50,061
Bonds	3,942,029	2,737,893	2,479,405
Equities	-	2,840,457	6,861,941
Mutual fund – equities	<u>8,101,432</u>	<u>2,130,339</u>	<u>-</u>
Total assets	12,542,057	8,083,899	9,946,441
LIABILITIES			
Accounts payable	3,804	7,536	2,562
Unearned Contributions	3,950	-	24,718
NET POSITION			
Held in trust for pension benefits	<u>\$ 12,534,303</u>	<u>\$ 8,076,363</u>	<u>\$ 9,919,161</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the fiscal year ended September 30, 2014

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
ADDITIONS			
Contributions:			
Employer	\$ 762,229	\$ 539,470	\$355,608
Employee	13,178	76,054	88,024
State of Florida	-	125,387	155,382
Total contributions	<u>775,407</u>	<u>740,911</u>	<u>599,014</u>
Investment earnings:			
Interest and dividends	485,595	200,816	155,935
Net increase/ (decrease) in the fair value of investments	582,117	587,347	1,070,849
Less investment expenses	<u>(5,939)</u>	<u>(5,400)</u>	<u>(6,882)</u>
Net investment earnings	<u>1,061,773</u>	<u>782,763</u>	<u>1,219,902</u>
Total Additions	<u>1,837,180</u>	<u>1,523,674</u>	<u>1,818,916</u>
DEDUCTIONS			
Pension benefits	1,288,586	776,041	222,096
Administrative expenses	44,683	53,366	103,762
Total deductions	<u>1,333,269</u>	<u>829,407</u>	<u>325,858</u>
Change in net position	503,911	694,267	1,493,058
Net position - beginning of year	<u>12,030,392</u>	<u>7,382,096</u>	<u>8,426,103</u>
Net position - end of Year	<u>\$ 12,534,303</u>	<u>\$ 8,076,363</u>	<u>\$ 9,919,161</u>

Net Pension Liability

The components of the net pension liability of the pension plans at September 30, 2014, were as follows:

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Total pension liability	\$ 17,101,117	\$ 11,638,599	\$ 8,481,797
Plan fiduciary net position	<u>(12,030,936)</u>	<u>(7,401,395)</u>	<u>(8,418,701)</u>
Net pension liability	<u>\$ 5,070,181</u>	<u>\$ 4,237,204</u>	<u>\$ 63,096</u>
Plan fiduciary net position as percentage of total pension liability	70.35%	63.59%	99.26%

The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions to all measurement periods.

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
Inflation	3.00%	3.00%	3.00%
Salary increases	4.00%	6.40%	5.90%
Investment rate of return	7.50%	7.50%	7.50%

Mortality rates for the General Employees Pension were based on the RP-2000 Combined Healthy projected to the valuation date with schedule AA–Sex Distinct. The actuarial assumptions used in the October 1, 2013 valuation were based on results of an actuarial experience study for the period 2003-2012.

Mortality rates for the Police Officers were based on the RP-2000 Combined Healthy Mortality, projected to 2005 using scale AA. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.

Mortality rates for the Firefighters were based on the RP-2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward five years. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements. Based on a study of over 650 public safety funds, this table reflects a % margin for future mortality improvements. Disability mortality is set forward five years.

The actuarial assumptions used in the October 1, 2013 Police and Firefighters valuations were based on results of an actuarial experience study for the period 1990-2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan’s target asset allocation as of September 30, 2013 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	General Employees	Police Officers	Firefighters
Domestic equity	7.50%	7.50%	7.50%
International equity	8.50%	8.50%	8.50%
Broad Market Fixed income	2.50%	2.50%	2.50%
TIPS	2.50%	2.50%	-
Real estate	4.50%	4.50%	-

Discount rate:

The discount rate used to measure the total pension liability for each pension plan was 7.50%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that City contributions will be made as rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City calculated using the discount rate of 7.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate:

City's Net Pension Liability	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
General Employees Retirement Trust Fund	\$ 6,770,058	\$ 5,070,181	\$ 3,623,711
Police Officers Retirement Trust Fund	5,548,382	4,237,204	3,143,995
Firefighters Retirement Trust Fund	1,154,197	63,096	(840,241)

For the year ended September 30, 2013, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	General Employees Retirement Trust Fund	Police Officers Retirement Trust Fund	Firefighters Retirement Trust Fund
Annual money-weighted rate of return	13.50%	10.40%	10.25%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Employee Defined Contribution Retirement Pension Plans:

General Employees - The City adopted a defined contribution plan effective October 1, 1996. The plan is a money purchase plan administered for the City by the Salem Trust. Eligible employees are employees hired effective October 1, 1996, or thereafter that would otherwise qualify for the General Employees' Pension Plan. Employees hired prior to October 1, 1996, and not vested in the General Employees' Pension Plan may also elect, instead, to participate in the defined contribution plan. Employee participation is immediate upon hiring and are 100% vested after five years of employment. Employees direct the investment of funds contributed to the plan on their behalf. Employer contributions made during the year amounted to \$488,085. The City Council has the authority to amend the Plan's provisions including amending contribution requirements.

E. Deferred Compensation Plans:

The City offers its employees a choice of two deferred compensation plans created in accordance with Internal Revenue Code Section 457; i.e., International City/County Management Association (ICMA). The plans are available to all City employees and permit employees to defer a portion of their salary until future years. Participation in either of the plans is optional. Deferred compensation withdrawals are not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with current professional pronouncements, the City has not included such funds in its financial statements.

F. Joint Venture Communications Interlocal Agency.

On January 11, 2002, the cities of New Smyrna Beach, Port Orange and Edgewater entered into an interlocal agreement to provide a consolidated dispatch communications and records system servicing law enforcement, fire, rescue and emergency communications for each of the cities. This entity, known as the Communications Interlocal Agency (CIA), was established pursuant to Florida Statutes, Section 163.01(7). The CI Agency operates as a public entity using the same fiscal year as the City of New Smyrna Beach, ending on September 30th.

The CI Agency is an instrumentality of the municipal parties and is entitled to sovereign immunity, except where waived by general law. It operates pursuant to direction from its governing board. The governing board is comprised of three mayors from the respective cities mentioned above. Operating guidelines, procedures, designations and restrictions are determined by this governing body.

Substantially all costs of the CI Agency are allocated to Port Orange, New Smyrna Beach, and Edgewater in the respective amounts of 44%, 33%, and 23%. The books and records are maintained using accounting principles generally accepted in the United States of America. The City of Port Orange, as agent, performs all cash and accounting transactions.

The financial statements of the joint venture can be obtained by contacting the Finance Director of the City of Port Orange, Florida, at the following address:

Tracey Riehm, Finance Director
City of Port Orange
1000 City Center Circle
Port Orange, FL 32129

Summarized audited information of the Communications Interlocal Agency for the year ended September 30, 2014 is as follows:

Operating revenues	\$ -
Operating expenses	(54,809)
Non-operating revenues	<u>2,267</u>
Net loss	<u>\$ (52,542)</u>
Total assets	<u>\$ 307,290</u>
Total liabilities	<u>\$ -</u>
Total net position	<u>\$ 307,290</u>

A summary of the changes in the City's investment in the Communications Interlocal Agency for the year ended September 30, 2014 is as follows:

September 30, 2012, balance	\$ 242,278
Fiscal year 2013 activity	<u>(79,069)</u>
September 30, 2013, balance	<u>\$ 163,209</u>

Effective September 30, 2011, the CIA was dissolved as the County of Volusia, Florida voted to go to a centralized dispatch service for the entire County. The CIA is still determining the dissolution of assets between the three cities, and the remaining assets are expected to be distributed during the year ended September 30, 2015.

G. Contingencies:

The City has been involved in miscellaneous collections, lot cleaning, stormwater, and other liens. In addition, the City has numerous pending/threatened claims against it. In the opinion of City management the loss if any, resulting from these actions will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

H. Restatement of Net Position:

In March 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014 and have been implemented as of and for the year ended September 30, 2014. The implementation GASB 65 will result in the removal of unamortized bond issuance costs as of September 30, 2013, and result in the reduction of beginning unrestricted net position in the government-wide statement of net position by the same amount. The effect of the restatement on the impacted reporting units' beginning net position is as follows:

	<u>Water and Sewer</u>	<u>Business- type Activities</u>
Balance, 9/30/2013	\$ 28,477,555	\$ 37,299,772
Less: Bond issuance costs, net, 9/30/2013	<u>(90,461)</u>	<u>(90,461)</u>
Restated balance, 9/30/2013	<u>\$ 28,387,094</u>	<u>\$ 37,209,311</u>

I. Subsequent Events:

On March 2, 2015, the City Council authorized the creation of the Edgewater Community Redevelopment Agency with Ordinance 2015-O-04.

On January 5, 2015, the City Council authorized the issuance of \$600,000 capital improvement debt for the acquisition of land for the Public Works complex with Resolution 2015-R-05.

On November 13, 2014, a City contractor drilled through a City power line and now owes the City approximately \$200,000 in damages.

J. Recently Issued Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the City's financial statements:

- (a) GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, in June 2012, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB 50, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term

obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and will result in the net pension liability being recorded on the City's statement of net position.

- (b) GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, in January 2013. GASB 69 is intended to improve accounting and financial reporting for U.S state and local government combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or sale. The requirements of GASB 69 are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.
- (c) GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. GASB 71 seeks to improve accounting and financial reporting by addressing an issue in GASB 68 concerning transaction provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of GASB 68 by employers and nonemployer contributing entities. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014

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CITY OF EDGEWATER, FLORIDA

Required Supplementary Information (unaudited)
Schedules of Funding Progress

Other Post Employment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 1,849,238	\$ 1,849,238	0.00%	\$ 7,177,127	25.8%
10/2/2010	-	1,676,652	1,676,652	0.00%	5,765,693	29.1%
10/1/2008	-	3,009,113	3,009,113	0.00%	6,080,589	49.5%

General Employees' Retirement Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	\$ 11,095,862	\$ 17,101,109	\$ 6,005,247	64.88%	\$ 550,178	1091.51%
10/1/2012	10,795,757	17,138,842	6,343,085	62.99%	580,324	1093.02%
10/1/2011	12,227,558	17,289,981	5,062,423	70.72%	1,017,953	497.31%
10/1/2010	13,310,777	17,088,869	3,778,092	77.89%	1,077,877	350.51%
10/1/2009	13,876,405	16,842,925	2,966,520	82.39%	1,204,161	246.36%
10/1/2008	14,472,525	16,636,744	2,164,219	86.99%	1,254,441	172.52%

Police Officers' Pension Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-- Frozen Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	\$ 6,968,226	\$ 11,771,068	\$ 4,802,842	59.20%	\$ 1,159,490	414.22%
10/1/2012	6,132,725	11,153,497	5,020,772	54.98%	1,117,545	449.27%
10/1/2011	5,828,463	11,013,027	5,184,564	52.92%	972,222	533.27%
10/1/2010	7,801,777	8,944,282	1,142,505	87.23%	1,063,774	107.40%
10/1/2009	7,980,169	9,081,117	1,100,948	87.88%	1,105,895	99.55%
10/1/2008	8,040,328	9,229,229	1,188,901	87.12%	1,032,166	115.19%

Firefighters' Pension Trust

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	\$ 7,816,177	\$ 8,618,577	\$ 802,400	90.69%	\$ 1,502,209	53.41%
10/1/2012	6,776,342	8,068,598	1,292,256	83.98%	1,528,795	84.53%
10/1/2011	5,513,147	7,319,117	1,805,970	75.33%	1,439,711	125.44%
10/1/2010	5,315,976	6,499,389	1,183,413	81.79%	1,475,291	80.22%
10/1/2009	4,977,603	5,652,885	675,282	88.05%	1,475,963	45.75%
10/1/2008	4,700,591	4,813,031	112,440	97.66%	1,556,068	7.23%

CITY OF EDGEWATER, FLORIDA

Required Supplementary Information (unaudited)

Schedules of Contributions from the Employer and Other Contributing Entities

Other Post Employment Benefit Plan

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	Percentage Contribution
2014	\$ 226,496	\$ 126,896	56.0%
2013	217,079	117,354	54.1%
2012	194,676	80,788	41.5%
2011	187,837	72,926	38.8%
2010	236,130	116,928	49.5%
2009	225,651	114,752	50.9%

General Employees' Retirement Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	Percentage Contribution
2014	\$ 762,229	\$ 762,229	100%
2013	484,341	484,341	100%
2012	484,341	484,341	100%
2011	443,259	443,259	100%
2010	358,255	358,255	100%
2009	746,270	746,270	100%

Police Officers' Pension Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution *	Percentage Contribution
2014	664,857	539,470	125,387	100.00%
2013	874,513	768,448	121,375	101.75%
2012	762,743 ¹	471,463	122,039	77.81%
2011	673,391 ²	547,752	125,639	100.00%
2010	600,715 ³	475,560	125,156	100.00%
2009	474,810	407,647	131,228	113.49%

- 1) Includes \$169,241 from the Funding Standard Account to meet the annual required City contribution.
- 2) Includes \$66,954 from the Funding Standard Account to meet the annual required City contribution.
- 3) Includes \$117,184 from the Funding Standard Account to meet the annual required City contribution.

Firefighters' Pension Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution *	Percentage Contribution
2014	\$ 510,990	\$ 355,608	\$ 155,382	100.00%
2013	534,041	469,302	64,740	100.00%
2012	451,165	388,329	62,836	100.00%
2011	355,689	288,744	66,946	100.00%
2010	354,059	287,113	66,946	100.00%
2009	292,806	254,858	66,946	109.90%

* Frozen pursuant to Chapter 175 or 185, Florida Statutes

CITY OF EDGEWATER, FLORIDA

Required Supplementary Information (unaudited)

Schedules of Investment Returns

Asset Valuation Date	Annual Money-Weighted Rate of Return		
Year Ended	General Employees' Retirement Trust	Police Officers' Pension Trust	Firefighters' Pension Trust
<u>Sept 30,</u> 2013	<u>13.50%</u>	<u>10.40%</u>	<u>10.25%</u>

Information relating to this schedule is not available prior to fiscal years ended September 30, 2013.

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CITY OF EDGEWATER, FLORIDA

Nonmajor Governmental Funds

September 30, 2014

SPECIAL REVENUE FUNDS are used to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Justice Assistance Grant Fund – This fund was established to receive revenues derived from money received from the Department of Justice for the Victims Of Crime Act grant for the Victim Advocate salaries and benefits.

Special Law Enforcement Trust Fund – This fund was established to receive revenues derived from confiscated property obtained during the enforcement purposes, exclusive of salaries and vehicles. Such purposes may include drug education programs such as DARE.

Transportation Impact Fees Fund – This fund was established to account for road impact fees collected from new developments constructed in the City.

Police Impact fees Fund – This fund was established to account for police impact fees collected from new developments constructed in the City.

Fire Impact Fees Fund – This fund was established to account for fire impact fees collected from new developments constructed in the City.

Recreation Impact Fees Fund – This fund was established to account for recreation impact fees collected from new developments constructed in the City.

DEBT SERVICE FUNDS are established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Debt Service Fund – This fund was established to account for the payment of general long-term debt principal and interest for the Station 55 replacement and Animal Shelter.

CAPITAL PROJECTS FUNDS are established to account for resources used for the acquisition and construction of capital facilities by the City, except for those financed by proprietary funds.

Capital Projects Fund – This fund was established to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

CITY OF EDGEWATER, FLORIDA

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2014

	Special Revenue			
	Justice Assistance Grants	SLETF	Transportation Impact	Police Impact
ASSETS				
Cash	\$ 2,749	\$ 1,818	\$ 338,346	\$ 71,299
Receivables-net	-	-	11	3
Due from other governments	-	-	-	-
Total assets	<u>\$ 2,749</u>	<u>\$ 1,818</u>	<u>\$ 338,357</u>	<u>\$ 71,302</u>
FUND BALANCES				
Spendable:				
Restricted for:				
Public safety	2,749	1,818	-	-
Debt service	-	-	-	-
Capital projects	-	-	338,357	71,302
Total fund balances	<u>2,749</u>	<u>1,818</u>	<u>338,357</u>	<u>71,302</u>
Total liabilities and fund balance	<u>\$ 2,749</u>	<u>\$ 1,818</u>	<u>\$ 338,357</u>	<u>\$ 71,302</u>

Fire Impact	Recreation Impact	Debt Service	Total Nonmajor Governmental Funds
\$ 27,437	\$ 9,882	\$ 2,612	\$ 454,143
1	-	-	15
-	-	5	5
<u>\$ 27,438</u>	<u>\$ 9,882</u>	<u>\$ 2,617</u>	<u>\$ 454,163</u>
-	-	-	4,567
-	-	2,617	2,617
<u>27,438</u>	<u>9,882</u>	<u>-</u>	<u>446,979</u>
<u>27,438</u>	<u>9,882</u>	<u>2,617</u>	<u>454,163</u>
<u>\$ 27,438</u>	<u>\$ 9,882</u>	<u>\$ 2,617</u>	<u>\$ 454,163</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2014

	Special Revenue			
	Justice Assistance Grants	SLETF	Transportation Impact	Police Impact
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,355	-	-	-
Fines and forfeitures	-	6,395	-	-
Investment earnings	-	2	158	46
Impact fees	-	-	63,973	5,702
Total revenues	3,355	6,397	64,131	5,748
EXPENDITURES				
Current:				
Public safety	3,355	10,284	-	3,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	80,082
Total expenditures	3,355	10,284	-	83,082
Excess (deficiency) of revenues over (under) expenditures	-	(3,887)	64,131	(77,334)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(8,943)	-
Total other financing sources (uses)	-	-	(8,943)	-
Net change in fund balances	-	(3,887)	55,188	(77,334)
Beginning fund balances	2,749	5,705	283,169	148,636
Ending fund balances (deficit)	\$ 2,749	\$ 1,818	\$ 338,357	\$ 71,302

<u>Fire Impact</u>	<u>Recreation Impact</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 34,532	\$ 34,532
-	-	-	3,355
-	-	-	6,395
10	17	8	241
<u>10,199</u>	<u>22,231</u>	<u>-</u>	<u>102,105</u>
<u>10,209</u>	<u>22,248</u>	<u>34,540</u>	<u>146,628</u>
-	-	-	16,639
-	-	20,000	20,000
-	-	13,650	13,650
-	-	-	80,082
<u>-</u>	<u>-</u>	<u>33,650</u>	<u>130,371</u>
<u>10,209</u>	<u>22,248</u>	<u>890</u>	<u>16,257</u>
<u>-</u>	<u>(61,272)</u>	<u>-</u>	<u>(70,215)</u>
<u>-</u>	<u>(61,272)</u>	<u>-</u>	<u>(70,215)</u>
<u>10,209</u>	<u>(39,024)</u>	<u>890</u>	<u>(53,958)</u>
<u>17,229</u>	<u>48,906</u>	<u>1,727</u>	<u>508,121</u>
<u>\$ 27,438</u>	<u>\$ 9,882</u>	<u>\$ 2,617</u>	<u>\$ 454,163</u>

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual
 Annually - Budgeted Nonmajor Special Revenue Funds
 For the Fiscal Year Ended September 30, 2014

	Special Revenue							
	Justice Assistance Grants				SLETF			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
Original	Final	Original			Final			
REVENUES								
Intergovernmental	\$ 3,000	\$ 3,355	\$ 3,355	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	3,000	6,395	6,395	-
Investment earnings	-	-	-	-	-	-	2	2
Impact fees	-	-	-	-	-	-	-	-
Total revenues	<u>3,000</u>	<u>3,355</u>	<u>3,355</u>	<u>-</u>	<u>3,000</u>	<u>6,395</u>	<u>6,397</u>	<u>2</u>
EXPENDITURES								
Current:								
Public Safety	3,000	3,355	3,355	-	18,000	12,100	10,284	1,816
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>3,000</u>	<u>3,355</u>	<u>3,355</u>	<u>-</u>	<u>18,000</u>	<u>12,100</u>	<u>10,284</u>	<u>1,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(5,705)</u>	<u>(3,887)</u>	<u>1,818</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	(15,000)	(5,705)	(3,887)	1,818
Beginning fund balances	<u>2,749</u>	<u>2,749</u>	<u>2,749</u>	<u>-</u>	<u>5,705</u>	<u>5,705</u>	<u>5,705</u>	<u>-</u>
Ending fund balances (deficit)	<u>\$ 2,749</u>	<u>\$ 2,749</u>	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ (9,295)</u>	<u>\$ -</u>	<u>\$ 1,818</u>	<u>\$ 1,818</u>

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual--
 Annually-Budgeted Nonmajor Special Revenue Funds (continued)
 For the Fiscal Year Ended September 30, 2014

	Special Revenue							
	Transportation Impact				Police Impact			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
Original	Final	Original			Final			
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	158	158	-	-	46	46
Impact fees	20,500	64,500	63,973	(527)	2,500	5,880	5,702	(178)
Total revenues	20,500	64,500	64,131	(369)	2,500	5,880	5,748	(132)
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	3,380	3,000	380
Capital outlay	-	-	-	-	85,727	85,727	80,082	5,645
Total expenditures	-	-	-	-	85,727	89,107	83,082	6,025
Excess (deficiency) of revenues over (under) expenditures	20,500	64,500	64,131	(369)	(83,227)	(83,227)	(77,334)	5,893
OTHER FINANCING SOURCES (USES)								
Transfers out	-	(35,770)	(8,943)	26,827	-	-	-	-
Total other financing sources (uses)	-	(35,770)	(8,943)	26,827	-	-	-	-
Net change in fund balances	20,500	28,730	55,188	26,458	(83,227)	(83,227)	(77,334)	5,893
Beginning fund balances	283,169	283,169	283,169	-	148,636	148,636	148,636	-
Ending fund balances (deficit)	\$ 303,669	\$ 311,899	\$ 338,357	\$ 26,458	\$ 65,409	\$ 65,409	\$ 71,302	\$ 5,893

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual--
 Annually-Budgeted Nonmajor Special Revenue Funds (continued)
 For the Fiscal Year Ended September 30, 2014

	Special Revenue							
	Fire Impact				Recreation Impact			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	10	10	-	-	17	17
Impact fees	5,000	10,199	10,199	-	10,000	21,154	22,231	1,077
Total revenues	5,000	10,199	10,209	10	10,000	21,154	22,248	1,094
EXPENDITURES								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	10,199	10,209	10	10,000	21,154	22,248	1,094
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	-	-	(25,000)	(61,272)	(61,272)	-
Total other financing sources (uses)	-	-	-	-	(25,000)	(61,272)	(61,272)	-
Net change in fund balances	5,000	10,199	10,209	10	(15,000)	(40,118)	(39,024)	1,094
Beginning fund balances	17,229	17,229	17,229	-	48,906	48,906	48,906	-
Ending fund balances (deficit)	\$ 22,229	\$ 27,428	\$ 27,438	\$ 10	\$ 33,906	\$ 8,788	\$ 9,882	\$ 1,094

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual--
 Annually-Budgeted Nonmajor Special Revenue Funds (continued)
 For the Fiscal Year Ended September 30, 2014

	Total			
	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental	\$ 3,000	\$ 3,355	\$ 3,355	\$ -
Fines and forfeitures	3,000	6,395	6,395	-
Investment earnings	-	-	233	233
Impact fees	38,000	101,733	102,105	372
Total revenues	<u>44,000</u>	<u>111,483</u>	<u>112,088</u>	<u>605</u>
EXPENDITURES				
Current:				
Public Safety	21,000	18,835	16,639	2,196
Capital outlay	85,727	85,727	80,082	5,645
Total expenditures	<u>106,727</u>	<u>104,562</u>	<u>96,721</u>	<u>7,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,727)</u>	<u>6,921</u>	<u>15,367</u>	<u>8,446</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(25,000)</u>	<u>(97,042)</u>	<u>(70,215)</u>	<u>26,827</u>
Total other financing sources (uses)	<u>(25,000)</u>	<u>(97,042)</u>	<u>(70,215)</u>	<u>26,827</u>
Net change in fund balances	(87,727)	(90,121)	(54,848)	35,273
Beginning fund balances	<u>506,394</u>	<u>506,394</u>	<u>506,394</u>	<u>-</u>
Ending fund balances (deficit)	<u>\$ 418,667</u>	<u>\$ 416,273</u>	<u>\$ 451,546</u>	<u>\$ 35,273</u>

CITY OF EDGEWATER, FLORIDA
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual
 Annually - Budgeted Nonmajor Debt Service Funds
 For the Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 33,946	\$ 33,946	\$ 34,532	\$ 586
Investment earnings	-	-	8	8
Total revenues	<u>33,946</u>	<u>33,946</u>	<u>34,540</u>	<u>594</u>
EXPENDITURES				
Debt Service:				
Principal	20,000	20,000	20,000	-
Interest	<u>13,650</u>	<u>13,650</u>	<u>13,650</u>	<u>-</u>
Total expenditures	<u>33,650</u>	<u>33,650</u>	<u>33,650</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>296</u>	<u>296</u>	<u>890</u>	<u>594</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	<u>385,000</u>	<u>3,205</u>	<u>-</u>	<u>(3,205)</u>
Total other financing sources (uses)	<u>385,000</u>	<u>3,205</u>	<u>-</u>	<u>(3,205)</u>
Net change in fund balances	<u>385,296</u>	<u>3,501</u>	<u>890</u>	<u>(2,611)</u>
Beginning fund balances	<u>1,727</u>	<u>1,727</u>	<u>1,727</u>	<u>-</u>
Ending fund balances	<u>\$ 387,023</u>	<u>\$ 5,228</u>	<u>\$ 2,617</u>	<u>\$ (2,611)</u>

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual
 Annually - Budgeted Major Capital Projects Fund
 For the Fiscal Year Ended September 30, 2014

	General Construction			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Intergovernmental	\$ 341,545	\$ 341,545	\$ 336,659	\$ (4,886)
Total revenues	<u>341,545</u>	<u>341,545</u>	<u>336,659</u>	<u>(4,886)</u>
EXPENDITURES				
Capital outlay	720,601	747,643	412,234	335,409
Total expenditures	<u>720,601</u>	<u>747,643</u>	<u>412,234</u>	<u>335,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(379,056)</u>	<u>(406,098)</u>	<u>(75,575)</u>	<u>330,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	379,056	406,098	379,271	(26,827)
Total other financing sources (uses)	<u>379,056</u>	<u>406,098</u>	<u>379,271</u>	<u>(26,827)</u>
Net change in fund balance	-	-	303,696	303,696
Beginning fund balances	<u>141,110</u>	<u>141,110</u>	<u>141,110</u>	<u>-</u>
Ending fund balances	<u>\$ 141,110</u>	<u>\$ 141,110</u>	<u>\$ 444,806</u>	<u>\$ 303,696</u>



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CITY OF EDGEWATER, FLORIDA

Internal Service Funds

September 30, 2014

INTERNAL SERVICE FUNDS are used to account for the financing of centralized services to City departments on a cost-reimbursement basis (including depreciation).

Management Information Systems (MIS) – To account for data processing operations and the cost of computer services used by other City departments.

Fleet – To account for the cost of operating a maintenance facility for automotive equipment used by other City departments / divisions.

Loss Fund – To account for the general liability and property insurances of the City.

Fully Insured – To account for the health, dental and life insurance of the City's employees and retirees.

Workers Comp – To account for the workers compensation insurance of the City.

CITY OF EDGEWATER, FLORIDA

Combining Statement of Net Position

Internal Service Funds

September 30, 2014

	MIS	FLEET	Loss Fund	Fully Insured	Workers Comp	Total
ASSETS						
Current assets:						
Cash	\$ 103,613	\$ 103,723	\$ 15,010	\$ 3,960	\$ -	\$ 226,306
Receivables--net	-	-	-	-	6,058	6,058
Inventories	1,856	20,642	-	-	-	22,498
Total current assets	<u>105,469</u>	<u>124,365</u>	<u>15,010</u>	<u>3,960</u>	<u>6,058</u>	<u>254,862</u>
Noncurrent assets:						
Capital assets:						
Buildings and improvements	60,684	-	-	-	-	60,684
Machinery and equipment	64,530	45,604	-	-	-	110,134
Construction in progress	24,875	-	-	-	-	24,875
Less accumulated depreciation	(38,383)	(33,172)	-	-	-	(71,555)
Total capital assets (net of accumulated depreciation)	<u>111,706</u>	<u>12,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,138</u>
Total noncurrent assets	<u>111,706</u>	<u>12,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,138</u>
Total assets	<u>217,175</u>	<u>136,797</u>	<u>15,010</u>	<u>3,960</u>	<u>6,058</u>	<u>379,000</u>
LIABILITIES						
Current liabilities:						
Accounts payable	3,724	3,443	-	165,726	-	172,893
Accrued liabilities	5,108	3,838	-	-	-	8,946
Compensated absences	10,292	13,555	-	-	-	23,847
Accrued interest payable	206	-	-	-	-	206
Notes payable - current	9,112	-	-	-	-	9,112
Total current liabilities	<u>28,442</u>	<u>20,836</u>	<u>-</u>	<u>165,726</u>	<u>-</u>	<u>215,004</u>
Noncurrent liabilities:						
Compensated absences	14,519	17,431	-	-	-	31,950
OPEB obligation	7,845	8,013	-	-	-	15,858
Long-term debt payable after one year	93,888	-	-	-	-	93,888
Total noncurrent liabilities	<u>116,252</u>	<u>25,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,696</u>
Total liabilities	<u>144,694</u>	<u>46,280</u>	<u>-</u>	<u>165,726</u>	<u>-</u>	<u>356,700</u>
NET POSITION						
Net investment in capital assets	8,706	12,432	-	-	-	21,138
Unrestricted	63,775	78,085	15,010	(161,766)	6,058	1,162
Total net position	<u>\$ 72,481</u>	<u>\$ 90,517</u>	<u>\$ 15,010</u>	<u>\$ (161,766)</u>	<u>\$ 6,058</u>	<u>\$ 22,300</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2014

	<u>MIS</u>	<u>FLEET</u>	<u>Loss Fund</u>	<u>Fully Insured</u>	<u>Workers Comp</u>	<u>Total</u>
Operating revenues:						
Billings to City departments	\$ 423,530	\$ 996,169	\$ 322,798	\$ 1,989,037	\$ 192,951	\$ 3,924,485
Operating expenses:						
Salaries and employee benefits	164,290	169,227	-	2,006,640	245,093	2,585,250
Supplies and materials	21,299	471,562	-	-	-	492,861
Contract services	177,380	178	-	-	-	177,558
Other services and charges	74,080	304,157	322,468	-	-	700,705
Depreciation	18,283	5,468	-	-	-	23,751
Total operating expenses	455,332	950,592	322,468	2,006,640	245,093	3,980,125
Operating income (loss)	(31,802)	45,577	330	(17,603)	(52,142)	(55,640)
Nonoperating revenues (expenses)						
Gain on disposition of capital assets	7,503	-	-	-	-	7,503
Interest expense	(4,132)	-	-	-	-	(4,132)
Total nonoperating revenues	3,371	-	-	-	-	3,371
Income (loss) before contributions and transfers	(28,431)	45,577	330	(17,603)	(52,142)	(52,269)
Transfers in	43,750	-	-	-	59,671	103,421
Transfers out	-	(25,000)	-	(59,671)	-	(84,671)
Change in net position	15,319	20,577	330	(77,274)	7,529	(33,519)
Total net position - beginning	57,162	69,940	14,680	(84,492)	(1,471)	55,819
Total net position - ending	\$ 72,481	\$ 90,517	\$ 15,010	\$ (161,766)	\$ 6,058	\$ 22,300

CITY OF EDGEWATER, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2014

	MIS	FLEET	Loss Fund	Fully Insured	Workers Comp	Total
Cash flows from operating activities:						
Receipts-customers and users	\$ 423,530	\$ 996,169	\$ 322,798	\$ 1,989,037	\$ 186,893	\$ 3,918,427
Payments-suppliers	(272,502)	(773,018)	(322,468)	(2,011,192)	(247,223)	(3,626,403)
Payments-employees	(179,255)	(165,611)	-	-	-	(344,866)
Net cash provided (used) by operating activities	<u>(28,227)</u>	<u>57,540</u>	<u>330</u>	<u>(22,155)</u>	<u>(60,330)</u>	<u>(52,842)</u>
Cash flows from noncapital financing activities:						
Cash received from (paid to) other funds	<u>43,750</u>	<u>(25,000)</u>	<u>-</u>	<u>(59,671)</u>	<u>59,671</u>	<u>18,750</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(56,764)	(1)	-	-	-	(56,765)
Proceeds from sale of capital assets	7,503	-	-	-	-	7,503
Interest payments on debt	(4,132)	-	-	-	-	(4,132)
Proceeds from issuance of debt	<u>103,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,000</u>
Net cash provided (used) by capital and related financing activities	<u>49,607</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,606</u>
Net increase (decrease) in cash and cash equivalents	65,130	32,539	330	(81,826)	(659)	15,514
Beginning cash and cash equivalents	38,483	71,184	14,680	85,786	659	210,792
Ending cash and cash equivalents	<u>\$ 103,613</u>	<u>\$ 103,723</u>	<u>\$ 15,010</u>	<u>\$ 3,960</u>	<u>\$ -</u>	<u>\$ 226,306</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (31,802)	\$ 45,577	\$ 330	\$ (17,603)	\$ (52,142)	\$ (55,640)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	18,283	5,468	-	-	-	23,751
(Increase) decrease in assets:						
Receivables - net	-	-	-	-	(6,058)	(6,058)
Inventories	(1,856)	(281)	-	-	-	(2,137)
Increase (decrease) in liabilities:						
Accounts payable	2,113	3,160	-	(4,552)	(2,130)	(1,409)
Accrued liabilities	(1,291)	(2,561)	-	-	-	(3,852)
OPEB obligation	1,682	1,402	-	-	-	3,084
Compensated absences	(15,356)	4,775	-	-	-	(10,581)
Total adjustments	<u>3,575</u>	<u>11,963</u>	<u>-</u>	<u>(4,552)</u>	<u>(8,188)</u>	<u>2,798</u>
Net cash provided (used) by operating activities	<u>\$ (28,227)</u>	<u>\$ 57,540</u>	<u>\$ 330</u>	<u>\$ (22,155)</u>	<u>\$ (60,330)</u>	<u>\$ (52,842)</u>

CITY OF EDGEWATER, FLORIDA

Other Supplemental Schedules

September 30, 2014

Fiduciary Funds – Pension trust Funds

Police, Firefighter and General Employees' Pension Funds – These funds are used to account for the accumulation of resources to be used for retirement annuity payments at the appropriate amounts and times in the future. Resources are contributed by employees at a rate fixed by law and by the City and the State at amounts determined by an annual actuarial study.

CITY OF EDGEWATER, FLORIDA

Combining Statement of Fiduciary Net Position

Pension Trust Funds

September 30, 2014

	<u>General</u>			
	<u>Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ASSETS				
Accrued income	\$ 43,111	\$ 32,105	\$ 12,560	\$ 87,776
Investments, at fair value:				
Money market funds	455,485	343,105	542,474	1,341,064
Certificates of deposit	-	-	50,061	50,061
Bonds				
US Treasury notes	19,681	29,522	88,609	137,812
GNMA/FNMA	1,335,155	904,821	213,737	2,453,713
Municipal bonds	206,552	199,993	203,865	610,410
Corporate bonds	2,380,641	1,603,557	1,973,194	5,957,392
Equities	-	2,840,457	6,861,941	9,702,398
Mutual fund - equities	8,101,432	2,130,339	-	10,231,771
Total assets	<u>12,542,057</u>	<u>8,083,899</u>	<u>9,946,441</u>	<u>30,572,397</u>
LIABILITIES				
Accounts payable	3,804	7,536	2,562	13,902
Unearned contributions	3,950	-	24,718	28,668
Total liabilities	<u>7,754</u>	<u>7,536</u>	<u>27,280</u>	<u>42,570</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 12,534,303</u>	<u>\$ 8,076,363</u>	<u>\$ 9,919,161</u>	<u>\$ 30,529,827</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Fiscal Year Ended September 30, 2014

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 762,229	\$ 539,470	\$ 355,608	\$ 1,657,307
Employee	13,178	76,054	88,024	177,256
State of Florida	-	125,387	155,382	280,769
Total contributions	<u>775,407</u>	<u>740,911</u>	<u>599,014</u>	<u>2,115,332</u>
Investment earnings (loss):				
Interest and dividends	485,595	200,816	155,935	842,346
Net increase in the fair value of investments	<u>582,117</u>	<u>587,347</u>	<u>1,070,849</u>	<u>2,240,313</u>
Total investment earnings	1,067,712	788,163	1,226,784	3,082,659
Less investment expenses	<u>(5,939)</u>	<u>(5,400)</u>	<u>(6,882)</u>	<u>(18,221)</u>
Net investment earnings (loss)	<u>1,061,773</u>	<u>782,763</u>	<u>1,219,902</u>	<u>3,064,438</u>
Total Additions	<u>1,837,180</u>	<u>1,523,674</u>	<u>1,818,916</u>	<u>5,179,770</u>
DEDUCTIONS				
Pension benefits	1,288,586	776,041	222,096	2,286,723
Administrative expenses	<u>44,683</u>	<u>53,366</u>	<u>103,762</u>	<u>201,811</u>
Total deductions	<u>1,333,269</u>	<u>829,407</u>	<u>325,858</u>	<u>2,488,534</u>
Change in net position	503,911	694,267	1,493,058	2,691,236
Net position - beginning	<u>12,030,392</u>	<u>7,382,096</u>	<u>8,426,103</u>	<u>27,838,591</u>
Net position - ending	<u>\$ 12,534,303</u>	<u>\$ 8,076,363</u>	<u>\$ 9,919,161</u>	<u>\$ 30,529,827</u>



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CITY OF EDGEWATER, FLORIDA
Statistical Section

This part of the City of Edgewater, Florida's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health and is unaudited.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	84-88
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal sales tax.	89-93
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	94-99
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	100-101
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	102-104

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant fiscal year.

CITY OF EDGEWATER, FLORIDA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 40,480,601	\$ 43,278,270	\$ 45,488,481	\$ 45,286,948	\$ 47,510,167	\$ 48,282,223	\$ 49,083,883	\$ 47,677,631	\$ 10,790,015	\$ 9,283,844
Restricted	1,255,664	1,000,424	1,063,323	1,867,693	1,568,645	2,224,684	1,575,186	3,204,310	3,547,595	3,760,701
Unrestricted	2,163,549	1,511,496	2,939,453	4,696,621	5,310,937	5,718,964	6,126,300	8,896,934	2,109,332	1,165,791
Total Governmental Activities Net Position	\$ 43,899,814	\$ 45,790,190	\$ 49,491,257	\$ 51,851,262	\$ 54,389,749	\$ 56,225,871	\$ 56,785,369	\$ 59,778,875	\$ 16,446,942	\$ 14,210,336
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 27,962,252	\$ 30,199,966	\$ 29,330,978	\$ 29,408,827	\$ 28,325,668	\$ 25,052,445	\$ 24,260,590	\$ 23,558,802	\$ 23,188,819	\$ 18,641,079
Restricted	1,694,339	1,860,458	2,250,279	1,879,888	892,784	2,078,126	3,614,794	4,787,027	4,344,362	3,567,108
Unrestricted	7,006,277	5,239,348	5,314,263	5,586,070	6,303,962	6,408,077	6,398,470	5,322,505	6,732,197	9,332,879
Total Business-Type Activities Net Position	\$ 36,662,868	\$ 37,299,772	\$ 36,895,520	\$ 36,874,785	\$ 35,522,414	\$ 33,538,648	\$ 34,273,854	\$ 33,688,334	\$ 34,265,378	\$ 31,541,166
Total	\$ 80,562,682	\$ 83,089,962	\$ 86,386,777	\$ 88,726,047	\$ 89,912,163	\$ 89,764,519	\$ 91,059,223	\$ 93,447,209	\$ 50,712,320	\$ 45,751,502

CITY OF EDGEWATER, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Administrative	\$ 178,890	\$ 165,479	\$ 141,724	\$ 185,511	\$ 326,863	\$ 288,180	\$ 248,113	\$ 268,546	\$ 327,113	\$ 294,176
Public Safety	507,279	439,680	277,806	502,893	478,001	429,232	457,791	461,116	583,840	476,050
Public Works	248,531	169,864	147,040	156,857	173,895	200,101	317,602	408,345	731,819	750,284
Culture and recreation	14,896	13,162	12,520	-	6,245	12,785	11,814	25,982	137,053	229,995
Operating Grants and Contributions	442,201	586,345	591,002	594,849	634,000	593,635	384,417	485,854	505,161	574,193
Capital Grants and Contributions	333,284	515,775	1,466,668	1,187,088	266,779	424,997	127,090	260,884	845,639	326,163
Total Governmental Activities Program Revenues	\$ 1,725,081	\$ 1,890,305	\$ 2,636,760	\$ 2,627,198	\$ 1,885,783	\$ 1,948,930	\$ 1,546,767	\$ 1,910,727	\$ 3,130,625	\$ 2,650,861
Business-Type Activities:										
Charges for Services:										
Water / Sewer Utility	\$ 8,383,806	\$ 8,238,099	\$ 7,634,056	\$ 7,474,168	\$ 7,085,984	\$ 6,907,413	\$ 6,914,844	\$ 6,743,708	\$ 6,597,883	\$ 6,295,493
Refuse collection	2,693,938	2,673,005	2,638,024	2,661,778	2,670,316	2,704,541	2,538,797	2,393,425	2,242,197	2,085,965
Stormwater Utility	1,300,575	1,287,833	1,271,620	1,291,687	1,288,132	1,164,331	957,348	1,042,592	917,703	953,752
Operating Grants and Contributions	-	-	-	-	-	-	55,823	130,400	272,580	1,224,518
Capital Grants and Contributions	111,295	83,417	86,937	1,300,823	2,222,112	221,108	570,208	300,107	2,438,556	1,218,691
Total Business-Type Activities Program Revenues	\$ 12,489,614	\$ 12,282,354	\$ 11,630,637	\$ 12,728,456	\$ 13,266,544	\$ 10,997,393	\$ 11,037,020	\$ 10,610,232	\$ 12,468,919	\$ 11,778,419
Total Government Program Revenues	\$ 14,214,695	\$ 14,172,659	\$ 14,267,397	\$ 15,355,654	\$ 15,152,327	\$ 12,946,323	\$ 12,583,787	\$ 12,520,959	\$ 15,599,544	\$ 14,429,280
Expenses										
Governmental Activities:										
General administrative	\$ 2,060,966	\$ 2,098,288	\$ 1,869,872	\$ 2,030,426	\$ 2,120,727	\$ 2,437,060	\$ 3,368,997	\$ 3,268,496	\$ 3,338,289	\$ 2,801,030
Culture and recreation	1,464,164	1,490,505	1,388,241	1,415,197	1,392,047	1,400,669	1,417,080	1,495,209	1,511,621	1,727,507
Public Works	3,514,532	3,719,716	3,542,650	3,847,458	3,315,340	3,207,832	3,182,898	3,418,018	643,943	725,242
Public Safety	6,767,861	7,094,211	6,587,921	7,141,391	6,676,065	6,455,618	5,893,950	6,522,598	6,259,632	6,235,432
Interest on long-term debt	60,282	45,094	36,397	61,554	77,845	211,630	315,637	196,466	291,830	310,433
Total Governmental Activities Expenses	\$ 13,867,805	\$ 14,447,814	\$ 13,425,081	\$ 14,496,026	\$ 13,582,024	\$ 13,712,809	\$ 14,178,562	\$ 14,900,787	\$ 12,045,315	\$ 11,799,644
Business-Type Activities:										
Water / Sewer Utility	\$ 8,459,432	\$ 8,086,388	\$ 8,020,597	\$ 7,931,996	\$ 8,246,448	\$ 8,684,972	\$ 8,463,439	\$ 8,479,766	\$ 8,053,623	\$ 7,635,312
Refuse collection	2,697,843	2,558,753	2,604,683	2,628,227	2,497,362	2,405,870	2,447,631	2,226,068	2,067,329	2,951,045
Stormwater Utility	1,266,675	1,157,256	1,025,943	1,027,605	808,413	926,393	1,016,948	1,003,143	1,017,118	935,770
Total Business-Type Activities Expenses	\$ 12,423,950	\$ 11,802,397	\$ 11,651,223	\$ 11,587,828	\$ 11,552,223	\$ 12,017,235	\$ 11,928,018	\$ 11,708,977	\$ 11,138,070	\$ 11,522,127
Total Government Expenses	\$ 26,291,755	\$ 26,250,211	\$ 25,076,304	\$ 26,083,854	\$ 25,134,247	\$ 25,730,044	\$ 26,106,580	\$ 26,609,764	\$ 23,183,385	\$ 23,321,771

City of Edgewater, Florida

Changes in Net Position (continued)

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2013	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (Expense)/Revenue										
Governmental Activities	\$ (12,142,724)	\$ (12,557,509)	\$ (10,788,321)	\$ (11,868,828)	\$ (11,696,241)	\$ (11,763,879)	\$ (12,631,795)	\$ (12,990,060)	\$ (8,914,690)	\$ (9,148,783)
Business-Type Activities	65,664	479,957	(20,586)	1,140,628	1,714,321	(1,019,842)	(890,998)	(1,098,745)	1,330,849	256,292
Total Government Net Expense	\$ (12,077,060)	\$ (12,077,552)	\$ (10,808,907)	\$ (10,728,200)	\$ (9,981,920)	\$ (12,783,721)	\$ (13,522,793)	\$ (14,088,805)	\$ (7,583,841)	\$ (8,892,491)

General Revenues and Other Changes in Net Position

Governmental Activities:

Property taxes	\$ 4,120,260	\$ 3,763,456	\$ 3,669,228	\$ 4,459,591	\$ 5,083,616	\$ 5,638,194	\$ 6,053,965	\$ 5,983,622	\$ 5,045,677	\$ 4,125,604
Utility and franchise taxes	3,182,716	3,051,649	2,947,266	3,047,731	3,051,595	3,164,803	2,822,644	3,134,569	3,098,230	2,721,040
Intergovernmental shared revenue	2,030,522	1,814,689	1,680,896	1,618,530	1,574,091	1,673,522	1,842,215	1,956,463	1,952,077	1,901,135
Investment earnings	52,399	25,339	36,148	32,274	79,230	6,019	173,233	173,234	1,734,431	468,314
Gain on sale of assets	14,500	11,855	11,029	8,008	7,308	9,533	9,228	4,767,674	-	-
Miscellaneous revenue	134,304	38,888	43,699	42,117	64,279	55,163	53,686	116,255	-	-
Transfers	717,647	150,566	40,050	122,090	-	(215,517)	(1,316,682)	-	(679,119)	1,370,073
Total Governmental Activities	\$ 10,252,348	\$ 8,856,442	\$ 8,428,316	\$ 9,330,341	\$ 9,860,119	\$ 10,331,717	\$ 9,638,289	\$ 16,131,817	\$ 11,151,296	\$ 10,586,166

Business-Type Activities:

Investment earnings	\$ 6,517	\$ 3,879	\$ 37,510	\$ 92,243	\$ 161,505	\$ (3,450)	\$ 108,935	\$ 501,098	\$ 714,244	\$ 537,757
Miscellaneous revenue	99,023	70,982	43,861	241,590	107,940	89,522	70,901	603	-	-
Transfers	(717,647)	(150,566)	(40,050)	(122,090)	-	215,517	1,316,682	-	679,119	(1,370,073)
Total Business-Type Activities	\$ (612,107)	\$ (75,705)	\$ 41,321	\$ 211,743	\$ 269,445	\$ 301,589	\$ 1,496,518	\$ 501,701	\$ 1,393,363	\$ (832,316)

Total Government

	\$ 9,640,241	\$ 8,780,737	\$ 8,469,637	\$ 9,542,084	\$ 10,129,564	\$ 10,633,306	\$ 11,134,807	\$ 16,633,518	\$ 12,544,659	\$ 9,753,850
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Change in Net Position

Governmental Activities	\$ (1,890,376)	\$ (3,701,067)	\$ (2,360,005)	\$ (2,538,487)	\$ (1,836,122)	\$ (1,432,162)	\$ (2,993,506)	\$ 3,141,757	\$ 2,236,606	\$ 1,437,383
Business-Type Activities	(546,443)	404,252	20,735	1,352,371	1,983,766	(718,253)	605,520	(597,044)	2,724,212	(576,024)
Total Government Change in Net Position	\$ (2,436,819)	\$ (3,296,815)	\$ (2,339,270)	\$ (1,186,116)	\$ 147,644	\$ (2,150,415)	\$ (2,387,986)	\$ 2,544,713	\$ 4,960,818	\$ 861,359

CITY OF EDGEWATER, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 245,131	\$ 234,084	\$ 135,287	\$ 1,387,418	\$ 41,532	\$ 32,555
Unreserved	-	-	-	-	5,974,500	5,826,394	3,223,169	1,990,994	2,257,987	1,199,383
Nonspendable	422,120	22,170	436	138,459	-	-	-	-	-	-
Restricted	2,990	4,028	3,408	448	-	-	-	-	-	-
Assigned	750,749	500,000	1,872,129	1,565,639	-	-	-	-	-	-
Unassigned	2,770,632	2,744,608	2,452,923	3,702,417	-	-	-	-	-	-
Total General Fund	\$ 3,946,491	\$ 3,270,806	\$ 4,328,896	\$ 5,406,963	\$ 6,219,631	\$ 6,060,478	\$ 3,358,456	\$ 3,378,412	\$ 2,299,519	\$ 1,231,938
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,596	\$ 352,214	\$ 351,462	\$ 259,967	\$ 255,589
Unreserved, Reported in:										
Debt service funds	-	-	-	-	(176,200)	-	-	-	-	-
Special revenue funds	-	-	-	-	908,339	879,195	936,772	1,671,241	1,380,331	1,057,887
Capital projects funds	-	-	-	-	422,132	335,093	1,209,193	2,852,848	978,087	1,191,193
Restricted	898,969	649,231	712,080	1,221,758	-	-	-	-	-	-
Committed	-	-	-	542,510	-	-	-	-	-	-
Unassigned	-	-	-	(2,119)	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 898,969	\$ 649,231	\$ 712,080	\$ 1,762,149	\$ 1,154,271	\$ 2,050,884	\$ 2,498,179	\$ 4,875,551	\$ 2,618,385	\$ 2,504,669
Total Governmental Funds	\$ 4,845,460	\$ 3,920,037	\$ 5,040,976	\$ 7,169,112	\$ 7,373,902	\$ 8,111,362	\$ 5,856,635	\$ 8,253,963	\$ 4,917,904	\$ 3,736,607

Note: In 2011 GASB 54 was implemented changing the classification of Governmental Fund Balances. Prior years were not restated.

CITY OF EDGEWATER, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	\$ 7,302,976	\$ 6,815,105	\$ 6,616,494	\$ 7,507,322	\$ 8,159,811	\$ 8,747,647	\$ 8,876,609	\$ 9,118,191	\$ 8,143,907	\$ 6,846,644
Intergovernmental	2,812,565	2,933,095	3,758,487	3,400,644	2,436,438	2,724,831	2,353,662	2,703,201	3,302,877	3,032,676
Licenses and permits	263,641	236,820	217,715	227,703	237,714	231,006	258,106	415,394	500,588	657,920
Charges for services	1,319,396	1,132,520	1,038,741	1,024,644	1,156,279	1,088,013	474,457	490,255	547,221	305,320
Fines and forfeitures	240,149	195,851	166,133	150,569	164,897	128,806	113,893	124,903	142,880	153,176
Investment Earnings	52,399	25,338	36,148	37,379	79,230	6,019	173,233	173,235	244,972	189,852
Impact fees	102,105	44,136	34,067	68,405	97,734	51,218	652,905	574,621	1,022,485	1,054,974
Miscellaneous	134,461	38,539	50,669	56,869	102,790	55,163	53,685	115,757	240,012	326,354
Total Revenues	\$ 12,227,692	\$ 11,421,404	\$ 11,918,454	\$ 12,473,535	\$ 12,434,893	\$ 13,542,703	\$ 12,956,550	\$ 13,715,557	\$ 14,144,942	\$ 12,566,916
Expenditures										
Current:										
General administrative services	\$ 1,680,375	\$ 1,590,455	\$ 1,439,252	\$ 1,478,452	\$ 1,409,242	\$ 1,561,882	\$ 1,858,728	\$ 1,567,721	\$ 1,538,323	\$ 1,436,046
Legislative	96,597	93,377	92,592	100,154	85,046	74,448	69,197	55,983	54,449	58,211
Executive	567,755	558,357	534,199	454,905	463,127	422,097	619,654	697,137	535,630	552,545
Legal Counsel	101,398	89,195	87,075	120,685	211,232	230,049	214,133	189,116	181,314	101,871
Community Development	459,651	419,476	473,381	529,275	567,519	515,719	577,151	659,811	588,846	567,991
Cultural and recreation	1,198,951	1,237,586	1,151,797	1,159,916	1,153,785	1,146,168	1,213,046	1,306,084	1,844,753	1,595,896
Public works	588,415	562,286	469,592	356,739	325,752	311,807	347,303	348,985	546,555	450,738
Public safety										
Law enforcement	3,262,859	3,232,114	2,827,511	3,507,483	3,197,903	3,159,454	3,452,532	2,942,506	3,321,219	3,042,746
Fire and emergency services	2,942,624	2,942,859	2,765,756	2,826,861	2,745,411	2,634,957	2,601,973	2,376,721	2,974,519	2,689,534
Code enforcement	75,725	144,716	95,488	166,253	212,418	205,836	211,019	189,997	216,457	233,889
Animal services	110,809	132,794	269,712	227,600	230,974	205,996	200,864	229,057	162,299	-
Debt service:										
Principal	418,092	445,714	892,559	810,871	1,903,462	1,548,714	1,691,776	1,277,575	1,670,146	1,555,004
Interest and Fiscal Charges	47,644	52,715	38,876	57,789	155,287	166,127	315,637	195,971	291,830	310,433
Capital outlay	889,268	1,320,804	2,984,879	1,745,612	728,503	1,659,313	2,004,164	747,534	304,532	23,161
Total Expenditures	\$ 12,440,163	\$ 12,822,448	\$ 14,122,669	\$ 13,542,595	\$ 13,389,661	\$ 13,842,567	\$ 15,377,177	\$ 12,784,198	\$ 14,230,872	\$ 12,618,065
Excess of Revenues Over (Under) Expenditures	(212,471)	(1,401,044)	(2,204,215)	(1,069,060)	(954,768)	(299,864)	(2,420,627)	931,359	(85,930)	(51,149)
Other Financing Sources (Uses)										
Transfers In	\$ 1,078,168	\$ 676,660	\$ 626,332	\$ 846,702	\$ 757,345	\$ 975,601	\$ 1,941,890	\$ 1,881,908	\$ 1,097,713	\$ 1,788,326
Transfers Out	(379,271)	(568,994)	(561,282)	(740,440)	(757,345)	(1,168,748)	(3,258,572)	(1,881,908)	(1,776,832)	(418,253)
Capital lease	-	-	-	-	-	144,998	143,016	-	196,899	-
Debt Issued	432,000	160,583	-	750,000	210,000	-	-	12,500	-	-
General obligation note	-	-	-	-	-	-	-	-	500,000	-
Sale of capital assets	6,997	11,856	11,029	8,008	7,308	1,194,770	1,196,965	2,392,200	1,249,447	-
Total Other Financing Sources (Uses)	1,137,894	280,105	76,079	864,270	217,308	1,146,621	23,299	2,404,700	1,267,227	1,370,073
Net Change in Fund Balances	\$ 925,423	\$ (1,120,939)	\$ (2,128,136)	\$ (204,790)	\$ (737,460)	\$ 846,757	\$ (2,397,328)	\$ 3,336,059	\$ 1,181,297	\$ 1,318,924
Debt Service as a Percentage of Noncapital Expenditures	4.03%	4.33%	8.25%	7.20%	16.26%	13.88%	15.24%	11.68%	14.32%	15.36%

CITY OF EDGEWATER, FLORIDA

Tax Revenues by Source of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ended September 30	Property Taxes	Utility and franchise taxes	Intergovernmental Revenue	Total
2005	\$ 4,125,604	\$ 2,721,040	\$ 3,032,676	\$ 9,879,320
2006	5,045,677	3,098,230	3,302,877	11,446,784
2007	5,983,622	3,134,569	2,703,201	11,821,392
2008	6,053,935	2,822,644	2,353,662	11,230,241
2009	5,638,194	3,109,453	2,724,831	11,472,478
2010	5,083,616	3,076,195	2,436,438	10,596,249
2011	4,459,591	3,047,731	3,400,644	10,907,966
2012	3,669,228	2,947,266	3,758,487	10,374,981
2013	3,763,456	3,051,649	2,933,095	9,748,200
2014	4,120,260	3,182,716	2,812,565	10,115,541

CITY OF EDGEWATER, FLORIDA

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Centrally Assessed Property	Estimated Actual Value	Exemptions Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 974,165,071	\$ 37,819,634	\$ 2,160,414	\$ 1,014,145,119	\$ 350,007,187	\$ 664,137,932	6.4500
2006	1,219,005,146	40,150,036	2,247,029	1,261,402,211	448,458,761	812,943,450	6.5100
2007	1,715,797,872	42,021,446	2,506,641	1,760,325,959	670,906,020	1,089,419,939	5.7317
2008	1,816,484,284	44,912,803	1,824,075	1,863,221,162	667,246,620	1,195,974,542	5.2271
2009	1,567,728,018	46,686,002	3,852,385	1,618,266,405	636,648,753	981,617,652	5.9330
2010	1,239,413,071	47,937,851	2,789,838	1,290,140,760	467,797,506	822,343,254	6.3982
2011	1,014,902,147	46,368,404	2,452,717	1,063,723,268	374,884,311	688,838,957	6.6385
2012	859,937,271	44,818,406	2,847,810	907,603,487	327,571,414	580,032,073	6.5304
2013	869,698,616	44,709,946	2,419,118	916,827,680	326,361,580	590,466,100	6.5612
2014	893,847,254	46,863,494	2,615,633	943,326,381	330,091,016	613,235,365	6.9340

Source: Volusia County Property Appraiser's Office & City of Edgewater CAFRs

CITY OF EDGEWATER, FLORIDA

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	City of Edgewater Operating Millage	Debt Service Millage	Total Direct Rate	Volusia County ⁽¹⁾ Millage	School District Millage	Other ⁽²⁾	Grand Total
2005	6.4500	0.0000	6.4500	8.8820	8.5170	0.5910	24.4400
2006	6.4500	0.0600	6.5100	7.7210	8.2590	0.5910	23.0810
2007	5.7000	0.0317	5.7317	5.3235	7.6850	2.7886	21.5288
2008	5.2000	0.0271	5.2271	4.8819	7.4670	2.6866	20.2626
2009	5.9000	0.0330	5.9330	5.4037	7.4590	3.5865	22.3823
2010	6.3600	0.0382	6.3982	6.4233	8.2370	3.7932	24.8517
2011	6.5910	0.0475	6.6385	6.3025	8.2370	4.0012	25.1792
2012	6.4700	0.0604	6.5304	6.7791	8.0630	3.9682	25.3407
2013	6.5000	0.0612	6.5612	6.8809	7.8880	3.6967	25.0268
2014	6.8760	0.0580	6.9340	7.2709	7.3580	3.6028	25.1657

(1) Millage includes General Fund and Voter Approved Debt service

(2) Inlet and Port Authority, Florida Inland Navigation District and St. Johns River Water Management District, Mosquito Control, and Hospital Operating

CITY OF EDGEWATER, FLORIDA

Principal Taxpayers

Current year and ten years ago

Taxpayer	2014			2005		
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
NS CS Hammock Creek, LLC	\$ 39,989,590	1	6.13%			
Florida Power & Light Company	14,685,691	2	2.25%	10,839,554	1	1.07%
RJ Dougherty Associates Inc.	6,001,185	3	0.92%			
Bright House Networks	3,583,026	4	0.55%	2,932,915	7	0.29%
Carder, James C TR	3,422,493	5	0.52%			
Revenue Properties Florida	3,395,722	6	0.52%			
3050 Holdings, LLC	3,390,162	7	0.52%	3,745,934	4	0.37%
Florida East Coast Railway Company	3,158,229	8	0.48%			
Holly Investments, LTD	2,785,567	9	0.43%			
Edgewater Power Boats, LLC	2,757,112	10	0.42%			
308 Realty, LLC	-		-	4,785,181	2	0.47%
Spishores, LLC	-		-	4,142,507	3	0.41%
Bellsouth Telecommunications, Inc.	-		-	3,645,141	5	0.36%
Porta, Scott	-		-	3,143,132	6	0.31%
Bel Aire Investments, Inc	-		-	2,538,000	8	0.25%
Seaedge Partners, LLC	-		-	2,535,400	9	0.25%
Edgewater Harbor, LLC	-		-	2,462,769	10	0.24%
	<u>\$ 83,168,777</u>		<u>12.74%</u>	<u>\$ 40,770,533</u>		<u>4.02%</u>
Total Assessed Valuation	<u>\$ 652,131,330</u>			<u>\$ 1,009,447,000</u>		

Source: Volusia County Property Appraiser's Office & 2005 City of Edgewater CAFR

CITY OF EDGEWATER, FLORIDA

Property Tax Levies And Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2005	\$ 4,283,690	\$ 4,115,041	96.06 %	\$ 5,140	\$ 4,120,181	96.18 %
2006	5,243,485	5,040,537	96.13 %	17,219	5,057,756	96.46 %
2007	6,209,694	5,933,287	95.55 %	218,300	6,151,587	99.06 %
2008	6,219,068	5,835,665	93.84 %	-	5,835,665	93.84 %
2009	5,822,971	5,611,299	96.36 %	26,895	5,638,194	96.83 %
2010	5,230,103	5,035,560	96.28 %	17,704	5,053,264	96.62 %
2011	4,515,489	4,343,936	96.20 %	83,812	4,427,748	98.06 %
2012	3,752,808	3,625,224	96.60 %	10,100	3,635,324	96.87 %
2013	3,836,165	3,558,179	92.75 %	170,189	3,728,368	97.19 %
2014	4,216,606	4,072,002	96.57 %	13,726	4,085,728	96.90 %

Source: Volusia County Property Appraiser and Tax Collector

CITY OF EDGEWATER, FLORIDA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Notes Payable
	Notes Payable	Special Assessment Notes	General Obligation Note	Capital Improvement Revenue Bonds	Capital Leases	Line of Credit	
2005	\$ 5,571,596	\$ 3,954,514	\$ -	\$ -	\$ 331,123	\$ -	\$ 6,147,017
2006	4,811,939	3,244,502	470,000	-	357,544	-	5,239,457
2007	4,052,282	2,874,549	455,000	-	224,579	12,500	4,472,504
2008	3,292,112	2,106,625	440,000	-	181,415	50,000	3,541,000
2009	2,701,092	1,297,442	425,000	-	225,466	-	2,592,437
2010	2,110,073	-	410,000	-	388,424	-	1,542,000
2011	2,269,055	-	395,000	-	183,569	-	1,028,000
2012	1,424,037	-	375,000	-	156,029	-	-
2013	1,027,019	-	355,000	-	287,916	-	4,142,717
2014	1,225,000	-	335,000	-	226,843	-	4,455,000

Note-1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Note-2: Net of deferred amount refunding for FY2013 and prior years.

(1) See Demographic and Economic Statistics for personal income and population data.

Business-Type Activities						
Capital Leases	State Revolving Loan	Revenue Bonds	Line of Credit	Total	Percentage of Personal Income (1)	Per Capita (1)
\$6,544,290	\$13,298,345	\$ 11,011,773	\$ -	\$ 46,858,658	7.81%	2,215
6,750,820	11,975,560	10,660,000	-	43,509,822	6.91%	2,017
6,391,335	10,604,143	10,215,000	37,500	39,339,392	6.00%	1,825
5,971,878	9,182,304	10,146,086	-	34,911,420	5.04%	1,604
5,548,388	8,137,963	9,679,987	-	30,607,775	5.70%	1,431
5,258,430	8,388,828	7,814,973	-	25,912,728	4.72%	1,233
4,881,594	8,582,920	7,331,611	-	24,671,749	5.70%	1,181
4,527,471	-	15,077,524	-	21,560,061	5.10%	1,038
-	4,403,042	13,946,595	-	24,162,289	5.45%	1,165
-	6,290,915	12,753,000	-	25,285,758	5.53%	1,219

CITY OF EDGEWATER, FLORIDA
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				
	Population (1)	Estimated Actual Taxable Value	General Obligation Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2005	21,156	\$ 664,137,932	\$ -	-	-
2006	21,572	812,943,450	470,000	0.058%	21.79
2007	21,558	1,089,419,939	455,000	0.042%	21.11
2008	21,770	1,195,974,542	440,000	0.037%	20.21
2009	21,394	981,617,652	425,000	0.043%	19.87
2010	21,017	822,343,254	410,000	0.050%	19.51
2011	20,885	688,838,957	395,000	0.057%	18.91
2012	20,775	580,032,073	375,000	0.065%	18.05
2013	20,737	590,466,100	355,000	0.060%	17.12
2014	20,748	613,235,365	335,000	0.055%	16.15

Source: Volusia County Property Appraiser and Tax Collector
 (1) See Demographic and Economic Statistics for population data.

CITY OF EDGEWATER, FLORIDA

Direct and Overlapping Debt

<u>Governmental Unit</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the City of Edgewater</u>	<u>City of Edgewater Share of Debt</u>
Volusia County	\$ 23,025,000	2.54%	\$ 584,835
Volusia County School District	-	0%	-
Subtotal Overlapping Debt	23,025,000	2.54%	584,835
City Direct Debt	1,683,844	100%	1,683,844
Total Direct and Overlapping Debt	<u>\$ 24,708,844</u>		<u>\$ 2,268,679</u>

Note: The county-wide debt amount is comprised of \$23,025,000 of the County of Volusia's Limited Tax general obligation bonds.

The County's debt is overlapping to the City's in relation to its taxable property value compared to the County's as a whole. The City's general obligation debt is listed above and is direct debt to the City and underlapping to the County.

Source: Volusia County

CITY OF EDGEWATER, FLORIDA

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Water and Wastewater Refunding Revenue Bond, Series 2009

Fiscal Year	Gross Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Impact Fees	Net Available Revenue	Debt Service			Coverage
					Principal	Interest	Total	
2010	\$ 7,085,984	\$ 4,863,198	\$ 226,897	\$ 2,449,683	\$ -	\$ 95,296	\$ 95,296	25.71
2011	7,474,168	4,372,447	70,550	3,172,271	505,000	261,545	766,545	4.14
2012	7,634,056	4,849,002	42,979	2,828,033	570,000	243,378	813,378	3.48
2013	8,238,099	5,140,343	61,907	3,159,663	585,000	223,635	808,635	3.91
2014	8,383,806	5,348,671	80,102	3,115,237	610,000	203,320	813,320	3.83

Water and Wastewater System Refunding Revenue Bond, Series 2012

Fiscal Year	Available Net Revenue & Impact Fees	Debt Service			Coverage
		Principal	Interest	Total	
2012	\$ 2,014,655	\$ -	\$ -	\$ -	0.00
2013	2,351,028	569,000	154,891	723,891	3.25
2014	2,301,917	663,000	165,179	828,179	2.78

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) According to the Resolution, Gross Revenues should exclude interest earnings on the Renewal and Replacement Fund and Construction Fund.
- (2) Total direct operating expenses excludes depreciation, amortization and overhead charges.

Required coverage of 1.05 refers to the Series 2009 Bonds.

CITY OF EDGEWATER, FLORIDA

Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population(1)	Total Personal Income	Per Capita Personal Income (2)	Median Age (3)	County Unemployment Rate (4)	School Enrollment (5)
2004	20,637	\$ 538,997,166	\$ 26,118	43.6	5.0%	2,179
2005	21,156	575,675,916	27,211	43.7	3.4%	2,191
2006	21,572	611,501,484	28,347	43.8	3.1%	2,203
2007	21,558	535,586,952	24,844	45.4	3.4%	2,166
2008	21,997	561,319,446	25,518	46.0	7.2%	2,180
2009	21,394	536,989,400	25,100	46.3	11.8%	2,188
2010	21,017	549,153,193	26,129	46.1	12.6%	2,144
2011	20,885	432,528,350	20,710	46.4	10.3%	1,900
2012	20,775	423,020,550	20,362	47.5	8.8%	1,895
2013	20,737	443,418,346	21,765	47.9	6.8%	1,933
2014	20,748	457,057,692	22,029	46.6	5.9%	1,388

2014 Sources:

- (1) Source: University of Florida, Bureau of Economic and Business Research, 10/15/2014
- (2) US Census Bureau, 2011 - 2013 3-Year American Community Survey Estimates
- (3) Volusia County Statistics
- (4) Bureau of Labor Statistics Data
- (5) Received from Schools Directly as of 9-30-14 (Includes Discovery Academy (elementary), Indian River Elementary, and Edgewater Public Elementary)

Footnote:
Daytona State College South Campus Total Enrollment = 700; 671 live in Edgewater. DSC total staff 59 (16 staff & 43 faculty)
NSB High School Total Enrollment = 1,843; 838 live in Edgewater. Total Staff=157 (113 teachers)
NSB Middle School Total Enrollment = 1,176; 550 live in Edgewater. Total Staff 107
Edgewater Public Elementary Total Enrollment= 612 / Staff = 55
Indian River Elementary Total Enrollment = 648 / staff = 80
Discovery Academy Total Enrollment = 128 / Staff = 13

CITY OF EDGEWATER, FLORIDA

Principal Employers
Current Year and Ten Years Ago

Employer (1) (2)	2014		2005	
	Number of Employees	Percentage of Total County Employment	Number of Employees	Percentage of Total County Employment
City of Edgewater	198.5	0.08%	-	-
Everglades Boats by Dougherty	189.0	0.08%	-	-
Publix Supermarkets	142.0	0.06%	-	-
Winn Dixie Supermarkets	119.0	0.05%	-	-
Edgewater Power Boats	105.0	0.04%	-	-
Brunswick Commercial & Government Products	97.0	0.04%	-	-
Indian River Elementary	80.0	0.03%	-	-
Edgewater Family YMCA of S.E. Volusia	57.0	0.02%	-	-
Edgewater Elementary	55.0	0.02%	-	-
Dustin's BBQ	32.0	0.02%	-	-
Total	1,074.5	0.44%	-	-
Total County Employment (3)		244,863		-

Sources:

- (1) Information provided by each company
- (2) Information not available for 2005
- (3) Bureau of Labor Statistics Data

CITY OF EDGEWATER, FLORIDA

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Mayor and Commission	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	3.0	3.0
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Departments										
Finance	10.5	9.5	9.5	6.5	6.5	7.0	8.0	9.0	10.0	10.0
IT/MIS/GIS	3.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0
Economic Development	1.0									
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0
Community Development										
Planning and Zoning	2.0	2.0	2.0	3.0	3.0	3.0	3.0	4.0	3.0	3.0
Building	4.0	3.5	3.5	3.5	3.5	3.5	4.0	4.0	6.0	5.0
Public Safety:										
Police Department	34.5	35.0	33.5	33.0	34.0	33.5	36.0	33.0	40.0	37.0
Fire Department	29.5	29.5	29.0	30.0	30.0	31.0	32.0	35.0	38.0	28.0
Animal Control/Shelter	1.0	2.0	2.0	5.0	4.0	4.0	5.0	2.0	3.0	2.0
Code Enforcement	2.0	2.0	2.0	1.0	3.0	3.0	3.0	2.0	3.0	4.0
Water Resources										
Water Utility	11.0	11.0	9.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0
Wastewater Utility	16.0	15.0	14.0	15.0	15.0	15.0	15.0	16.0	11.0	11.0
Field Operations	11.0	11.0	10.0	9.0	10.0	10.0	9.0	10.0	5.0	13.0
Stormwater	9.5	9.5	9.0	8.0	7.0	6.0	8.0	9.0	10.0	5.0
Refuse	26.0	26.0	24.0	23.0	23.0	23.0	24.0	27.0	28.0	22.0
Parks and Recreation	15.0	15.0	15.0	15.0	16.0	16.0	16.0	12.0	20.0	14.0
Fleet	3.0	3.0	3.0	3.0	2.0	2.0	3.0	0.0	0.0	0.0
Public Works	8.5	9.0	7.0	7.0	7.0	8.0	0.0	0.0	0.0	7.0
Totals:	<u>198.5</u>	<u>196.0</u>	<u>185.5</u>	<u>185.0</u>	<u>187.0</u>	<u>188.0</u>	<u>188.0</u>	<u>183.0</u>	<u>200.0</u>	<u>183.0</u>

CITY OF EDGEWATER, FLORIDA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Employment Applications Received	665	541	543	401	339	625	763	392	275	298
Personnel Actions Processed	113	138	136	81	90	94	116	89	157	152
Accidents & Injuries Reviewed	51	60	52	29	40	51	45	30	18	20
Business Tax Receipts Issued	763	1,269	1,544	982	1,401	1,707	1,699	1,722	1,720	1,681
Checks Issued	2,279	2,414	1,727	1,727	983	2,947	3,253	3,682	4,883	4,243
Competitive Procurements (ITB,RFP,) issued	23	*	*	*	*	*	*	*	*	*
Purchase Orders Issued	718	757	734	408	449	766	1,000	1,124	1,962	1,975
Public Safety										
Police Department										
Accidents	367	239	246	328	259	250	257	281	254	341
Traffic citations issued	3,450	3,188	5,245	5,958	4,780	5,514	3,419	6,528	6,000	6,319
Evidence Processed	2,153	1,803	1,800	2,130	2,027	1,582	1,703	2,197	2,203	2,153
Physical arrests	1,151	1,128	1,393	1,327	1,227	1,649	1,378	1,287	1,141	1,113
Calls for service	31,503	34,395	29,752	34,228	31,168	31,394	33,379	41,909	33,115	32,706
Fire Department										
Emergency responses	2,565	2,738	2,679	2,825	2,873	2,841	2,991	3,035	3,069	2,922
Average response time - minutes	4.32	4.19	4.18	4.25	4.56	4.41	4.50	4.50	4.40	4.10
Public Education Programs	67	64	63	62	60	70	41	56	19	10
Fire inspections	1,123	1,015	1,002	920	810	807	860	867	171	168
Burn Permits Issued	-	-	-	-	1	-	5	-	4	8
Public Works										
Miles of street paved	3	-	-	-	-	-	-	-	1	-
Miles of street Resurfaced	3	1	2	-	-	4	-	-	3	7
Miles of unpaved streets	4	*	*	*	*	*	*	*	*	*
Sidewalks - new construction - miles	1	1	1	-	-	-	-	-	14	-
Leisure Services										
Ball games & field rentals	786	1,226	1,598	1,726	1,887	1,974	1,958	1,935	2,003	*
Events/Programs	8	17	19	14	19	21	23	26	11	*
Water Resources										
Water main breaks	100	84	80	88	88	63	76	81	60	64
Average daily consumption - mgd	1.846	1.900	1.929	1.931	1.931	1.941	1.944	1.989	1.850	1.770
Number of water customers	10,632	10,603	10,580	10,542	10,542	10,504	10,487	10,467	10,387	10,164
New Connections	29	23	18	38	38	16	35	54	175	278
Sewer Resources										
New Connections	27	19	11	26	26	8	30	42	162	261
Average daily consumption - mgd	1.422	1,264	1	1	1.179	1.324	1.523	1.225	1.070	1.180
Number of customers	9,896	9,869	9,850	9,823	9,823	9,797	9,784	9,761	9,626	9,394
Refuse Collection										
Number of Customers	9,463	9,451	9,403	9,378	9,378	9,356	9,326	9,272	9,205	8,977

Sources: Provided by the respective departments of the City of Edgewater

* Information not available.

CITY OF EDGEWATER, FLORIDA
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	29	27	28	30	30	30	24	26	30	24
Patrol Zones	2	2	2	2	2	2	2	2	2	2
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Vehicles	17	17	17	18	15	15	13	13	15	11
Public Works										
Streets (miles)	124	124	124	124	124	124	124	124	124	123
Number of street lights	1,071	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068
Number of traffic signals	3	3	3	3	3	3	3	3	3	3
Vehicles	8	9	8	5	5	5	5	5	5	4
Leisure Services										
Vehicles	11	12	12	12	12	12	9	9	10	10
Parks Acreage	151	151	151	151	151	151	151	151	143	150
Parks	28	28	28	28	28	28	28	28	28	28
Baseball Fields	7	7	7	7	7	7	7	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Basketball Courts	3	2	2	2	2	2	2	2	2	2
Racquetball Courts	4	4	4	4	4	4	4	4	4	4
Shuffleboard Courts	2	2	2	2	2	2	2	2	2	2
Boat Ramps	5									
Paddling Trails	Awaiting Designation									
East Central Regional Rail Trail	Awaiting Designation									
Gymnasiums (YMCA)	1	1	1	1	1	1	1	1	1	1
Water Resources										
Water mains (miles)	275	275	275	274	274	274	274	274	194	186
Fire hydrants	718	701	700	700	700	695	694	694	691	686
Vehicles	26	24	24	23	23	23	23	23	14	13
Sewer mains (miles)	189	189	189	189	189	189	189	189	189	180
Reclaim Water (miles)	72	72	71	71	71	71	71	71	71	71
Stormwater Utility										
Storm Sewers (miles)	36	36	36	35	35	35	35	35	35	35
Retention Ponds										
Vehicles	17	16	15	7	7	10	10	10	10	7
Solid Waste										
Garbage Trucks	10	10	9	7	7	8	7	10	10	7
Other Vehicles	13	13	13	12	12	14	14	15	15	12

Sources: Provided by the respective departments of the City of Edgewater

CITY OF EDGEWATER, FLORIDA
 Schedule of State Financial Assistance
 For the Fiscal Year Ended September 30, 2014

<u>State Agency / Pass-Through Entity/ State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
State Agency			
<u>Department of Environmental Protection</u>			
Direct			
Wastewater Treatment Facility Construction	37.077	WW64052	\$ 1,798,100
Total Department of Environmental Protection			<u>1,798,100</u>
Total State Financial Assistance			<u><u>\$ 1,798,100</u></u>

Notes:

- 1) The accompanying Schedule of State Financial Assistance includes state financial assistance activity of the City of Edgewater, Florida and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General.

**CITY OF EDGEWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

A. Summary of Auditors' Results:

Financial Statements:

- Type of audit report issued on the basic financial statements: *Unmodified.*

Internal control over financial reporting:

- There were two significant deficiencies related to internal control over financial reporting disclosed by the audit of the basic financial statements, of which none were considered a material weakness.
- The audit did not disclose any noncompliance, which was material to the basic financial statements.

State Financial Assistance:

Internal control over major State projects:

- There were no significant deficiencies or material weaknesses related to internal control over major State projects disclosed by the audit.
- Type of report issued on compliance for each major program: *Unmodified.*
- The audit did not disclose any audit findings, which are required to be reported under Chapter 10.550, Rules of the Auditor General.
- Major project identification:
 - CFDA No. 37.077 – Wastewater Treatment Facility Construction
- Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

B. Financial Statement Findings

2014-01 Firetruck Prepaid Deposit

We noted the City made a significant deposit (\$422,018) for the purchase of a fire truck, which, as of September 30, 2014, had not been delivered. The City initially recorded this transaction as a capital outlay expenditure in the General Fund and Construction in Progress in the Governmental Activities financial statements. The proper accounting treatment is to record a prepaid deposit in the general fund and governmental activities financial statements. We recommend the City implement controls to ensure all such non-routine transactions are properly recorded.

2014-02 Stormwater Interfund Transfer

During our audit procedures, we noted the City recorded a significant transfer (\$385,000) from the Stormwater Fund to the General Fund. However, this transaction was properly approved as an interfund advance by City Council to the General Fund. We recommend the City implement controls to ensure all interfund transactions are properly recorded in accordance with City Council actions.

C. **State Financial Assistance Findings and Questioned Costs:** None

D. **Prior Audit Findings:**

2013-001 Retainage Withheld: Corrective action taken.

E. **Corrective Action Plan:**

See attached response to findings as listed in the table of contents.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager,
City of Edgewater, Florida:

Report on Compliance for Each Major State Project

We have audited the City of Edgewater, Florida's (the City) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2014. The City's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2014.

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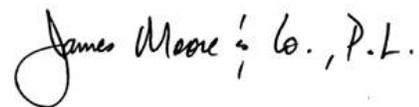
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State Project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Daytona Beach, Florida
March 23, 2015

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

To the Honorable Mayor, City Council, and City Manager
City of Edgewater, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edgewater, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. [2014-01 and 2014-02]

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Compliance and Other Matters

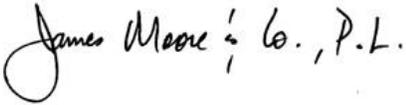
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City of Edgewater, Florida's Response to Findings

City of Edgewater, Florida's response to the findings identified in our audit are described in the attached response to findings as listed in the table of contents. City of Edgewater, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



James Moore & Co., P.L.

Daytona Beach, Florida
March 23, 2015

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550,
RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL**

To the Honorable Mayor, City Council, and City Manager,
City of Edgewater, Florida:

Report on the Financial Statements

We have audited the financial statements of City of Edgewater, Florida, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 23, 2015.

Auditors' Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor Generals. Disclosures in those reports and schedule, which are dated March 23, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Findings and recommendations made in the preceding annual financial audit and their status is summarized in the schedule of findings and questioned costs and below:

2013-002 Fully Insured and Workers Comp Deficit Net Position – Corrective action taken.

2013-003 City's Police Pension Contribution – Corrective action taken.

All findings included in the second preceding fiscal year financial audit report under the same paragraph headings were corrected.

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Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the primary government are discussed in Note 1 to the financial statements. The City does not report any component units

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the City of Edgewater, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Edgewater, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Edgewater, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City of Edgewater, Florida for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Daytona Beach, Florida
March 23, 2015

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style and is enclosed within a thin black rectangular border.

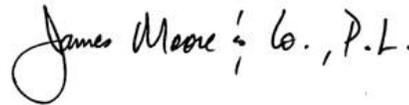
INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Honorable Mayor, City Council, and City Manager,
City of Edgewater, Florida:

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

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

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



Daytona Beach, Florida
March 23, 2015

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MEMO TO: The Honorable Mayor and City Council
The State Auditor General

THRU: Tracey T. Barlow, City Manager

FROM: Jonathan C. McKinney, Finance Director

DATE: March 31, 2014

SUBJECT: Reply to the Independent Auditor's Report on Internal Control and Management
Letter Comments for Fiscal Year Ended September 30, 2014

FINANCIAL STATEMENT FINDINGS

Firetruck Prepaid Deposit

Management concurs with this comment and recommendation to review more carefully non-routine transactions are properly recorded.

Stormwater Interfund Transfers

Management concurs with this comment and recommendation to review more carefully non-routine transactions are properly recorded according to City Council Actions.



AFFIDAVIT OF IMPACT FEE COMPLIANCE

The City of Edgewater, Florida has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting of impact fee collections and expenditures.

Tracey T. Barlow
City Manager

Jonathan C. McKinney
Finance Director

**STATE OF FLORIDA
COUNTY OF VOLUSIA**

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Tracey T. Barlow and Jonathan C. McKinney, whom I know personally and whom executed the foregoing instrument and acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 31st day of March 2015.



(Seal/Stamp)
(Commission Expiration Date)

Notary Public
State of Florida at Large