

# CITY OF EDGEWATER, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED SEPTEMBER 30, 2009

*EDGEWATER "Hospitality City"*

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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May 17, 2010

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 30<sup>th</sup>, 2009.

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 unqualified ("clean") opinion on the City of Edgewater's financial statements for the fiscal year ended September 30, 2009. 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. The City of Edgewater's MD&A can be found immediately following the report of the independent auditors.

### **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 21,394.

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, parks, recreation, streets (new and maintained), code enforcement, and general administrative services.
- **Animal Services** – provides animal control and animal shelter
- **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 Coronado Paint, Boston Whaler, Edgewater Power Boats, R.J. Dougherty Associates, Inc, Porta Products, Tropical Blossom Honey, 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 an 11.8 percent unemployment rate (above the state average of 11.5 percent). During the last year, taxable assessment values of property in Edgewater decreased 17.92 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. The City continues to develop many partnerships between various economic development agencies and local businesses.

### **Financial information**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Edgewater operates.

**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.

**Long-term financial planning.** 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.

**Cash management policies and practices.** The city administers a cash management and investment program that seeks to maximize, in order of priority, the preservation of funds, liquidity and interest earnings over its cash and investments. Cash resources of the individual funds are combined to form a pool of cash and investments. The City's cash and investment pool balance at September 30, 2009 (not including pension funds) was \$11,925,830. Investment income includes the change in the fair value of investments. During the year monies were invested in U.S. Agencies and Treasuries and the State Board Administration Local Government Investment Pool in accordance with the City's Investment Policy. Pension fund assets were invested mainly in equity and bond funds in accordance with the City's Investment Policy for Retirement Funds. The total pension fund assets at September 30, 2009 were \$22,722,596.

**Risk Management.** During the ordinary course of its operations, the City is exposed to various risks of losses. The City maintains commercial insurance coverage in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City.

**Pension and other postretirement benefits.** The City of Edgewater sponsors three defined benefit and one defined contribution pension plan for its employees. The general employee pension has been closed since 1996. Each year an independent actuary by the pension plan calculates the amount of the Annual Required Contribution (ARC) that the City of Edgewater must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. In addition, police and firefighters are required to contribute 6% of their salary to the plan. General employees must contribute 2.5% of their salary to the plan.

The City provides retirees with the option to purchase health insurance at the City's group rate. This creates an implicit rate subsidy benefit for the retirees' participation. GASB Statement No. 45 "Other Postemployment Benefits" was implemented at September 30, 2009. There was neither an OPEB asset nor liability at transition.

### **Awards and Acknowledgements**

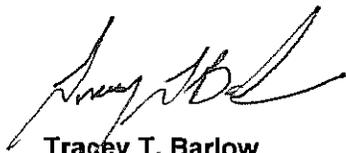
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edgewater for its comprehensive annual financial report for the fiscal year ended September 30, 2008. This was the twenty-fifth 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.

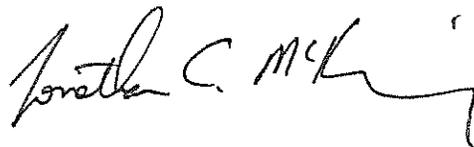
The preparation of this report would not have been possible without the efficient and dedicated commitment of the entire Finance Department. To the City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of the 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 go 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, CGFO**  
Finance Director

# 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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

**CITY OF EDGEWATER FLORIDA**  
List of Elected and Appointed Officials  
September 30, 2009

**CITY COUNCIL**

Michael L. Thomas, Mayor

Debra J. Rogers, District 1  
Gigi Bennington, District 2

Harriet E. Rhodes - District 3  
Ted Cooper - District 4

**ADMINISTRATION**

**CITY MANAGER**  
Tracey T. Barlow

**FINANCE DIRECTOR**  
Jonathan McKinney

**CITY ATTORNEY**  
Carolyn S. Ansay

**FIRE CHIEF**  
Stephen Cousins

**CITY CLERK**  
Bonnie Wenzel

**POLICE CHIEF**  
William Bennett

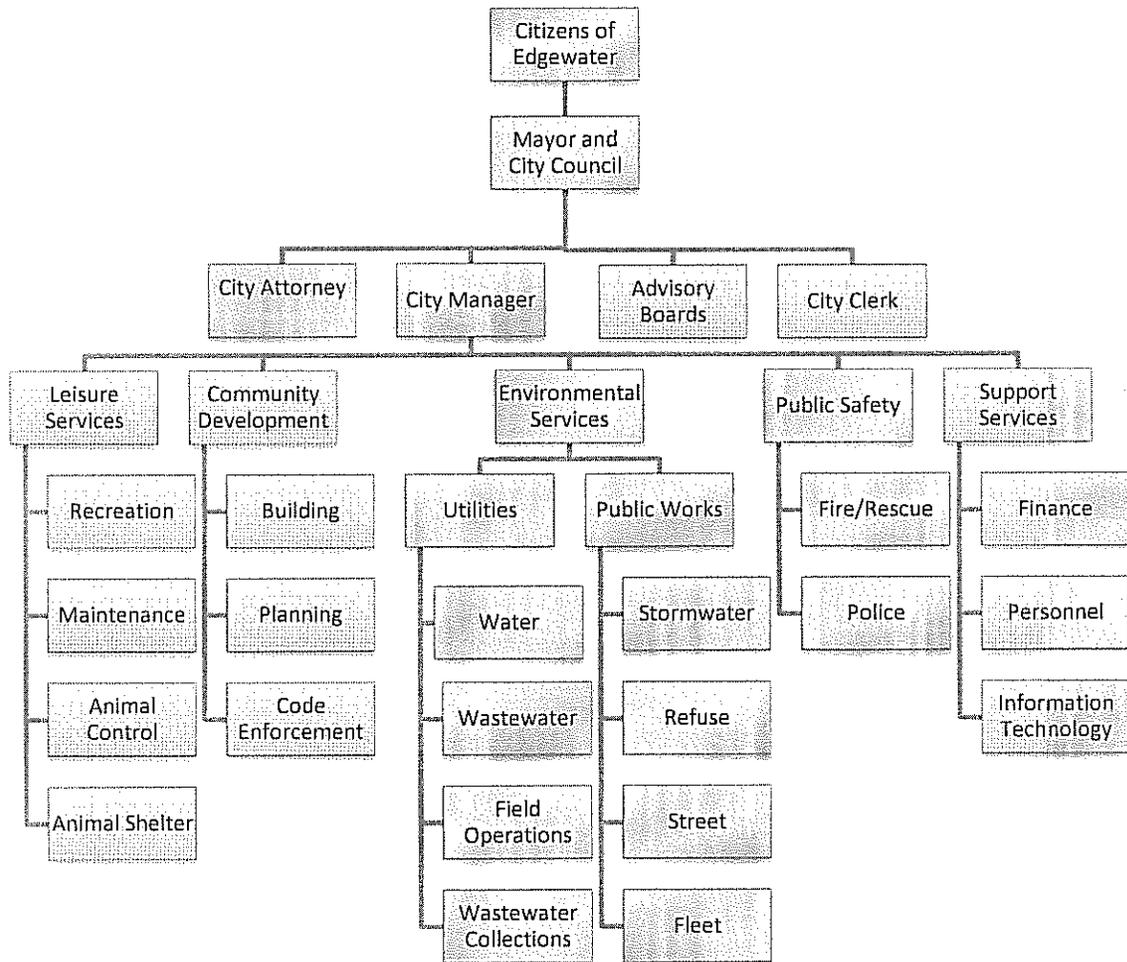
**PERSONNEL DIRECTOR**  
Donna Looney

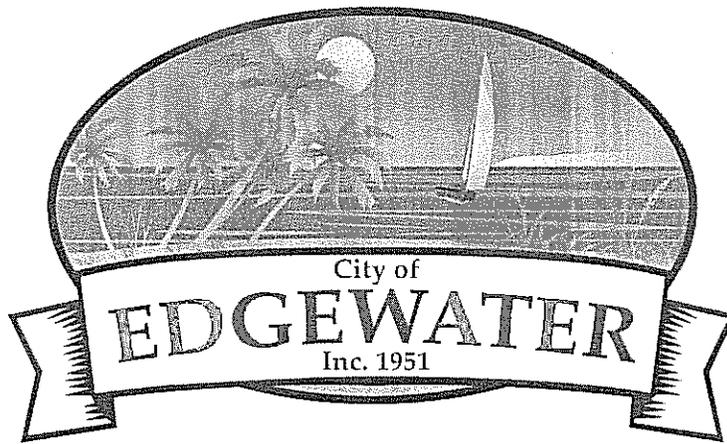
**DEVELOPMENT SERVICES DIRECTOR**  
Darren Lear

**ENVIRONMENTAL SERVICES  
DIRECTOR**  
Brenda Dewees

**LEISURE SERVICES  
DIRECTOR**  
Jack Corder

# City of Edgewater, Florida Organizational Chart





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JAMES MOORE & CO., P.L.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

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

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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.

As discussed in Note V section I, on pages 58 and 59, to the financial statements, the fund balances for the general fund and non-major governmental funds, net assets of the refuse fund and government-wide net assets for governmental and business-type activities have been restated to correct errors in the prior period financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2010, on our consideration of City of Edgewater, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Edgewater, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables 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 and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Janus Moore & Co.*

Daytona Beach, Florida  
May 10, 2010

## 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, 2009. 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

- The assets of the City of Edgewater exceeded its liabilities at the close of the most recent fiscal year by \$89,764,519 (net assets). Of this amount, \$12,127,041 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$1,294,704. This decrease is attributed to the decrease in restricted net assets in Business Type-Activities primarily from the use of impact fees for debt service.
- As of the close of the current fiscal year, the City of Edgewater's governmental funds reported combined ending fund balances of \$8,111,362, an increase of \$2,254,727 in comparison with the prior year. Most of this total amount is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,726,394, or 50% of total general fund expenditures.
- The City's net debt decreased by \$4,303,645 in FY 2008-2009 to \$30,607,775 of which \$4,649,000 is governmental activities debt and \$25,958,775 is related to business-type activities debt. No new bonded debt was issued in FY 2008-2009. The City is current on all its required debt service obligations.
- In 2009, the City corrected and improved the reporting of revenues for governmental purposes. The City discovered that some revenues were not appropriately accrued. Additionally, net assets as of September 30, 2008 have been restated to reduce deferred revenues which should have been recognized. The accompany Notes on pages 58-59 explains the prior period adjustment in detail.

### 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 assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future 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 four categories: governmental funds, proprietary funds, internal services 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 eleven 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. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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 nonmajor 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 76-78 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 80-81 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 nonmajor governmental funds are presented immediately following the Notes to

Financial Statements. Combining and individual fund statements and schedules can be found on pages 64-73 of this report.

### Government-Wide Financial Analysis

As noted earlier, net assets 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 \$89,764,519 at the close of the most recent fiscal year. The following table reflects the condensed statement of net assets for the current and prior years. For more detail see the Statement of Net Assets on page 15.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current and other assets	\$9,561,851	\$9,730,660	\$10,601,226	\$11,995,896	\$20,163,077	\$21,726,556
Capital Assets	53,277,693	55,154,035	51,011,222	53,101,858	104,288,915	108,255,893
Total Assets	62,839,544	64,884,695	61,612,448	65,097,754	124,451,992	129,982,449
<b>Liabilities:</b>						
Long term liabilities	6,022,704	7,017,350	26,541,947	29,247,587	32,564,651	36,264,937
Other liabilities	590,969	1,081,976	1,531,853	1,576,313	2,122,822	2,658,289
Total Liabilities	6,613,673	8,099,326	28,073,800	30,823,900	34,687,473	38,923,226
<b>Net Assets:</b>						
Invested in capital assets, net of						
related debt	48,282,223	49,083,883	25,052,445	24,260,590	73,334,668	73,344,473
Restricted	2,224,684	1,575,186	2,078,126	3,614,794	4,302,810	5,189,980
Unrestricted	5,718,964	6,126,300	6,408,077	6,398,470	12,127,041	12,524,770
Total Net Assets	\$56,225,871	\$56,785,369	\$33,538,648	\$34,273,854	\$89,764,519	\$91,059,223

Eight-two percent (82%) of the City's net assets 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 assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$12,127,041 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 assets.

During the current fiscal year, the City's net assets decreased by \$1,294,704. The reasons for this decreased 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 assets by \$1,432,162. Key elements of this decrease are as follows:

- Property taxes decreased by \$415,771 (7%) during the year.
- Intergovernmental shared revenue decreased by \$168,693 (9%) during the year.
- Investment and miscellaneous income decreased by \$165,737 (73%) primarily due to the decrease returns on investments.
- Transfers out decreased by \$1,101,165 (84%) primarily due to the Stormwater advance that was forgiven in 2008.

*Business-Type Activities* - Business-type activities decreased the City of Edgewater's net assets by \$718,253. Key elements of this decrease are as follows:

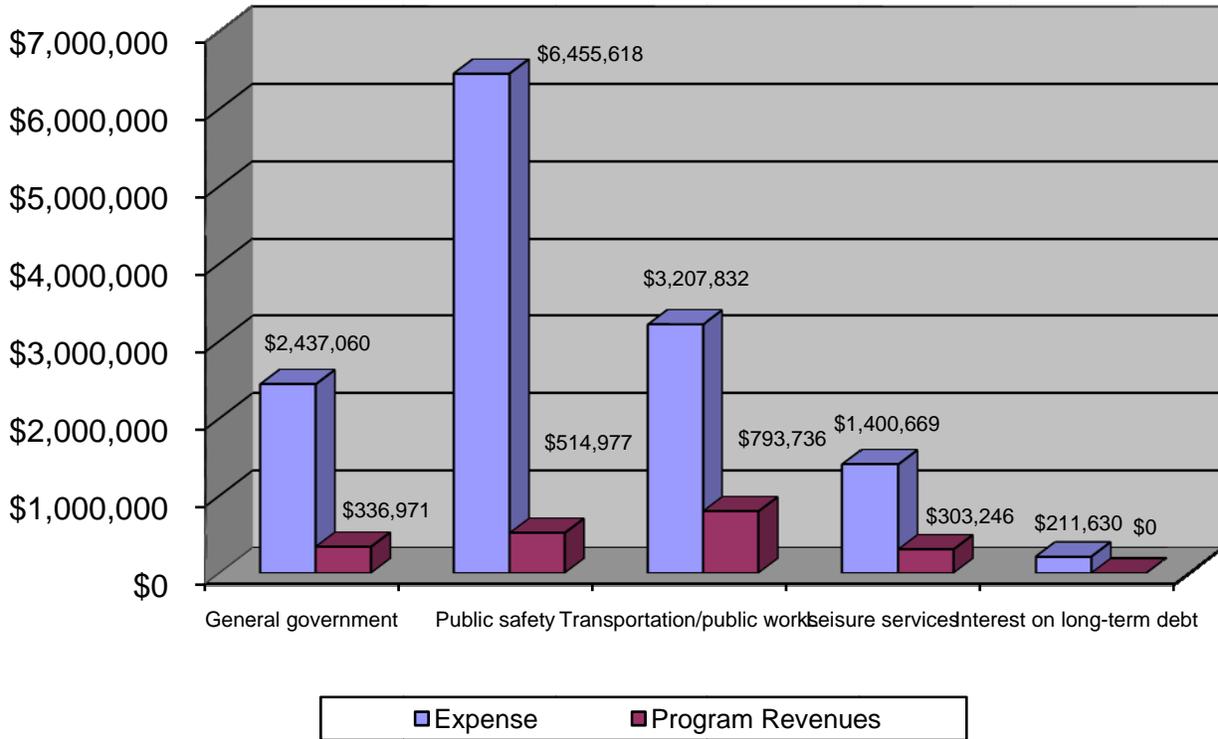
- Capital Grants and contributions decreased \$349,100 (61%).
- Expenses increased by \$89,217 from 2008. This net increase was due to an increase in water and sewer operating expenses.

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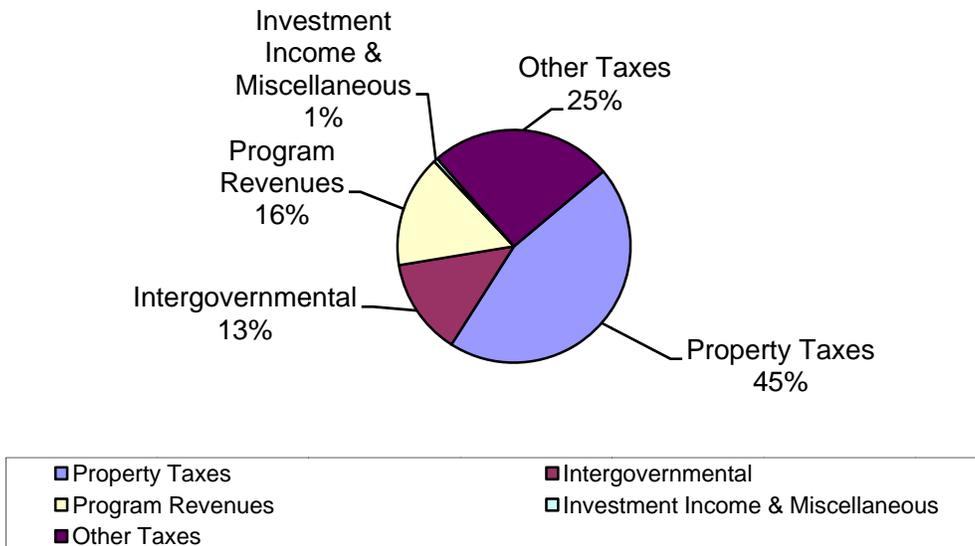
**City of Edgewater's Changes in Revenues, Expenses and Net Assets (in whole dollars)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 930,298	\$ 1,035,320	\$10,776,285	\$10,410,989	\$11,706,583	\$11,446,309
Operating grants and contributions	593,635	384,417	-	55,823	593,635	440,240
Capital grants and contributions	424,997	127,030	221,108	570,208	646,105	697,238
General revenues -						
Property taxes	5,638,194	6,053,965	-	-	5,638,194	6,053,965
Franchise and utility taxes	3,164,803	2,822,644	-	-	3,164,803	2,822,644
Intergovernmental	1,673,522	1,842,215	-	-	1,673,522	1,842,215
Investment income and miscellaneous	70,715	236,147	86,072	179,836	156,787	415,983
<b>Total revenues</b>	<b>12,496,164</b>	<b>12,501,738</b>	<b>11,083,465</b>	<b>11,216,856</b>	<b>23,579,629</b>	<b>23,718,594</b>
<b>Expenses:</b>						
General government	2,437,060	3,368,997	-	-	2,437,060	3,368,997
Public safety	6,455,618	5,893,950	-	-	9,109,609	5,893,950
Transportation/public works	3,207,832	3,182,898	-	-	553,841	3,182,898
Leisure services	1,400,669	1,417,080	-	-	1,400,669	1,417,080
Interest on long-term debt	211,630	315,637	-	-	211,630	315,637
Water and sewer	-	-	8,684,972	8,463,439	8,684,972	8,463,439
Refuse collection	-	-	2,405,870	2,447,631	2,405,870	2,447,631
Stormwater management	-	-	926,393	1,016,948	926,393	1,016,948
<b>Total expenses</b>	<b>13,712,809</b>	<b>14,178,562</b>	<b>12,017,235</b>	<b>11,928,018</b>	<b>25,730,044</b>	<b>26,106,580</b>
<b>Excess (deficiency) before transfers</b>	<b>(1,216,645)</b>	<b>(1,676,824)</b>	<b>(933,770)</b>	<b>(711,162)</b>		
<b>Transfers in / (out)</b>	<b>(215,517)</b>	<b>(1,316,682)</b>	<b>215,517</b>	<b>1,316,682</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in net assets</b>	<b>(1,432,162)</b>	<b>(2,993,506)</b>	<b>(718,253)</b>	<b>605,520</b>	<b>(2,150,415)</b>	<b>(2,387,986)</b>
<b>Net Assets - Beginning</b>	<b>57,658,033</b>	<b>59,778,875</b>	<b>34,256,901</b>	<b>33,668,334</b>	<b>91,914,934</b>	<b>93,447,209</b>
<b>Net Assets - Ending</b>	<b>\$56,225,871</b>	<b>\$56,785,369</b>	<b>\$33,538,648</b>	<b>\$34,273,854</b>	<b>\$89,764,519</b>	<b>\$91,059,223</b>

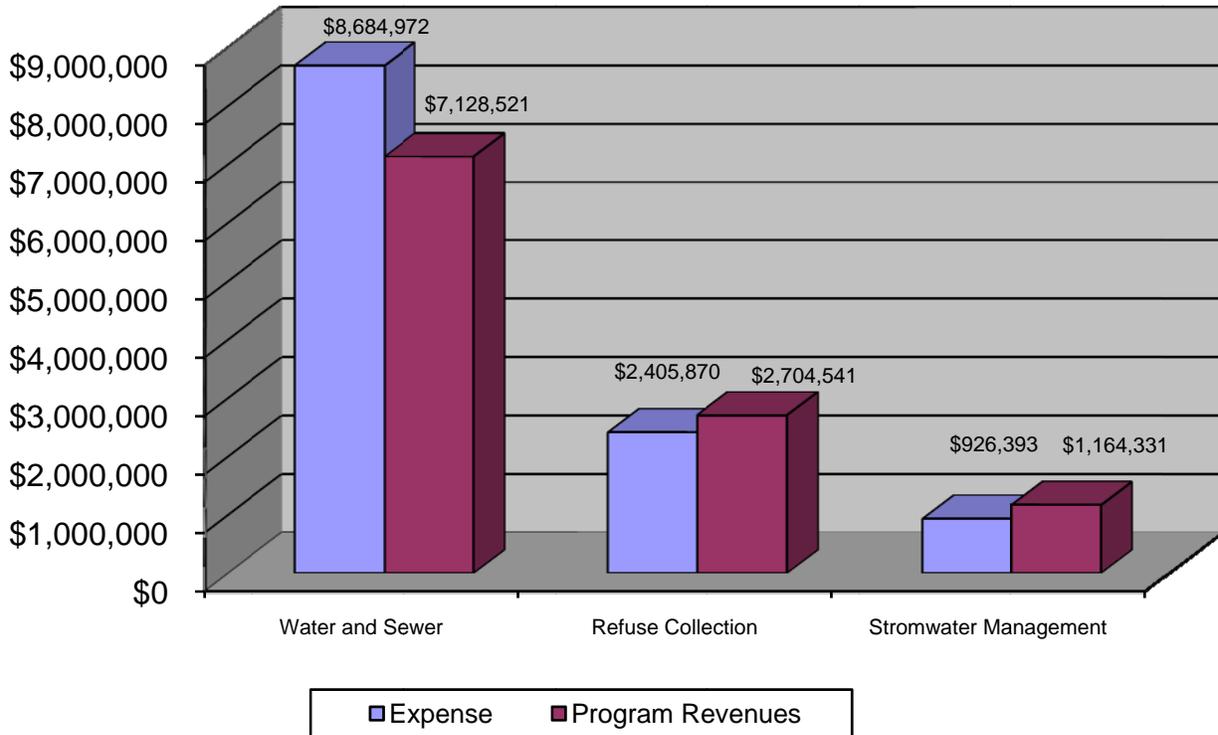
### Expenses and Program Revenues - Governmental Activities



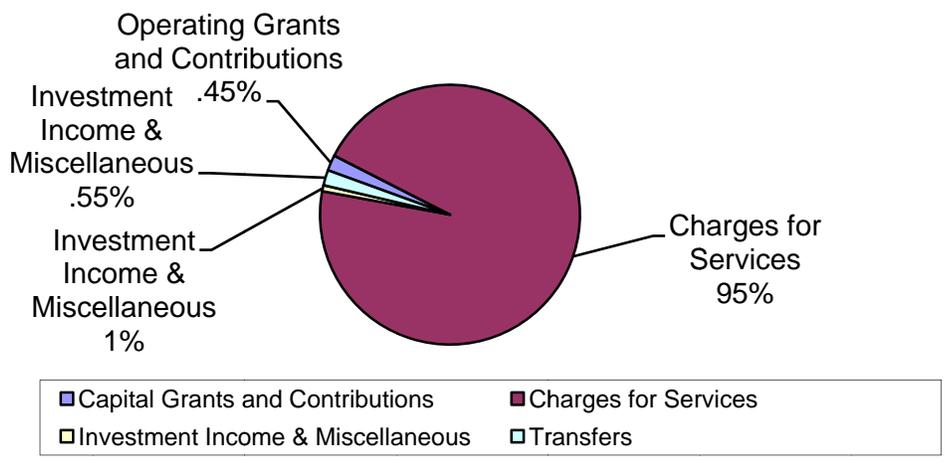
### Revenues by Source – Governmental Activities



### Expenses and Program Revenues - Business-Type



### Revenues by Source - Business-Type



## 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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Edgewater's governmental funds reported combined ending fund balances of \$8,111,632, an increase of \$2,254,727 in comparison with the prior year. Approximately 86% of this amount (\$6,940,682) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to (1) pay debt service (\$836,596), (2) held for inventories and prepaids (\$98,796) or (3) for long-term advances (\$135,288).

The general fund is the chief operating fund of the City of Edgewater. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,726,394, while total fund balance was \$6,060,478. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 50% of the total general fund expenditures, while total fund balance represents 52% of that same amount.

During the current fiscal year, the fund balance of the general fund increased by \$2,702,022. This increase was due primarily to the reduction in transfers out to other funds. This was offset by the Sale of capital assets of \$1,194,770 in 2009.

**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 assets of the proprietary funds at the year-end amounted to \$6,453,786. The total decrease in net assets for these funds was \$718,253. 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 \$30,526 more than budgeted revenue primarily due to greater than anticipated miscellaneous revenue. Actual expenditures were \$619,148 less than budgeted expenditures primarily due to the outstanding open positions. Actual expenditures did not exceed budgeted expenditures in the following functions: law enforcement, fire and emergency services and general administrative services.

## 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, 2009, amounts to \$104,288,915 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 4%.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$23,009,719	\$22,943,706	\$ 1,235,467	\$ 1,235,467	\$ 24,245,186	\$ 24,179,173
Buildings	2,564,443	2,346,420	10,792,492	11,328,784	13,356,935	13,675,204
Improvements	10,844,324	7,611,492	37,398,301	38,948,973	48,242,626	46,560,465
Machinery and equipment	1,261,393	1,021,090	1,229,943	1,158,481	2,491,336	2,179,571
Infrastructure	15,024,974	17,423,764	-	-	15,024,974	17,423,764
Construction in progress	572,840	3,807,562	355,019	430,153	927,859	4,237,715
Total	\$53,277,693	\$55,154,034	\$51,011,222	\$53,101,858	\$104,288,915	\$108,255,892

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 \$30,607,775. This debt includes bonds payable, notes payable, the state revolving loan and capital leases. No new long-term bonded debt was issued in FY 2008-2009. 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	
	2009	2008	2009	2008	2009	2008
Bonds payable	\$ -	\$ -	\$ 9,679,987	\$10,146,086	\$ 9,679,987	\$10,146,086
Notes payable	4,423,534	5,838,737	2,592,437	3,541,000	7,015,971	9,379,737
State revolving loan	-	-	8,137,963	9,182,304	8,137,963	9,182,304
Line of credit	-	50,000	-	-	-	50,000
Capital leases	225,466	181,415	5,548,388	5,971,878	5,773,854	6,153,293
Total	\$4,649,000	\$6,070,152	\$25,958,775	\$28,841,268	\$30,607,775	\$34,911,420

During the current fiscal year, the City's total debt decreased by \$4,303,645 (12%).

Additional information on the City of Edgewater's long-term debt can be found in Note IV H of the notes to the financial statements on pages 42-47 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 \$1,897,188 (15.12%). The City has set aside the future F.I.N.D. note payable payments in the amount of \$1,685,092. The City Council has set aside \$100,000 towards the future replacement of City Hall. The unreserved Fund Balance at 9/30/09 is \$5,826,394. The amount available for capital or other lawful purposes less any reserves or set asides is \$2,144,113 at September 30, 2009. The increase in available reserves is attributed to the prior year restatement of revenues and the strategies realized within the next section discussed below.

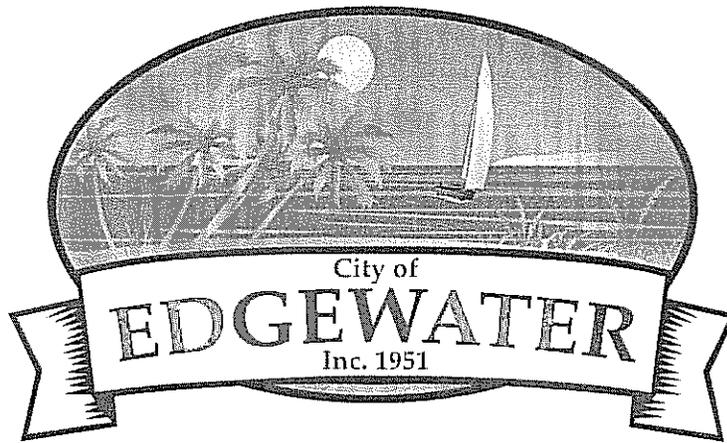
### **Next Year's Budget and Rates**

Preliminary estimates indicated that the City faced a \$943,970 gap between projected ad valorem revenue and the cost to continue the level of service to the citizens. In order to bridge that gap, the City has implemented the following strategies:

- Eliminated positions
- Maintained a hiring freeze
- No increases for employees
- Reduced operating budgets
- Responsible use of reserves
- Adjusted Reserves to Charter minimum

### **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 Assets  
September 30, 2009

	Governmental Type Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,453,318	\$ 2,604,158	\$ 9,057,476
Investments	345,800	-	345,800
Receivables, net	415,992	1,378,526	1,794,518
Special assessment receivable, net	520,030	4,113,435	4,633,465
Internal balances	135,288	(135,288)	-
Due from other governments	782,140	-	782,140
Inventories and prepaids	107,849	-	107,849
Deferred charges, net	-	117,841	117,841
Restricted assets:			
Cash and cash equivalents	-	1,226,787	1,226,787
Investments	-	1,295,767	1,295,767
Investment in joint venture	174,540	-	174,540
Pension assets	626,894	-	626,894
Capital Assets	-		
Nondepreciable assets	23,582,559	1,590,486	25,173,045
Depreciable assets, net	29,695,134	49,420,736	79,115,870
Total assets	<u>62,839,544</u>	<u>61,612,448</u>	<u>124,451,992</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	487,569	195,140	682,709
Accrued interest payable	45,503	504,428	549,931
Unearned revenue	53,739	-	53,739
Due to other governments	4,158	-	4,158
Customer deposits	-	832,285	832,285
Noncurrent liabilities			
Due within one year	2,059,711	1,951,257	4,010,968
Due in more than one year	3,962,993	24,590,690	28,553,683
Total liabilities	<u>6,613,673</u>	<u>28,073,800</u>	<u>34,687,473</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	48,282,223	25,052,445	73,334,668
Restricted for:			
Debt service	791,093	805,630	1,596,723
Public Safety	680,093	-	680,093
Capital improvements	753,498	1,272,496	2,025,994
Unrestricted	5,718,964	6,408,077	12,127,041
Total net assets	<u>\$ 56,225,871</u>	<u>\$ 33,538,648</u>	<u>\$ 89,764,519</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, 2009

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative	\$ 2,437,060	\$ 288,180	\$ -	\$ 48,791
Public Works	3,207,832	200,101	593,635	-
Public Safety	6,455,618	429,232	-	85,745
Culture and recreation	1,400,669	12,785	-	290,461
Interest on long-term debt	211,630	-	-	-
Total governmental activities	<u>13,712,809</u>	<u>930,298</u>	<u>593,635</u>	<u>424,997</u>
Business-type activities:				
Water / Sewer	8,684,972	6,907,413	-	221,108
Refuse	2,405,870	2,704,541	-	-
Stormwater	926,393	1,164,331	-	-
Total business-type activities	<u>12,017,235</u>	<u>10,776,285</u>	<u>-</u>	<u>221,108</u>
Total primary government	<u>\$ 25,730,044</u>	<u>\$ 11,706,583</u>	<u>\$ 593,635</u>	<u>\$ 646,105</u>

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

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

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

Governmental Activities	Business-type Activities	Total
\$ (2,100,089)	\$ -	\$ (2,100,089)
(2,414,096)	-	(2,414,096)
(5,940,641)	-	(5,940,641)
(1,097,423)	-	(1,097,423)
(211,630)	-	(211,630)
<u>(11,763,879)</u>	<u>-</u>	<u>(11,763,879)</u>
-	(1,556,451)	(1,556,451)
-	298,671	298,671
-	237,938	237,938
<u>-</u>	<u>(1,019,842)</u>	<u>(1,019,842)</u>
<u>(11,763,879)</u>	<u>(1,019,842)</u>	<u>(12,783,721)</u>
5,638,194	-	5,638,194
3,164,803	-	3,164,803
1,673,522	-	1,673,522
6,019	(3,450)	2,569
9,533	-	9,533
55,163	89,522	144,685
(215,517)	215,517	-
<u>10,331,717</u>	<u>301,589</u>	<u>10,633,306</u>
<u>(1,432,162)</u>	<u>(718,253)</u>	<u>(2,150,415)</u>
<u>57,658,033</u>	<u>34,256,901</u>	<u>91,914,934</u>
<u>\$ 56,225,871</u>	<u>\$ 33,538,648</u>	<u>\$ 89,764,519</u>

**CITY OF EDGEWATER, FLORIDA**

Balance Sheet  
 Governmental Funds  
 September 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 4,789,336	\$ 1,464,514	\$ 6,253,850
Investments	345,800	-	345,800
Receivables--net of allowance for uncollectibles	331,693	84,299	415,992
Special assessments receivable	-	520,030	520,030
Due from other funds	6,240	-	6,240
Due from other governments	782,140	-	782,140
Advances to other funds	135,288	-	135,288
Inventories and prepaids	98,796	-	98,796
Total assets	<u>\$ 6,489,293</u>	<u>\$ 2,068,843</u>	<u>\$ 8,558,136</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 107,488	\$ 8,310	\$ 115,798
Accrued liabilities	208,080	3,409	211,489
Due to other funds	-	6,240	6,240
Due to other governments	4,158	-	4,158
Deferred revenues	55,350	-	55,350
Unearned revenues	53,739	-	53,739
Total liabilities	<u>428,815</u>	<u>17,959</u>	<u>446,774</u>
<b>Fund balances</b>			
<b>Reserved for</b>			
Reserved for debt service	-	836,596	836,596
Reserved for inventories and prepaids	98,796	-	98,796
Reserved for long-term advances	135,288	-	135,288
<b>Unreserved</b>			
Designated for City Hall	100,000	-	100,000
<b>Unreserved and undesignated reported in:</b>			
General fund	5,726,394	-	5,726,394
Special revenue funds	-	879,195	879,195
Capital projects funds	-	335,093	335,093
Total fund balances	<u>6,060,478</u>	<u>2,050,884</u>	<u>8,111,362</u>
Total liabilities and fund balances	<u>\$ 6,489,293</u>	<u>\$ 2,068,843</u>	<u>\$ 8,558,136</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 Assets

September 30, 2009

Total governmental funds fund balance \$8,111,362

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

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

Land and land rights	\$	23,009,718	
Buildings and improvements		24,209,619	
Infrastructure		55,100,450	
Furniture and equipment		4,036,366	
Construction in progress		572,841	
Accumulated Depreciation		<u>(53,688,039)</u>	
	\$	<u>53,240,955</u>	53,240,955

Investment in joint venture is not a financial asset and therefore is not reported in the funds. 174,540

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 assets. 50,905

The cumulative net pension contribution in excess of the annual required contribution is presented as an asset on the government-wide statement of net assets. 626,894

Certain taxes will not be collected until after 60 days after year-end and are therefore not considered available revenue in the governmental funds. In the statement of net assets no deferral is reported since the revenue is fully recognized in the statement of activities. 55,350

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

Compensated absences	\$	1,269,580	
OPEB		70,052	
Long-term debt		<u>4,649,000</u>	
	\$	<u>5,988,632</u>	(5,988,632)

Accrued interest payable on bonds that is not recognized on the fund statements. (45,503)

Net assets of governmental activities \$56,225,871

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, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes:			
Property	\$ 5,606,749	\$ 31,445	\$ 5,638,194
Utility and franchise taxes	3,109,453	-	3,109,453
Intergovernmental	2,374,860	349,971	2,724,831
Licenses and permits	231,006	-	231,006
Charges for services	1,069,784	28,229	1,098,013
Fines and forfeitures	118,448	10,358	128,806
Investment earnings (losses)	(14,013)	20,032	6,019
Impact fees	-	551,218	551,218
Miscellaneous revenue	49,067	6,096	55,163
<b>Total revenues</b>	<b>12,545,354</b>	<b>997,349</b>	<b>13,542,703</b>
<b>EXPENDITURES</b>			
Current:			
Legislative	74,448	-	74,448
Executive	422,097	-	422,097
Legal counsel	230,049	-	230,049
Community development	515,719	-	515,719
Public works	311,807	-	311,807
Public safety:			
Law enforcement	3,153,485	5,969	3,159,454
Fire and emergency services	2,634,957	-	2,634,957
Code enforcement	205,836	-	205,836
Animal services	-	205,996	205,996
Culture and recreation	1,146,168	-	1,146,168
General administrative services	1,561,882	-	1,561,882
Debt Service			
Principal	724,665	824,049	1,548,714
Interest	46,337	119,790	166,127
Capital Outlay	527,679	1,131,634	1,659,313
<b>Total expenditures</b>	<b>11,555,129</b>	<b>2,287,438</b>	<b>13,842,567</b>
Excess (deficiency) of revenues over (under) expenditures	990,225	(1,290,089)	(299,864)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	39,360	936,241	975,601
Transfers out	(539,995)	(628,753)	(1,168,748)
Proceeds from issuance of debt	144,998	-	144,998
Proceeds from sale of capital assets	1,194,770	-	1,194,770
<b>Total other financing sources (uses)</b>	<b>839,133</b>	<b>307,488</b>	<b>1,146,621</b>
<b>Net change in fund balances</b>	<b>1,829,358</b>	<b>(982,601)</b>	<b>846,757</b>
Beginning fund balances, as restated	4,231,120	3,033,485	7,264,605
<b>Ending fund balances</b>	<b>\$ 6,060,478</b>	<b>\$ 2,050,884</b>	<b>\$ 8,111,362</b>

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, 2009

Net change in fund balances - total governmental funds \$ 846,757

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	\$	1,491,588	
Current year depreciation		<u>(3,396,191)</u>	
	\$	(1,904,603)	(1,904,603)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets. 2,501

Special assessment revenue and revenue from sale of Parktowne reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in a prior year. (1,572,427)

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 governmental funds.

Changes in compensated absences	\$	(322,362)	
Changes in OPEB obligation		(70,052)	
Changes in interest payable		(45,503)	
Changes in joint venture balances		<u>156,899</u>	
	\$	(281,038)	(281,038)

The net revenue of certain activities of internal service funds is reported with governmental activities. 28,134

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. 27,362

The incurrence of long-term debt (i.e., bonds and leases ) provide current financial resources to government 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 assets. 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	\$	1,566,150	
Debt issued		<u>(144,998)</u>	
	\$	1,421,152	<u>1,421,152</u>

Change in net assets of governmental activities \$ (1,432,162)

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,574,095	\$ 5,584,854	\$ 5,606,749	\$ 21,895
Utility and franchise taxes	2,749,666	3,272,945	3,109,453	(163,492)
Intergovernmental	2,164,765	2,390,674	2,374,860	(15,814)
Licenses and permits	225,831	136,331	231,006	94,675
Charges for services	1,051,123	1,011,338	1,069,784	58,446
Fines and forfeitures	59,000	71,500	118,448	46,948
Investment earnings (losses)	17,500	34,000	(14,013)	(48,013)
Miscellaneous revenue	19,720	13,186	49,067	35,881
Total revenues	<u>11,861,700</u>	<u>12,514,828</u>	<u>12,545,354</u>	<u>30,526</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	82,355	82,355	74,448	7,907
Executive	486,498	422,997	422,097	900
Legal counsel	188,000	230,049	230,049	-
Community development	618,161	570,661	515,719	54,942
Public works	385,610	385,610	311,807	73,803
Public safety:				
Law enforcement	3,669,147	3,284,905	3,153,485	131,420
Fire and emergency services	2,925,603	2,866,751	2,634,957	231,794
Code enforcement	220,391	222,980	205,836	17,144
Culture and recreation	1,240,404	1,221,815	1,146,168	75,647
General administrative services	1,541,044	1,835,841	1,561,882	273,959
Debt Service				
Principal	799,673	799,673	724,665	75,008
Interest	143,150	143,150	46,337	96,813
Capital outlay	412,702	107,490	527,679	(420,189)
Total expenditures	<u>12,712,738</u>	<u>12,174,277</u>	<u>11,555,129</u>	<u>619,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(851,038)</u>	<u>340,551</u>	<u>990,225</u>	<u>649,674</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	100,000	-	39,360	39,360
Transfers out	(539,995)	(539,995)	(539,995)	-
Proceeds from issuance of debt	398,109	144,998	144,998	-
Proceeds from sale of capital assets	1,187,738	1,187,738	1,194,770	7,032
Total other financing sources (uses)	<u>1,145,852</u>	<u>792,741</u>	<u>839,133</u>	<u>46,392</u>
Net change in fund balances	294,814	1,133,292	1,829,358	696,066
Beginning fund balances, as restated	4,231,120	4,231,120	4,231,120	-
Ending fund balances	<u>\$ 4,525,934</u>	<u>\$ 5,364,412</u>	<u>\$ 6,060,478</u>	<u>\$ 696,066</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Net Assets

Proprietary Funds

September 30, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,878,923	\$ 628,907	\$ 96,328	\$ 2,604,158	\$ 199,468
Receivables, net	896,601	328,158	153,767	1,378,526	-
Inventories	-	-	-	-	9,053
Special assessments receivable	1,160,114	-	-	1,160,114	-
Total current assets	<u>3,935,638</u>	<u>957,065</u>	<u>250,095</u>	<u>5,142,798</u>	<u>208,521</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	1,226,787	-	-	1,226,787	-
Investments	1,295,767	-	-	1,295,767	-
Capital assets:					
Land and land rights	966,228	-	269,239	1,235,467	-
Buildings and improvements	68,074,522	114,323	7,530,443	75,719,288	-
Machinery and equipment	1,897,015	1,420,990	827,235	4,145,240	43,161
Construction in progress	250,417	-	104,602	355,019	-
Less accumulated depreciation	(26,681,471)	(1,077,617)	(2,684,704)	(30,443,792)	(6,423)
Total capital assets (net of accumulated depreciation)	<u>44,506,711</u>	<u>457,696</u>	<u>6,046,815</u>	<u>51,011,222</u>	<u>36,738</u>
Special assessment receivable	2,953,321	-	-	2,953,321	-
Deferred charges	114,569	-	3,272	117,841	-
Total noncurrent assets	<u>50,097,155</u>	<u>457,696</u>	<u>6,050,087</u>	<u>56,604,938</u>	<u>36,738</u>
Total assets	<u>\$ 54,032,793</u>	<u>\$ 1,414,761</u>	<u>\$ 6,300,182</u>	<u>\$ 61,747,736</u>	<u>\$ 245,259</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 32,295	\$ 48,703	\$ 1,038	\$ 82,036	\$ 153,928
Accrued liabilities	81,275	22,757	9,072	113,104	6,354
Compensated absences	192,766	69,660	32,001	294,427	18,264
Customer deposits	832,285	-	-	832,285	-
Accrued interest payable	490,137	-	14,291	504,428	-
Capital leases payable - current	289,958	-	-	289,958	-
Notes payable - current	514,000	-	-	514,000	-
Revenue bonds payable - current	500,000	-	352,872	852,872	-
Total current liabilities	<u>2,932,716</u>	<u>141,120</u>	<u>409,274</u>	<u>3,483,110</u>	<u>178,546</u>
Noncurrent liabilities:					
Advances from other funds	-	-	135,288	135,288	-
Compensated absences	194,976	43,425	12,214	250,615	13,093
OPEB obligation	25,570	8,804	3,754	38,128	2,715
Long-term debt payable after one year	24,118,381	-	183,566	24,301,947	-
Total noncurrent liabilities	<u>24,338,927</u>	<u>52,229</u>	<u>334,822</u>	<u>24,725,978</u>	<u>15,808</u>
Total liabilities	<u>27,271,643</u>	<u>193,349</u>	<u>744,096</u>	<u>28,209,088</u>	<u>194,354</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	19,084,372	457,696	5,510,377	25,052,445	36,738
Restricted:					
Capital projects	1,226,787	-	-	1,226,787	-
Debt service	805,630	-	-	805,630	-
Unrestricted	5,644,361	763,716	45,709	6,453,786	14,167
Total net assets	<u>\$ 26,761,150</u>	<u>\$ 1,221,412</u>	<u>\$ 5,556,086</u>	<u>\$ 33,538,648</u>	<u>\$ 50,905</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 Assets

Proprietary Funds

For the Fiscal Year Ended September 30, 2009

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Major Funds</u>			<u>Total</u>	
	<u>Water/ Sewer Utility</u>	<u>Refuse Utility</u>	<u>Stormwater Utility</u>		
Operating revenues:					
Charges for sales and services	\$ 6,907,413	\$ 2,704,541	\$ 1,164,331	\$ 10,776,285	\$ 3,240,547
Operating expenses:					
Salaries and employee benefits	2,790,435	1,037,807	445,555	4,273,797	2,116,157
Supplies and materials	526,111	93,030	25,555	644,696	516,524
Contract services	375,650	838,581	7,935	1,222,166	89,315
Other services and charges	1,622,802	293,979	121,519	2,038,300	463,074
Depreciation and amortization	2,243,949	135,778	268,212	2,647,939	4,973
Total operating expenses	7,558,947	2,399,175	868,776	10,826,898	3,190,043
Operating income (loss)	(651,534)	305,366	295,555	(50,613)	50,504
Nonoperating revenues (expenses):					
Investment earnings	(3,401)	-	(49)	(3,450)	-
Miscellaneous revenues	89,322	-	200	89,522	-
Interest expense	(1,126,025)	(6,695)	(57,617)	(1,190,337)	-
Total nonoperating revenues (expenses)	(1,040,104)	(6,695)	(57,466)	(1,104,265)	-
Income before contributions and transfers	(1,691,538)	298,671	238,089	(1,154,878)	50,504
Transfers in	215,517	-	-	215,517	-
Transfers out	-	-	-	-	(22,370)
Capital contributions	221,108	-	-	221,108	-
Change in net assets	(1,255,013)	298,671	238,089	(718,253)	28,134
Total net assets - beginning, as restated	28,016,163	922,741	5,317,997	34,256,901	22,771
Total net assets - ending	\$ 26,761,150	\$ 1,221,412	\$ 5,556,086	\$ 33,538,648	\$ 50,905

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, 2009

Business-type Activities - Enterprise Funds

	Major Funds			
	Water/ Sewer	Refuse Utility	Stormwater	Total
	Utility		Utility	
<b>Cash flows from operating activities:</b>				
Receipts-customers and users	\$ 7,078,233	\$ 2,704,875	\$ 1,131,664	\$ 10,914,772
Payments-suppliers	(2,512,957)	(1,237,402)	(161,561)	(3,911,920)
Payments-employees	(2,644,711)	(1,009,480)	(439,208)	(4,093,399)
Net cash provided (used) by operating activities	1,920,565	457,993	530,895	2,909,453
<b>Cash flows from noncapital financing activities:</b>				
Cash paid to other funds	-	-	-	-
Transfers from other funds	215,517	-	-	215,517
Grant revenue	-	118,672	-	118,672
Other nonoperating receipts	-	-	-	-
Net cash provided (used) by noncapital financing activities	215,517	118,672	-	334,189
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(282,987)	(151,768)	(25,970)	(460,725)
Interest payments on debt	(1,168,964)	(14,007)	(43,325)	(1,226,296)
Capital contributions and fees	1,420,557	-	200	1,420,757
Principal paid on debt	(2,411,696)	(192,017)	(365,423)	(2,969,136)
Net cash (used) by capital and related financing activities	(2,443,090)	(357,792)	(434,518)	(3,235,400)
<b>Cash flows from investing activities:</b>				
Interest on investments	(3,401)	-	(49)	(3,450)
Sale or (purchase) of investment securities	(2,333)	-	-	(2,333)
Net cash provided (used) by investing activities	(5,734)	-	(49)	(5,783)
Net increase (decrease) in cash and cash equivalents	(312,742)	218,873	96,328	2,459
Beginning cash and cash equivalents	3,418,452	410,034	-	3,828,486
Ending cash and cash equivalents	\$ 3,105,710	\$ 628,907	\$ 96,328	\$ 3,830,945
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (651,534)	\$ 305,366	\$ 295,555	\$ (50,613)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation and amortization	2,243,949	135,778	268,212	2,647,939
Loss (gain) on sale of capital assets	5,946	-	48	5,994
<b>(Increase) decrease in assets:</b>				
Accounts receivable	161,212	334	(32,667)	128,879
Inventories	-	-	-	-
<b>Increase (decrease) in liabilities:</b>				
Accounts payable and accrued expenses	17,942	(16,485)	(10,662)	(9,205)
Compensated absences	107,872	24,196	6,655	138,723
OPEB Obligation	25,570	8,804	3,754	38,128
Customer deposits	9,608	-	-	9,608
Total adjustments	2,572,099	152,627	235,340	2,960,066
Net cash provided (used) by operating activities	\$ 1,920,565	\$ 457,993	\$ 530,895	\$ 2,909,453
<b>Classified As:</b>				
Cash and Cash equivalents	\$ 1,878,923	\$ 628,907	\$ 96,328	\$ 2,604,158
Restricted cash and cash equivalents	1,226,787	-	-	1,226,787
Total	\$ 3,105,710	\$ 628,907	\$ 96,328	\$ 3,830,945

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

**CITY OF EDGEWATER, FLORIDA**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2009

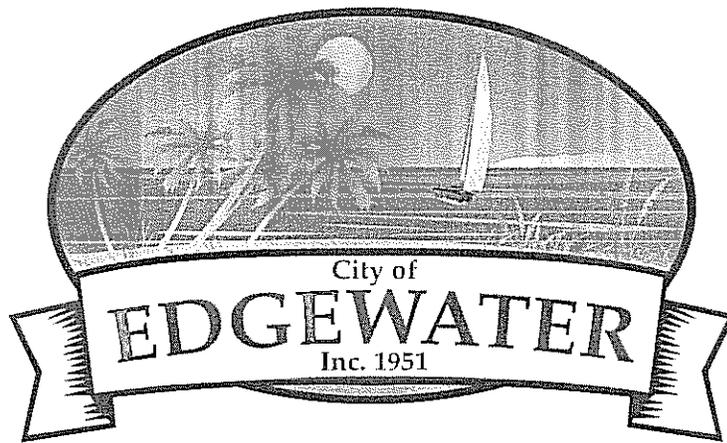
	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 124,718
Deposits in transit	25,873
Investments, at fair value:	
Money market funds	383,947
Bonds	11,026,608
Equities	10,606,890
Real estate investment trust	651,483
Total assets	<u>22,819,519</u>
<b>LIABILITIES</b>	
Deferred contribution	<u>96,923</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 22,722,596</u>

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

**CITY OF EDGEWATER, FLORIDA**  
Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
For the Fiscal Year Ended September 30, 2009

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,454,871
Employee	197,202
Employee buyback	126,527
State of Florida	<u>260,640</u>
Total contributions	2,039,240
Investment earnings:	
Interest and dividends	110,342
Net increase in the fair value of investments	<u>(577,379)</u>
Total investment earnings	(467,037)
Less investment expenses	<u>(34,267)</u>
Net investment earnings	<u>(501,304)</u>
Total Additions	<u>1,537,936</u>
<b>DEDUCTIONS</b>	
Pension benefits	1,570,448
Administrative expenses	<u>158,065</u>
Total deductions	<u>1,728,513</u>
Change in net assets	(190,577)
Net assets - Beginning of year	<u>22,913,173</u>
Net assets - End of Year	<u>\$ 22,722,596</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 21,394 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 assets and the statement of changes in net assets) 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 unearned 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 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.

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2009

- 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.
- The *Debt Service Fund* is to account for the accumulation of resources for, and the payment of principal and interest on certain long-term debt.
- *Capital Projects Funds* account for financial resources segregated for the acquisition or construction of capital facilities.
- *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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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 recognize 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 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.

The preparation of financial statements in conformity with accounting principals generally accepted in the United States requires management to make use of estimates that affect reported amounts in the basic

financial statements. Actual results could differ from estimates. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources before unrestricted resources.

#### **D. Assets, Liabilities, and Net Assets 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 governmental-wide financial statements as "internal balances".

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance

reserve account 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 assets and their use is limited by applicable bond covenants. Restricted cash and investments in the enterprise funds represents 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 assets, 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 \$2,500 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	20-50 Years
Improvements other than buildings	10-65 Years
Machinery and equipment	3-20 Years

## 6. 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. 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 Enterprise Fund Types is liquidated in the Enterprise Fund in which the liability originally incurred.

## 7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans for future financial resources that are subject to change.

## 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 Assets:

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

### B. Explanation of Certain Differences Between the Governmental Fund Statements 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 reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets 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. Expenditures in Excess of Appropriations:

During fiscal year 2009, expenditures and transfers out exceeded appropriations for two special revenue funds: Police Impact - \$58,284 and Recreation Impact - \$55,000. Additionally, the General Construction nonmajor capital project fund exceeded budgeted amounts by \$177,766. These expenditures in excess of budget were funded by fund balance, if available.

#### C. Deficit Fund Equity:

At September 30, 2009, several special revenue funds reported a deficit in fund balance: Animal Services - \$2,095 and LLEBG - \$460. Additionally, the MIS internal service fund reported a deficit in net assets of \$14,045.

#### D. 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

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consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. The millage rate in effect for the fiscal year ended September 30, 2009 was \$5.90 and the Edgewater I&S 2005 voted debt millage was \$.03304 for a total millage of \$5.93304.

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.

**E. 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.

**F. General Fund Balance Policy**

The City's charter requires the general fund to maintain reserves at a minimum of fifteen percent (15%) with a maximum of twenty-five percent (25%). The City's general fund is over the maximum at September 30, 2009. Disposition of the overage will be incorporated into subsequent years budgets.

**IV. Detailed Notes on All Funds**

**A. Deposits:**

At September 30, 2009, the carrying amount of the City's bank deposits was \$10,408,981. The bank balance at September 30, 2009 was \$10,712,051, 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, 2009.

**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.

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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 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, 2009, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Investment Maturities (in Years)				Credit Rating
		Less Than 1	1-5	6-10	More Than 10	
<b>Government-wide</b>						
Investments Subject to Rate Risk:						
U.S. Treasuries	\$1,295,767	\$1,295,767	\$ -	\$ -	\$ -	N/A
SBA LGIP	247,944	247,944	-	-	-	AAA <sub>m</sub>
SBA Fund B	97,856	-	-	97,856	-	Unrated
	<u>1,641,567</u>	<u>1,543,711</u>	<u>-</u>	<u>97,856</u>	<u>-</u>	
Total Investments	<u>1,641,567</u>					
<b>Fiduciary Funds</b>						
Investments Subject to Rate Risk:						
Cash with trustees	\$124,718	\$124,718	\$ -	\$ -	\$ -	N/A
Money market fund	383,947	383,947	-	-	-	AAA <sub>m</sub>
US treasury note	73,872	-	-	-	73,872	AAA
Bond mutual funds	10,057,464	-	-	10,057,464	-	*
Corporate bonds	895,272	102,247	521,535	271,490	-	**
	<u>\$11,535,273</u>	<u>\$610,912</u>	<u>\$521,535</u>	<u>\$ 10,328,954</u>	<u>\$ 73,872</u>	
Other Investments:						
Corporate equities	10,606,890					
Real estate investment trust	651,483					
Total Other Investments	<u>11,258,373</u>					
Total Investments	<u>22,793,646</u>					
Total City Investments	<u>\$24,435,213</u>					

\*- The Morningstar credit ratings range from unrated to 5 stars for the bond mutual funds.

\*\* - The Standard and Poor's credit ratings range from B- to AA+ 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

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control the risk of loss resulting from over concentration of assets in a specific maturity, issued, instrument, dealer or bank through which financial instruments are bought and sold.

**Custodial Credit Risk**

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, 2009, 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	Nonmajor Funds	Total
Receivables:			
Accounts	\$ 334,017	\$ 1,246	\$ 335,263
Special Assessments	-	520,030	520,030
Intergovernmental	782,140	83,053	865,193
Gross receivables	1,116,157	604,329	1,720,486
Less: allowance for uncollectible	(2,324)	-	(2,324)
Net total receivables	\$ 1,113,833	\$ 604,329	\$ 1,718,162

Business Type Activities

	Water and Sewer	Refuse	Stormwater	Total
Receivables:				
Accounts	\$ 1,151,501	\$ 404,741	\$ 178,655	\$ 1,734,897
Special Assessments	4,113,435	-	-	4,113,435
Intergovernmental	-	-	-	-
Gross receivables	5,264,936	404,741	178,655	5,848,332
Less: allowance for uncollectible	(254,900)	(76,583)	(24,888)	(356,371)
Net total receivables	\$ 5,010,036	\$ 328,158	\$ 153,767	\$ 5,491,961

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Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. 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 \$53,739, reported in the major and non-major governmental funds was unearned business tax receipts. Such amounts have 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, 2009 is as follows:

Advances from / to other funds:

Receivable Funds	Payable Funds	Amount
General Fund	Stormwater Management Utility	\$135,288
Total		<u>\$135,288</u>

Due to / from other funds:

Receivable Funds	Payable Funds	Amount
General Fund	LLEBG	\$4,450
General Fund	Debt Service	1,790
Total		<u>\$6,240</u>

The amounts transferred to the various funds are for capital outlay and capital improvements with no schedule for repayment.

	Transfer In					Total
	General Fund	Nonmajor Animal Services	Nonmajor Debt Service Series 1995	Nonmajor General Construction	Water/ Sewer Fund	
Transfers Out:						
General Fund	\$ -	\$ 186,566	\$ 353,429	\$ -	\$ -	\$ 539,995
Nonmajor Funds						
Animal Services	16,990	-	-	-	-	16,990
Grants	-	-	-	275,233	-	275,233
General Construction	-	-	-	-	215,517	215,517
Police Impact	-	-	-	66,013	-	66,013
Recreation Impact	-	-	-	55,000	-	55,000
Total Nonmajor Funds	16,990	-	-	396,246	215,517	628,753
Internal Service Fund – MIS	22,370	-	-	-	-	22,370
Total	<u>\$ 39,360</u>	<u>\$ 186,566</u>	<u>\$ 353,429</u>	<u>\$ 396,246</u>	<u>\$ 215,517</u>	<u>\$ 1,191,118</u>

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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, 2009, was as follows:

*Governmental activities:*

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 22,943,706	\$ 66,013	\$ -	\$ 23,009,719
Construction in progress	3,807,562	874,393	(4,109,115)	572,840
Total assets not being depreciated	26,751,268	940,406	(4,109,115)	23,582,559
<b>Capital assets being depreciated:</b>				
Buildings	4,427,084	339,230	(2,580)	4,763,734
Improvement other than buildings	15,601,439	3,844,445	-	19,445,884
Machinery and equipment	3,933,272	507,356	(361,101)	4,079,527
Infrastructure	55,100,450	-	-	55,100,450
Total assets being depreciated	79,062,245	4,691,031	(363,681)	83,389,595
<b>Less accumulated depreciation for:</b>				
Buildings	(2,080,664)	(121,207)	2,580	(2,199,291)
Improvement other than buildings	(7,989,947)	(611,613)	-	(8,601,560)
Machinery and equipment	(2,912,182)	(269,554)	363,602	(2,818,134)
Infrastructure	(37,676,686)	(2,398,790)	-	(40,075,476)
Total accumulated depreciation	(50,659,479)	(3,401,164)	366,182	(53,694,461)
Total capital assets, being depreciated, net	28,402,766	1,289,867	2,501	29,695,134
Governmental activities capital assets, net	\$ 55,154,034	\$ 2,530,273	\$ (4,106,614)	\$ 53,277,693

*Business-type activities:*

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,235,467	\$ -	\$ -	\$ 1,235,467
Construction in progress	430,153	140,384	(215,518)	355,019
Total assets not being depreciated	1,665,620	140,384	(215,518)	1,590,486
<b>Capital assets being depreciated:</b>				
Buildings	22,332,727	215,517	-	22,548,244
Improvement other than buildings	53,151,713	19,331	-	53,171,044
Machinery and equipment	3,796,498	374,777	(26,035)	4,145,240
Total assets being depreciated	79,280,938	609,625	(26,035)	79,864,528
<b>Less accumulated depreciation for:</b>				
Buildings	(11,003,943)	(751,809)	-	(11,755,752)
Improvement other than buildings	(14,202,740)	(1,570,003)	-	(15,772,743)
Machinery and equipment	(2,638,017)	(296,661)	19,381	(2,915,297)
Total accumulated depreciation	(27,844,700)	(2,618,473)	19,381	(30,443,792)
Total capital assets, being depreciated, net	51,436,238	(2,008,848)	(6,654)	49,420,736
Business-type activities capital assets, net	\$ 53,101,858	\$ (1,868,464)	\$ (222,172)	\$ 51,011,222

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

Governmental activities:	
General government	\$ 74,666
Public safety	236,859
Transportation / public works	2,890,850
Leisure services	193,816
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	4,973
Total depreciation expense - governmental activities	<u>\$ 3,401,164</u>
Business-type activities:	
Water Sewer Utility	\$ 2,214,483
Refuse collection	135,778
Stormwater System	268,212
Total depreciation expense - business-type activities	<u>\$ 2,618,473</u>

**F. Deferred Charges:**

Deferred charges consist of the following:

	Cost	Accumulated Amortization	Unamortized Balance
Bond issues costs	\$ 982,844	\$865,003	\$ 117,841
Total deferred charges	<u>\$ 982,844</u>	<u>\$865,003</u>	<u>\$ 117,841</u>

**G. Leases:**

**Capital Leases** - The City has entered into lease agreements as lessee for financing the acquisition of several light and heavy vehicles such as a fire truck, police cars, refuse trucks, tractors and trailers, as well as computer equipment. Also, in March of 2005 the City entered into a lease agreement as lessee with Johnson Controls, Inc. for financing the upgrade and replacement of 12,872 water meters. 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 Activities	Business-type Activities
Assets - Machinery and equipment	\$ 251,778	\$ 6,201,389
Less: accumulated depreciation	(34,494)	(1,642,393)
Total	<u>\$ 217,284</u>	<u>\$ 5,296,208</u>

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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009 were as follows:

Year Ending <u>30-Sep</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>
2010	\$ 55,860	\$ 518,392
2011	55,860	544,027
2012	55,860	570,962
2013	61,156	599,272
2014	32,531	629,027
2015-2019		3,504,740
2020-2021		694,638
Total minimum lease payments	261,267	7,061,058
Less: amount representing interest	<u>(35,801)</u>	<u>(1,512,670)</u>
	<u>\$ 225,466</u>	<u>\$ 5,548,388</u>

**Operating Leases** - The City has entered into an operating lease for an integrated mailing system that contains cancellation provision and is subject to annual appropriations. For fiscal year 2008, rentals approximated \$26,121. This lease supports governmental and business activities.

**H. 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 amounts of revenue bonds issued in prior years is described below. Revenue bonds outstanding at year-end are as follows:

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2009</u>
Water and Sewer Revenue Bonds - Series 1993	2.75 - 5.5% (4/1 & 10/1)	10/1/21	<u>\$12,460,000</u>	\$9,130,000
Water and Sewer Revenue Bonds - Series 1991	6.5 - 7.0% (4/1 & 10/1)	10/1/21	<u>\$13,580,000</u>	<u>610,000</u>
Total				<u>\$9,740,000</u>

These 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 Bonds resolution provide for:

- (1) Establishment and maintenance of various funds and accounts
- (2) Restrictions on the use of cash from operations in order of priority

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- (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, 2009 are as follows:

Year Ending	Business -Type Activities	
	Principal	Interest
30-Sep		
2010	\$ 500,000	\$ 544,325
2011	525,000	516,825
2012	560,000	487,950
2013	585,000	457,150
2014	830,000	417,888
2015-2019	3,640,000	1,503,175
2020-2022	3,100,000	372,500
Total	\$ 9,740,000	\$ 4,299,813

**State Revolving Fund Loans**

The City financed a portion of its wastewater improvements for the Florida Shores capital improvement projects with two loans from the State of Florida Revolving Fund loan program. The City received the loans on a reimbursement basis as costs were incurred. The City executed agreements with the State for these loans in the amount of \$25,222,221.

The State Revolving Fund (SRF) loans are secured by a junior lien on and pledge of the net revenues of the water and sewer system and the special assessment revenues levied against the benefiting property owners in Florida Shores. The assessments are payable over 20 years with interest of 6.007% until

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December 1, 1994 and 5.35% thereafter. During 2009, the City extended the maturity dates on the loan, to include 4 years of interest only payments. Since many taxpayers take advantage of prepayment discounts, actual interest rates paid may be less than the stated amounts.

The SRF loans consist of the following:

	<u>Treatment Loan</u>	<u>Collections Loan</u>
Interest rates:	3.16% to 3.78%	3.57% to 3.78%
Payment frequency:	25 annual payments	24 annual payments
Payment amount:	\$516,458	\$1,294,980
Maturity date:	September 30, 2018	October 31, 2017

Annual debt service requirements to maturity on the State Revolving Fund Loan are as follows:

Year Ending	<u>Business -Type Activities</u>		
	<u>30-Sep</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ -	-	\$ 299,203
2011	-	-	299,203
2012	-	-	299,203
2013	-	-	299,203
2014	1,512,235	-	299,203
2015-2018	6,625,728	-	620,024
	<u>\$ 8,137,963</u>	<u>\$ -</u>	<u>\$ 2,116,039</u>

**Notes Payable**

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

	<u>Water and Sewer Revenue Note, Series 2002</u>	<u>General Long-term Debt Revenue Note, Series 2002A</u>
Original amount issued	\$5,140,000	\$2,540,000
Issue date	March 13, 2002	March 13, 2002
Final maturity	October 1, 2012	October 1, 2012
Interest due	Monthly	Monthly
Interest rate	Adjusted Libor	Adjusted Libor

The Water and Sewer Revenue, Series 2002, notes are secured by all water and sewer revenues of the City. Water and sewer revenues include revenue from the operation of the water and sewer system as well as the special assessments payable to the City with respect to water service to be provided by the City to the residents of Waterway Park. The Revenue Note, Series 2002A, is secured by a covenant to budget and appropriate from Non-Ad Valorem funds.

Debt service requirements for these revenue notes using interest rate of 2.06% at September 30, 2009 are:

Year Ending	<u>Governmental Activities</u>		<u>Business Type Activities</u>		
	<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$	254,000	\$ 21,128	\$ 514,000	\$ 42,756
2011		254,000	16,008	514,000	32,395
2012		254,000	10,782	514,000	21,818
2013		254,000	5,446	514,000	11,021
Total		<u>\$ 1,016,000</u>	<u>\$ 53,364</u>	<u>\$ 2,056,000</u>	<u>\$ 107,990</u>

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The City also entered into an agreement to borrow money from Florida Inland Navigation District (FIND) for land and improvements in a business/industrial park. The final amount of the note payable is \$5,056,567 and shall be paid in ten equal installments of \$505,657 each year starting August 26, 2003, reduced to \$337,019 beginning in 2009. For the first five years, no interest shall accrue on the outstanding principal balance. Starting August 26, 2007, interest shall begin to accrue on the outstanding principal balance at an interest rate equal to interest available from the State Board Administration (SBA). During 2009, the City extended the maturity date 2 years to August 26, 2014.

Debt service requirements for the FIND note payable are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 337,019	\$ 25,276
2011	337,019	20,221
2012	337,019	15,166
2013	337,019	10,111
2014	<u>337,016</u>	<u>5,054</u>
	<u>\$ 1,685,092</u>	<u>\$ 75,828</u>

The City also incurred notes payable relating to paving and stormwater improvements at Florida Shores. The original amount of these notes issued in prior years is described below. A portion of these notes is secured by a pledge of assessments levied on property within the assessed area. In the event that a deficiency exists because of unpaid or delinquent assessments, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

The Special Assessment and Stormwater notes payable consist of the following:

	<u>Series 1995A</u>	<u>Series 1995B</u>
Interest rates:	5.22%	5.58%
Interest dates:	April 1, October 1	April 1, October 1
Final maturity:	October 1, 2010	October 1, 2010
Original amount issued:	\$9,234,660	\$3,964,740

The 1995 Notes are secured by the revenues pledged in order of priority; (1) assessment revenues, (2) Stormwater Revenues, (3) Utility Taxes, (4) All Non-Ad Valorem Revenues (except Franchise Taxes).

The Special Assessment and Stormwater Revenue Notes resolutions provide for:

1. Establishment and maintenance of Special Assessment Improvement Notes Sinking Fund and related accounts.
2. Restrictions on the use of cash from operations in order of priority.
  - (a) All Special Assessments shall be applied and deposited only into the 1995 subaccounts listed above. Moneys and Authorized Investments on deposit at any time in the 1995 subaccounts may be used only for the payment of Debt Service on, or redemption of the price of, the 1995 Bonds.
  - (b) All Stormwater Fees shall be deposited into the Stormwater Utility Management Fund (the Utility Fund). After the provision for the payment of operating expenses of the City's Stormwater Utility, the City shall transfer to the 1995 Notes subaccount Stormwater Utility Fees until the aggregate amount transferred is equal to the amount certified by the City's

**City of Edgewater, Florida**  
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Director of Finance as the portion of that fiscal year's debt service necessary to be paid out of the Stormwater Utility Fees.

(c) All Non-Ad Valorem Revenues (except Franchise Taxes) shall make up for any deficiency in meeting the debt service requirement after all of the aforementioned pledged revenues has been exhausted.

3. Early redemption: The City may prepay up to 10% without penalty. Should the prepayments exceed the amount allowed by the bank, the prepayments are subject to a penalty using a predetermined formula based on certain interest factors.

Annual requirements to amortize the Special Assessment and Stormwater notes are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 853,466	\$ 57,904	\$ 352,872	\$ 23,941
2011	443,976	11,825	183,565	4,889
Total	<u>\$ 1,297,442</u>	<u>\$ 69,729</u>	<u>\$ 536,437</u>	<u>\$ 28,830</u>

During 2007, 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</u> <u>30-Sep</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 15,000	\$ 16,341
2011	15,000	15,765
2012	20,000	15,188
2013	20,000	14,419
2014	20,000	13,650
2015-2019	115,000	56,137
2020-2024	150,000	31,529
2025-2026	70,000	4,037
Total	<u>\$ 425,000</u>	<u>\$ 167,066</u>

**Line of Credit**

During 2007, the City signed a line of credit with Bank of America for \$1,500,000 for emergency expenditures. The Line of Credit will be secured by a pledge of the City to covenant to budget and appropriate from legally available revenues. At September 30, 2009, there was no balance outstanding on the line of credit.

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**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2009 was as follows:

	Beginning		Ending		Due Within
	Balance	Additions	Reductions	Balance	One Year
<b>Governmental Activities:</b>					
Capital Lease	\$ 181,415	\$ 144,378	\$ (100,327)	\$ 225,466	\$ 47,043
Notes Payable -					
Revenue Note,					
Series 2002A	1,270,000	-	(254,000)	1,016,000	254,000
FIND Note	2,022,112	-	(337,020)	1,685,092	337,019
General Obligation note	440,000	-	(15,000)	425,000	15,000
Special assessment	2,106,625	-	(809,183)	1,297,442	853,565
Total notes payable	5,838,737	-	(1,415,203)	4,423,534	1,459,584
Line of Credit	50,000	-	(50,000)	-	-
Other post employment benefits	-	72,767	-	72,767	-
Compensated absences	947,198	906,823	(553,084)	1,300,937	553,084
Governmental activity					
long-term liabilities	\$ 7,017,350	\$ 1,123,968	\$ (2,118,614)	\$ 6,022,704	\$ 2,059,711
<b>Business-type Activities</b>					
Capital Lease	\$ 5,971,878	\$ 77,742	\$ (501,232)	\$ 5,548,388	\$ 289,958
Bonds payable -					
Revenue Bonds	10,215,000	-	(475,000)	9,740,000	500,000
Less deferred amount					
Issuance discount	(68,914)	-	8,901	(60,013)	-
Total bonds payable	10,146,086	-	(466,099)	9,679,987	500,000
State revolving loan	9,182,304	-	(1,044,341)	8,137,963	-
Notes payable					
Revenue note, Series 2002A	2,570,000	-	(514,000)	2,056,000	514,000
Stormwater note	871,000	-	(334,563)	536,437	352,872
Terra Mar note	100,000	-	(100,000)	-	-
Total notes payable	3,541,000	-	(948,563)	2,592,437	866,872
Other post employment benefits	-	38,128	-	38,128	-
Compensated absences	406,319	433,152	(294,427)	545,044	294,427
Business-type activity					
long-term liabilities	\$ 29,247,587	\$ 549,022	\$ (3,254,662)	\$ 26,541,947	\$ 1,951,257

**I. Other Commitments and Contingencies**

The City has entered into several agreements that are outstanding at September 30, 2009, which will result in future financial obligation as follows:

<u>Description</u>	<u>Amount</u>
Rescue Transport Vehicle	\$ 204,980
2010 Ford F150	60,125
Slide-In Tank & Pump	18,175
Solid Waste Trailer	48,949
FY2010 Replacement Vehicles	176,172
John Deer Tractor	9,472
	<u>\$ 517,873</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 2009, 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, 2008, the Plan had approximately 167 active participants, 23 spouses, and 32 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. 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.

**City of Edgewater, Florida**  
Notes to the Financial Statements  
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**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) over a period not to exceed 30 years. Annual requirements include a 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 9% at March 1, 2008 to an ultimate rate of 5% on and after 2013. 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, 2009, based on the above assumptions and cost method, and applied to member data current at October 1, 2008. Liabilities were developed based on age adjusted costs for retirees currently receiving plan benefits as of October 1, 2008, with an AAL calculated to be \$3,009,113, which is unfunded (or 0% funded). The annual covered payroll is \$6.08 million, resulting in an unfunded AAL of 49.5%. 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, 2008.

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.

	<b>2009 Fiscal Year Valuation as of 10/1/2008</b>
Normal Cost (service cost for one year)	\$ 93,362
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	128,258
Interest on Normal Cost and Amortization	4,031
Annual Required Contribution (ARC)	<u>225,651</u>
Interest on Net OPEB Obligation	-
Adjustment to ARC	-
Annual OPEB Cost (Expense)	<u>225,651</u>
Less: Employer Contributions Made	<u>(114,752)</u>
Increase in Net OPEB Obligation	110,899
Net OPEB Obligation at beginning of year	-
Net OPEB Obligation at end of year	<u><u>\$ 110,899</u></u>

As of September 30, 2009, the City accrued \$110,899 in the Government-Wide Statement of Net Assets, with \$40,843 in the Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 was as follows:

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>City Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 225,651	\$ 114,752	50.9%	\$ 110,899

**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 City Manager.

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 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% 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 accrual 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.

**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 Statute. 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 using the services of the Finance Department and Principal Mutual Life Insurance Company. Investments are reported at fair value.

**City of Edgewater, Florida**  
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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 Statue 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.

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 yet receiving them (vested)	111	29	2
Actively employed participants	29	28	30
Totals	<u>140</u>	<u>57</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. This change in methodology will result in an NPO at year end. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, the total NPO at year end was \$626,894, 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 Assets. 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 \$193,135 as an intergovernmental revenue and pension contribution expense in the General fund.

**Annual Pension Cost and Annual Pension Obligation** - The annual pension cost, net pension obligation and required contribution for September 30, 2009, were determined as part of the latest actuarial valuation of each plan, using the entry age normal actuarial cost method. The City's annual pension cost and net pension obligation based on the most recent actuarial valuation were as follows:

**City of Edgewater, Florida**  
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	General Employee's Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution (ARC)	\$ 746,271	\$ 348,621	\$ 225,860
Interest on Net Pension Obligation (NPO)	-	(28,276)	(7,678)
Adjustment to ARC	-	34,300	9,314
Annual Pension Cost	746,271	354,645	227,496
City and State Contributions Made	746,271	474,810	254,858
Increase/(Decrease) in NPO	-	(120,165)	(27,362)
NPO beginning of year	18	(377,008)	(102,377)
NPO end of year	\$ 18	\$ (497,173)	\$ (129,739)

Three Year Trend Information:

General Employee's Pension			
Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
	September 30, 2009	746,271	100%
September 30, 2008	746,271	100%	18
September 30, 2007	639,794	100%	19

Police Officers' Pension			
Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
	September 30, 2008	348,621	136%
September 30, 2007	298,721	102%	(377,008)
September 30, 2006	258,902	100%	(394,041)

Firefighters' Pension			
Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
	September 30, 2009	254,858	100%
September 30, 2008	256,487	100%	(102,377)
September 30, 2007	264,272	100%	(104,039)

As of October 1, 2009, the most recent actuarial valuation date, the General Employees' plan was 82.39 percent funded. The actuarial accrued liability for benefits was \$16,842,925, and the actuarial value of assets was \$13,876,405, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,966,520. The covered payroll (annual payroll of active employees covered by the plan) was \$1,204,161, and the ratio of the UAAL to the covered payroll was 246.36 percent.

**City of Edgewater, Florida**  
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As of October 1, 2009, the most recent actuarial valuation date, the Police Officers' plan was 87.88 percent funded. The actuarial accrued liability for benefits was \$9,081,117, and the actuarial value of assets was \$7,980,169, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,100,948. The covered payroll (annual payroll of active employees covered by the plan) was \$1,105,895, and the ratio of the UAAL to the covered payroll was 99.55 percent.

As of October 1, 2009, the most recent actuarial valuation date, the Firefighters' plan was 88.05 percent funded. The actuarial accrued liability for benefits was \$5,652,886, and the actuarial value of assets was \$4,977,603, resulting in an unfunded actuarial accrued liability (UAAL) of \$675,283. The covered payroll (annual payroll of active employees covered by the plan) was \$1,475,963, and the ratio of the UAAL to the covered payroll was 45.75 percent.

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.

The amounts legally required as of September 30, 2008 to be reserved for the general, police and firefighter pension funds are \$12,219,047, \$6,692,463 and \$4,001,622, respectively.

During the past year the actuarial experience for the general, police and firefighters plan has been less favorable than expected on the basis of actuarial assumptions. The principal components included a 3.1%, 2.6% and 1.6% respectively return that was less than the 7.5% assumption and lower than expected turnover. These losses were further increased by the effect of average increases in pensionable compensation that were more than the assumed rate for the general and police pension plans. Firefighters Pension plan experience was overall more favorable than expected on the basis of the actuarial assumptions.

**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 appropriate 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**

	General Employees	Police Officers	Firefighters
Valuation date	10/1/2009	10/1/2009	10/1/2009
Actuarial cost method	Aggregate *	Frozen Entry age	Entry age
Amortization method	N/A	Level Percentage	Level Percentage
Remaining amortization method	N/A	24 years	30 years
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
<b>Actuarial assumptions:</b>			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases	7.5%	7.5%	7.5%
Includes inflation at	3%	3%	3%
Cost-of-living adjustments	None	None	None

**City of Edgewater, Florida**  
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\* Because the aggregate actuarial cost method does not indentify or separately amortize unfunded actuarial accrued liabilities, information about the funded status and funding progress is presented using the entry age actuarial cost method. The information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

**Individual Fiduciary Fund Statements**

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

CITY OF EDGEWATER, FLORIDA  
Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
September 30, 2009

	<u>General</u>		
	<u>Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
<b>ASSETS</b>			
Investments, at fair value:			
Cash and cash equivalents	\$ -	\$ -	\$ 124,718
Deposits in transit	-	-	25,873
Investments, at fair value			
Money market funds	-	-	383,947
Bonds	6,246,877	3,810,587	969,144
Equities	4,906,200	2,715,023	2,985,667
Real estate investment trust	409,273	242,210	-
Total assets	<u>11,562,350</u>	<u>6,767,820</u>	<u>4,489,349</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 11,562,350</u>	<u>\$ 6,767,820</u>	<u>\$ 4,489,349</u>

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**City of Edgewater, Florida**  
**Notes to the Financial Statements**  
**September 30, 2009**

CITY OF EDGEWATER, FLORIDA  
 Combining Statement of Changes in Fiduciary Net Assets  
 Pension Trust Funds  
 For the fiscal year ended September 30, 2009

	General Employees	Police Officers	Firefighters
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 746,271	\$ 474,810	\$ 233,790
Employee	33,818	73,749	89,635
Employee buyback	-	58,838	67,689
State of Florida	-	131,228	129,412
Total contributions	<u>780,089</u>	<u>738,625</u>	<u>520,526</u>
Investment earnings:			
Interest and dividends			110,342
Net increase/ (decrease) in the fair value of investments	<u>(408,891)</u>	<u>(91,224)</u>	<u>(77,264)</u>
Total investment earnings	<u>(408,891)</u>	<u>(91,224)</u>	<u>33,078</u>
Less investment expenses	<u>(15,521)</u>	<u>(14,246)</u>	<u>(4,500)</u>
Net investment earnings	<u>(424,412)</u>	<u>(105,470)</u>	<u>28,578</u>
Total Additions	<u>355,677</u>	<u>633,155</u>	<u>549,104</u>
<b>DEDUCTIONS</b>			
Pension benefits	962,750	554,614	53,084
Administrative expenses	<u>49,624</u>	<u>62,211</u>	<u>46,230</u>
Total deductions	<u>1,012,374</u>	<u>616,825</u>	<u>99,314</u>
Change in net assets	<u>(656,697)</u>	<u>16,330</u>	<u>449,790</u>
Net assets - Beginning of year	<u>12,219,047</u>	<u>6,692,464</u>	<u>4,001,662</u>
Net assets - End of Year	<u>\$ 11,562,350</u>	<u>\$ 6,708,794</u>	<u>\$ 4,451,452</u>

**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 Principal Financial Group. 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. The plan provides for an employer contribution equal to 12% of employee earnings. Employees who elect to participate in this plan that were hired prior to October 1, 1996 will have the following contributions made:

Term of Employment Prior to October 1, 1996	% Contributed for Earnings Prior to October 1, 1996	% Contributed for Earnings After October 1, 1996
3 months - 2 years	10%	12%
2 years - 4 years	11%	12%
4 years - 5 years	12%	12%

Employees are 100% vested immediately upon participation. Employees direct the investment of funds contributed to the plan on their behalf. Employer contributions made during the year amounted to \$312,402. 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 Managers' Association (ICMA) or Principal Financial. 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 (CI), 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:

John A. Shelley, Finance Director  
City of Port Orange  
1000 City Center Circle  
Port Orange, FL 32129

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2009

Summarized audited information of the Communications Interlocal Agency for the year ended September 30, 2009 is as follows:

Operating revenues	\$ 2,259,999
Operating expenses	(2,256,809)
Non-operating revenues	<u>10,795</u>
Net income	<u>\$ 13,985</u>
Total assets	<u>\$ 690,219</u>
Total liabilities	<u>\$ 175,039</u>
Total net assets	<u>\$ 515,180</u>

A summary of the changes in the City's investment in the Communications Interlocal Agency for the year ended September 30, 2009 is as follows:

September 30, 2008 balance	\$ 180,716
Fiscal year 2009 activity	(6,176)
Total investment at September 30, 2009	<u>\$ 174,540</u>

**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 affect 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. Subsequent Events:**

**Water and Wastewater System Refunding Revenue Bond, Series 2009** – On November 16, 2009, the City Council approved a \$7,945,000 refunding revenue bond note with Wachovia Bank, N.A.. The proceeds of this refunding revenue bond will be expended as follows:

1. \$532,914.10 of said proceeds will be used to redeem the City's outstanding Water and Sewer Revenue Bonds, Series 1991;
2. \$7,360,362.08 of said proceeds will be used to redeem the City's outstanding Water and Sewer Revenue Refunding Bonds, Series 1993; and
3. \$51,723.82 of said proceeds will be used to pay the costs of issuance of the Bond.

The Refunding Revenue Bond, Series 2009 will be repaid in twelve years with semi-annual payments due on April 1 and October 1. The stated interest rate on the refunding revenue bond is 3.40% and maturing on October 1, 2016.

City of Edgewater, Florida  
Notes to the Financial Statements  
September 30, 2009

**I. Prior Year Restatements**

In 2009, the City corrected and improved the reporting of revenues for governmental purposes. The City discovered that some revenues were not appropriately accrued. Additionally, net assets as of September 30, 2008 have been restated to reduce deferred revenues which should have been recognized.

The impact of these restatements on governmental type activities is as follows:

	<u>Prior Year</u>	<u>Restatement</u>	<u>Adjusted</u>
<b>ASSETS</b>			
Receivables, net	\$ 1,376,965	\$ 390,602	\$ 1,767,567
Due from other governments	140,346	314,447	454,793
Total Assets	<u>\$ 1,517,311</u>	<u>\$ 705,049</u>	<u>\$ 2,222,360</u>
<b>LIABILITIES</b>			
Unearned revenue	<u>\$ 222,608</u>	<u>\$ (167,615)</u>	<u>\$ 54,993</u>
<b>NET ASSETS</b>			
Total Net Assets	<u>\$ 56,785,369</u>	<u>\$ 872,664</u>	<u>\$ 57,658,033</u>

Business-type net assets were also restated as of September 30, 2008 to reflect grant revenues which improperly accrued.

The impact of these restatements on business-type activities is as follows:

	<u>Prior Year</u>	<u>Restatement</u>	<u>Adjusted</u>
<b>ASSETS</b>			
Due from other governments	<u>\$ 135,625</u>	<u>\$ (16,953)</u>	<u>\$ 118,672</u>
<b>NET ASSETS</b>			
Total Net Assets	<u>\$ 34,273,854</u>	<u>\$ (16,953)</u>	<u>\$ 34,256,901</u>

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**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2009

Also, the governmental fund balances as well as the proprietary fund net assets as of September 30, 2008 were restated to reflect revenues which were improperly recognized. Additionally, amounts were included in deferred revenues which should have been recognized. The impact of these restatements for governmental and proprietary funds was as follows:

	<u>Prior Year</u>	<u>Restatement</u>	<u>Adjusted</u>
<b>Governmental Funds:</b>			
<u>General Fund</u>			
ASSETS			
Receivables, net	\$ 1,256,120	\$ 390,602	\$ 1,646,722
Due from other governments	140,346	314,447	454,793
Total Assets	<u>\$ 1,396,466</u>	<u>\$ 705,049</u>	<u>\$ 2,101,515</u>
LIABILITIES			
Deferred revenues	<u>\$ 1,187,738</u>	<u>\$ (167,615)</u>	<u>\$ 1,020,123</u>
FUND BALANCE			
Total	<u>\$ 3,358,456</u>	<u>\$ 872,664</u>	<u>\$ 4,231,120</u>
<u>Nonmajor Governmental Funds</u>			
LIABILITIES			
Deferred revenues	<u>\$ 975,345</u>	<u>\$ (535,306)</u>	<u>\$ 440,039</u>
FUND BALANCE			
Total	<u>\$ 3,646,084</u>	<u>\$ 535,306</u>	<u>\$ 4,181,390</u>
<b>Proprietary Fund:</b>			
<u>Refuse Utility Fund</u>			
ASSETS			
Due from other governments	<u>\$ 135,625</u>	<u>\$ (16,953)</u>	<u>\$ 118,672</u>
NET ASSETS			
Total	<u>\$ 939,694</u>	<u>\$ (16,953)</u>	<u>\$ 922,741</u>



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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)
10/1/2008	\$ 14,472,525	\$ 16,636,744	\$ 2,164,219	86.99%	\$ 1,254,441	172.52%

The City implemented GASB Statement No. 45 for the fiscal year ended September 30, 2009. Information for prior years is not available.

**General Employee's 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)
10/1/2009	\$ 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%
10/1/2007	14,130,355	17,505,616	3,375,261	80.72%	2,307,345	146.28%
10/1/2006	13,036,725	13,036,725	-	100.00%	2,621,289	0.00%
10/1/2005	11,878,174	11,878,174	-	100.00%	2,571,885	0.00%
10/1/2004	10,597,309	10,597,309	-	100.00%	1,955,091	0.00%
10/2/2003	10,046,568	10,046,568	-	100.00%	1,813,025	0.00%

**Police Officers Pension Trust**

Actuarial Valuation Payroll	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)
10/1/2009	\$ 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%
10/1/2007	7,772,999	9,136,180	1,363,181	85.08%	1,222,818	111.48%
10/1/2006	7,062,840	8,476,559	1,413,719	83.32%	1,239,780	114.03%
10/1/2005	6,409,862	7,858,479	1,448,617	81.57%	1,133,186	127.84%
10/1/2004	5,515,077	7,418,656	1,903,579	74.34%	1,174,250	162.11%
10/1/2003	4,995,272	6,954,686	1,959,414	71.83%	1,042,103	188.02%

**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)
10/1/2009	\$ 4,977,603	\$ 5,652,886	\$ 675,283	88.05%	\$ 1,475,963	45.75%
10/1/2008	4,700,591	4,813,030	112,439	97.66%	1,556,068	7.23%
10/1/2007	4,004,108	4,557,499	553,391	87.86%	1,495,480	37.00%
10/1/2006	3,280,579	3,786,476	505,897	86.64%	1,477,632	34.24%
10/1/2005	2,627,395	3,251,236	623,841	80.81%	1,419,308	43.95%
10/1/2004	2,193,554	2,811,173	617,619	78.03%	1,105,165	55.88%

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)

Schedules of Contributions from the Employer and Other Contributing Entities

**General Employee's Retirement Trust**

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	Percentage Contribution
2009	\$ 746,271	\$ 746,271	100%
2008	746,271	746,271	100%
2007	639,794	639,794	100%
2006	580,701	580,701	100%
2005	844,227	844,227	100%
2004	564,582	564,582	100%

**Police Officers Pension Trust**

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution*	Percentage Contribution
2009	\$ 474,810	\$ 474,810	\$ 126,189	126.58%
2008	474,810	474,810	126,189	126.58%
2007	425,545	306,000	126,824	101.71%
2006	378,127	258,902	119,225	100.00%
2005	448,179	333,527	114,652	100.00%
2004	461,163	352,788	108,375	100.00%

\* Frozen pursuant to Chapter 185, Florida Statutes

**Firefighters Pension Trust**

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution *	Percentage Contribution
2009	\$ 292,806	\$ 254,858	\$ 66,946	109.90%
2008	323,433	256,487	66,946	100.00%
2007	318,049	264,272	63,785	103.15%
2006	316,265	254,640	61,625	100.00%
2005	242,078	181,391	60,688	100.00%
2004	246,544	187,083	59,461	100.00%

\* Frozen pursuant to Chapter 175, Florida Statutes

## **CITY OF EDGEWATER, FLORIDA**

Nonmajor Governmental Funds

September 30, 2009

**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.

LLEBG Fund – This fund was established to account for LLEBG grant funds

Grants Fund – This fund was established to account for restricted grant funds.

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.

**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, 2009

	Special Revenue				
	Animal Services	LLEBG	Grants	SLETF	Transportation Impact
<b>ASSETS</b>					
Cash	\$ 1,102	\$ 3,990	\$ -	\$ 53,199	\$ 266,601
Receivables--net	522	-	83,053	-	-
Special assessment receivable	-	-	-	-	-
Total assets	<u>\$ 1,624</u>	<u>\$ 3,990</u>	<u>\$ 83,053</u>	<u>\$ 53,199</u>	<u>\$ 266,601</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 310	\$ -	\$ 8,000	\$ -	\$ -
Accrued liabilities	3,409	-	-	-	-
Due to other funds	-	4,450	-	-	-
Total liabilities	<u>3,719</u>	<u>4,450</u>	<u>8,000</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved for debt service	-	-	-	-	-
Unreserved					
Undesignated	(2,095)	(460)	75,053	53,199	266,601
Total fund balances	<u>(2,095)</u>	<u>(460)</u>	<u>75,053</u>	<u>53,199</u>	<u>266,601</u>
Total liabilities and fund balance	<u>\$ 1,624</u>	<u>\$ 3,990</u>	<u>\$ 83,053</u>	<u>\$ 53,199</u>	<u>\$ 266,601</u>

Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Police Impact	Fire Impact	Recreation Impact		General Construction	
\$ 133,962	\$ 213,456	\$ 139,479	\$ 317,632	\$ 335,093	\$ 1,464,514
-	-	-	724	-	84,299
-	-	-	520,030	-	520,030
<u>\$ 133,962</u>	<u>\$ 213,456</u>	<u>\$ 139,479</u>	<u>\$ 838,386</u>	<u>\$ 335,093</u>	<u>\$ 2,068,843</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,310
-	-	-	-	-	3,409
-	-	-	1,790	-	6,240
-	-	-	1,790	-	17,959
-	-	-	836,596	-	836,596
133,962	213,456	139,479	-	335,093	1,214,288
133,962	213,456	139,479	836,596	335,093	2,050,884
<u>\$ 133,962</u>	<u>\$ 213,456</u>	<u>\$ 139,479</u>	<u>\$ 838,386</u>	<u>\$ 335,093</u>	<u>\$ 2,068,843</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, 2009

	<u>Special Revenue</u>				
	<u>Animal Services</u>	<u>LLEBG</u>	<u>Grants</u>	<u>SLETF</u>	<u>Transportation Impact</u>
<b>REVENUES</b>					
Taxes					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,781	348,190	-	-
Charges for services	28,229	-	-	-	-
Fines and forfeitures	-	-	-	10,358	-
Investment earnings	-	-	-	-	-
Impact fees	-	-	-	-	43,569
Miscellaneous revenue	6,096	-	-	-	-
<b>Total revenues</b>	<b>34,325</b>	<b>1,781</b>	<b>348,190</b>	<b>10,358</b>	<b>43,569</b>
<b>EXPENDITURES</b>					
Current:					
Public safety	205,996	2,280	-	3,689	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	76,805	-	-
<b>Total expenditures</b>	<b>205,996</b>	<b>2,280</b>	<b>76,805</b>	<b>3,689</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(171,671)</b>	<b>(499)</b>	<b>271,385</b>	<b>6,669</b>	<b>43,569</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	186,566	-	-	-	-
Transfers out	(16,990)	-	(275,233)	-	-
<b>Total other financing sources (uses)</b>	<b>169,576</b>	<b>-</b>	<b>(275,233)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,095)</b>	<b>(499)</b>	<b>(3,848)</b>	<b>6,669</b>	<b>43,569</b>
Beginning fund balances, as restated	-	39	78,901	46,530	223,032
<b>Ending fund balances (Deficit)</b>	<b>\$ (2,095)</b>	<b>\$ (460)</b>	<b>\$ 75,053</b>	<b>\$ 53,199</b>	<b>\$ 266,601</b>

Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Police Impact	Fire Impact	Recreation Impact		General Construction	
\$ -	\$ -	\$ -	\$ 31,445	\$ -	\$ 31,445
-	-	-	-	-	349,971
-	-	-	-	-	28,229
-	-	-	-	-	10,358
-	-	-	20,032	-	20,032
7,729	5,185	6,726	488,009	-	551,218
-	-	-	-	-	6,096
<u>7,729</u>	<u>5,185</u>	<u>6,726</u>	<u>539,486</u>	<u>-</u>	<u>997,349</u>
-	-	-	-	-	211,965
-	-	-	824,049	-	824,049
-	-	-	119,790	-	119,790
-	-	-	-	1,054,829	1,131,634
-	-	-	<u>943,839</u>	<u>1,054,829</u>	<u>2,287,438</u>
<u>7,729</u>	<u>5,185</u>	<u>6,726</u>	<u>(404,353)</u>	<u>(1,054,829)</u>	<u>(1,290,089)</u>
-	-	-	353,429	396,246	936,241
(66,013)	-	(55,000)	-	(215,517)	(628,753)
<u>(66,013)</u>	<u>-</u>	<u>(55,000)</u>	<u>353,429</u>	<u>180,729</u>	<u>307,488</u>
(58,284)	5,185	(48,274)	(50,924)	(874,100)	(982,601)
<u>192,246</u>	<u>208,271</u>	<u>187,753</u>	<u>887,520</u>	<u>1,209,193</u>	<u>3,033,485</u>
<u>\$ 133,962</u>	<u>\$ 213,456</u>	<u>\$ 139,479</u>	<u>\$ 836,596</u>	<u>\$ 335,093</u>	<u>\$ 2,050,864</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, 2009

	Animal Services		Special Revenue		LLEBG			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)	Budgeted Amounts		Actual Amounts	
					Original	Final		
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 5,771	\$ 1,781	\$ (3,990)
Charges for Services	87,025	34,625	28,229	(6,396)	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	-
Miscellaneous	2,000	7,600	6,096	(1,504)	3,000	-	-	-
<b>Total revenues</b>	<b>89,025</b>	<b>42,225</b>	<b>34,325</b>	<b>(7,900)</b>	<b>10,000</b>	<b>5,771</b>	<b>1,781</b>	<b>(3,990)</b>
<b>EXPENDITURES</b>								
Current:								
Public Safety	273,365	226,565	205,996	20,569	10,000	5,771	2,280	3,491
Public Works	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>273,365</b>	<b>226,565</b>	<b>205,996</b>	<b>20,569</b>	<b>10,000</b>	<b>5,771</b>	<b>2,280</b>	<b>3,491</b>
Excess (deficiency) of revenues over (under) expenditures	(184,340)	(184,340)	(171,671)	12,669	-	-	(499)	(499)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	186,566	186,566	186,566	-	-	-	-	-
Transfers out	-	-	(16,990)	(16,990)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>186,566</b>	<b>186,566</b>	<b>169,576</b>	<b>(16,990)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,226</b>	<b>2,226</b>	<b>(2,095)</b>	<b>(4,321)</b>	<b>-</b>	<b>-</b>	<b>(499)</b>	<b>(499)</b>
Beginning fund balances, as restated	-	-	-	-	39	39	39	-
<b>Ending fund balances (deficit)</b>	<b>\$ 2,226</b>	<b>\$ 2,226</b>	<b>\$ (2,095)</b>	<b>\$ (4,321)</b>	<b>\$ 39</b>	<b>\$ 39</b>	<b>\$ (460)</b>	<b>\$ (499)</b>

**Special Revenue**

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		
\$ 395,736	\$ -	\$ 348,190	\$ 348,190	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	27,000	7,169	10,358	3,189
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>395,736</u>	<u>-</u>	<u>348,190</u>	<u>348,190</u>	<u>27,000</u>	<u>7,169</u>	<u>10,358</u>	<u>3,189</u>
-	-	-	-	26,000	3,689	3,689	-
-	-	-	-	-	-	-	-
<u>25,100</u>	<u>80,228</u>	<u>76,805</u>	<u>3,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,100</u>	<u>80,228</u>	<u>76,805</u>	<u>3,423</u>	<u>26,000</u>	<u>3,689</u>	<u>3,689</u>	<u>-</u>
<u>370,636</u>	<u>(80,228)</u>	<u>271,385</u>	<u>351,613</u>	<u>1,000</u>	<u>3,480</u>	<u>6,669</u>	<u>3,189</u>
-	-	-	-	-	-	-	-
<u>(370,636)</u>	<u>(275,233)</u>	<u>(275,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(370,636)</u>	<u>(275,233)</u>	<u>(275,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(355,461)	(3,648)	351,613	1,000	3,480	6,669	3,189
<u>78,901</u>	<u>78,901</u>	<u>78,901</u>	<u>-</u>	<u>46,530</u>	<u>46,530</u>	<u>46,530</u>	<u>-</u>
<u>\$ 78,901</u>	<u>\$ (276,560)</u>	<u>\$ 75,053</u>	<u>\$ 351,613</u>	<u>\$ 47,530</u>	<u>\$ 50,010</u>	<u>\$ 53,199</u>	<u>\$ 3,189</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, 2009

	Special Revenue							
	Transportation Impact				Police 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	
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
Impact fees	45,654	40,442	43,569	3,127	3,767	7,729	7,729	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	45,654	40,442	43,569	3,127	3,767	7,729	7,729	-
<b>EXPENDITURES</b>								
Current:								
Public Works	-	-	-	-	-	-	-	-
Public Safety	0	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditure	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	45,654	40,442	43,569	3,127	3,767	7,729	7,729	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(80,000)	(7,729)	(66,013)	(58,284)
Total other financing sources (uses)	-	-	-	-	(80,000)	(7,729)	(66,013)	(58,284)
Net change in fund balances	45,654	40,442	43,569	3,127	(76,233)	-	(56,284)	(58,284)
Beginning fund balances, as restated	223,032	223,032	223,032	-	192,246	192,246	192,246	-
Ending fund balances (deficit)	\$ 268,686	\$ 263,474	\$266,601	\$ 3,127	\$ 116,013	\$ 192,246	\$ 133,962	\$ (58,284)

Special Revenue											
Fire Impact				Recreation Impact				Total			
Budgeted Amounts			Variance with Final Budget-Positive (Negative)	Budgeted Amounts			Variance with Final Budget-Positive (Negative)	Budgeted Amounts			Variance with Final Budget-Positive (Negative)
Original	Final	Actual Amounts		Original	Final	Actual Amounts		Original	Final	Actual Amounts	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,736	\$ 5,771	\$ 349,971	\$ 344,200
-	-	-	-	-	-	-	-	87,025	34,525	28,229	(6,396)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	27,000	7,169	10,358	3,189
-	-	-	-	-	-	-	-	-	-	-	-
8,000	5,184	5,185	1	16,175	6,175	6,726	551	73,596	59,530	63,209	3,679
-	-	-	-	-	-	-	-	5,000	7,600	6,096	(1,504)
8,000	5,184	5,185	1	16,175	6,175	6,726	551	595,357	114,695	457,853	343,168
-	-	-	-	-	-	-	-	309,365	236,025	211,965	24,060
-	-	-	-	-	-	-	-	25,100	-	76,805	3,423
-	-	-	-	-	-	-	-	334,465	236,025	288,770	27,483
8,000	5,184	5,185	1	16,175	6,175	6,726	551	260,892	(121,330)	169,093	370,651
-	-	-	-	-	-	-	-	186,566	186,566	186,566	-
-	-	-	-	(155,000)	-	(55,000)	(55,000)	(605,636)	(282,962)	(413,236)	(130,274)
-	-	-	-	(155,000)	-	(55,000)	(55,000)	(419,070)	(96,396)	(226,670)	(130,274)
8,000	5,184	5,185	1	(138,825)	6,175	(48,274)	(54,449)	(158,176)	(217,726)	(57,577)	240,377
208,271	208,271	208,271	-	187,753	187,753	187,753	-	936,772	936,772	936,772	-
\$216,271	\$213,455	\$213,456	\$ 1	\$ 48,928	\$ 193,928	\$139,479	\$ (54,449)	\$ 778,594	\$ 719,046	\$ 879,195	\$ 240,377

**CITY OF EDGEWATER, FLORIDA**

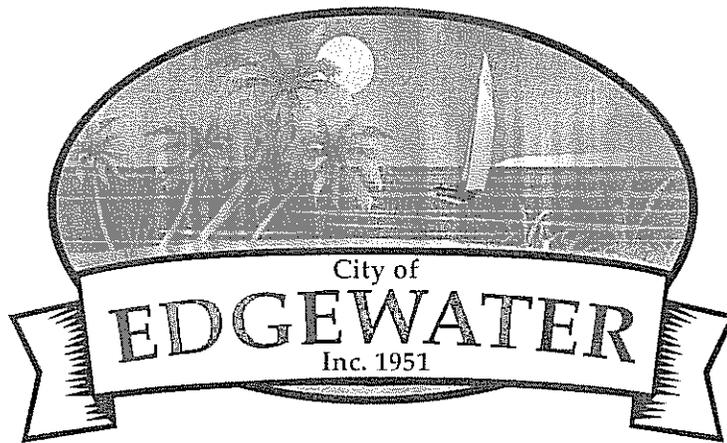
Statement of Revenues, Expenditures, and  
 Changes in Fund Balances--Budget and Actual  
 Annually - Budgeted Nonmajor Debt Service Funds  
 For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 31,918	\$ 31,918	\$ 31,445	\$ (473)
Investment earnings	105,184	3,184	20,032	16,848
Impact fees / special assessments	452,757	480,655	488,009	7,354
Total revenues	<u>589,859</u>	<u>515,757</u>	<u>539,486</u>	<u>23,729</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	824,749	825,301	824,049	1,252
Interest	118,539	118,539	119,790	(1,251)
Total expenditures	<u>943,288</u>	<u>943,840</u>	<u>943,839</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(353,429)</u>	<u>(428,083)</u>	<u>(404,353)</u>	<u>23,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	353,429	353,429	353,429	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>353,429</u>	<u>353,429</u>	<u>353,429</u>	<u>-</u>
Net change in fund balances	-	(74,654)	(50,924)	23,730
Beginning fund balances	<u>351,462</u>	<u>351,462</u>	<u>351,462</u>	
Ending fund balances	<u>\$ 351,462</u>	<u>\$ 276,808</u>	<u>\$ 300,538</u>	<u>\$ 23,730</u>

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

**CITY OF EDGEWATER, FLORIDA**  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances--Budget and Actual  
Annually - Budgeted Nonmajor Capital Projects Funds  
For the Fiscal Year Ended September 30, 2009

	<b>General Construction</b>			Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital Outlay	1,401,163	1,092,580	1,054,829	37,751
Total Expenditure	<u>1,401,163</u>	<u>1,092,580</u>	<u>1,054,829</u>	<u>37,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,401,163)</u>	<u>(1,092,580)</u>	<u>(1,054,829)</u>	<u>37,751</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	685,636	627,233	396,246	(230,987)
Transfers out	-	-	(215,517)	(215,517)
Total other financing sources (uses)	<u>685,636</u>	<u>627,233</u>	<u>180,729</u>	<u>(446,504)</u>
Net change in fund balances	(715,527)	(465,347)	(874,100)	(408,753)
Beginning fund balances (deficit)	<u>1,209,193</u>	<u>1,209,193</u>	<u>1,209,193</u>	
Ending fund balances (deficit)	<u>\$ 493,666</u>	<u>\$ 743,846</u>	<u>\$ 335,093</u>	<u>\$ (408,753)</u>



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## **CITY OF EDGEWATER, FLORIDA**

Internal Service Funds

September 30, 2009

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

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

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

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

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

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

**CITY OF EDGEWATER, FLORIDA**

Combining Statement of Net Assets

Internal Service Funds

September 30, 2009

	<u>MIS</u>	<u>FLEET</u>	<u>Loss Fund</u>	<u>Fully Insured</u>	<u>Workers Comp</u>	<u>Total</u>
<b>ASSETS</b>						
Current assets:						
Cash	\$ 1,486	\$ 8,871	\$ 1,218	\$ 159,738	\$ 28,155	\$ 199,468
Inventories	-	9,053	-	-	-	9,053
Total current assets	<u>1,486</u>	<u>17,924</u>	<u>1,218</u>	<u>159,738</u>	<u>28,155</u>	<u>208,521</u>
Noncurrent assets:						
Capital assets:						
Machinery and equipment	16,888	26,273	-	-	-	43,161
Less accumulated depreciation	(1,691)	(4,732)	-	-	-	(6,423)
Total capital assets (net accumulated depreciation)	<u>15,197</u>	<u>21,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,738</u>
Total noncurrent assets	<u>15,197</u>	<u>21,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,738</u>
Total assets	<u>16,683</u>	<u>39,465</u>	<u>1,218</u>	<u>159,738</u>	<u>28,155</u>	<u>245,259</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,229	151	-	152,548	-	153,928
Accrued liabilities	3,683	2,671	-	-	-	6,354
Compensated absences	12,201	6,063	-	-	-	18,264
Total current liabilities	<u>17,113</u>	<u>8,885</u>	<u>-</u>	<u>152,548</u>	<u>-</u>	<u>178,546</u>
Noncurrent liabilities:						
Compensated absences	12,139	954	-	-	-	13,093
OPEB obligation	1,476	1,239	-	-	-	2,715
Total noncurrent liabilities	<u>13,615</u>	<u>2,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,808</u>
Total liabilities	<u>30,728</u>	<u>11,078</u>	<u>-</u>	<u>152,548</u>	<u>-</u>	<u>194,354</u>
<b>NET ASSETS</b>						
Invested in capital assets	15,197	21,541	-	-	-	36,738
Unrestricted:	(29,242)	6,846	1,218	7,190	28,155	14,167
Total net assets	<u>\$ (14,045)</u>	<u>\$ 28,387</u>	<u>\$ 1,218</u>	<u>\$ 7,190</u>	<u>\$ 28,155</u>	<u>\$ 50,905</u>

**CITY OF EDGEWATER, FLORIDA**

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

Internal Service Funds

For the Fiscal Year Ended September 30, 2009

	<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	<u>\$ 343,583</u>	<u>\$ 596,423</u>	<u>\$ 418,777</u>	<u>\$ 1,582,525</u>	<u>\$ 299,239</u>	<u>\$ 3,240,547</u>
Operating expenses:						
Salaries and employee benefits	144,961	124,777	-	1,575,335	271,084	2,116,157
Supplies and materials	66,552	449,972	-	-	-	516,524
Contract services	89,239	76	-	-	-	89,315
Other services and charges	32,815	12,700	417,559	-	-	463,074
Depreciation	1,691	3,282	-	-	-	4,973
Total operating expenses	<u>335,258</u>	<u>590,807</u>	<u>417,559</u>	<u>1,575,335</u>	<u>271,084</u>	<u>3,190,043</u>
Operating income (loss)	<u>8,325</u>	<u>5,616</u>	<u>1,218</u>	<u>7,190</u>	<u>28,155</u>	<u>50,504</u>
Income (loss) before contributions and transfers	<u>8,325</u>	<u>5,616</u>	<u>1,218</u>	<u>7,190</u>	<u>28,155</u>	<u>50,504</u>
Transfers out	<u>(22,370)</u>	-	-	-	-	<u>(22,370)</u>
Change in net assets	<u>(14,045)</u>	<u>5,616</u>	<u>1,218</u>	<u>7,190</u>	<u>28,155</u>	<u>28,134</u>
Total net assets - beginning	-	<u>22,771</u>	-	-	-	<u>22,771</u>
Total net assets - end	<u>\$ (14,045)</u>	<u>\$ 28,387</u>	<u>\$ 1,218</u>	<u>\$ 7,190</u>	<u>\$ 28,155</u>	<u>\$ 50,905</u>

CITY OF EDGEWATER, FLORIDA  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended September 30, 2009

	MIS	FLEET	Loss Fund	Fully Insured	Workers Comp	Total
Cash flows from operating activities:						
Receipts-customers and users	\$ 343,583	\$ 596,423	\$ 418,777	\$ 1,582,525	\$ 299,239	\$ 940,006
Payments-suppliers	(193,237)	(444,042)	(417,559)	(1,422,787)	(271,084)	(637,279)
Payments-employees	(140,817)	(129,665)	-	-	-	(270,482)
Net cash provided (used) by operating activities	9,529	22,716	1,218	159,738	28,155	221,356
Cash flows from noncapital financing activities:						
Cash paid to other funds	(22,370)	-	-	-	-	(22,370)
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(16,888)	(13,845)	-	-	-	(30,733)
Net increase (decrease) in cash and cash equivalents	(29,729)	8,871	1,218	159,738	28,155	168,253
Beginning cash and cash equivalents	31,215	-	-	-	-	31,215
Ending cash and cash equivalents	\$ 1,486	\$ 8,871	\$ 1,218	\$ 159,738	\$ 28,155	\$ 199,468
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 8,325	\$ 5,616	\$ 1,218	\$ 7,190	\$ 28,155	\$ 50,504
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
(Increase) decrease in assets:						
Depreciation and amortization	1,691	3,282	-	-	-	4,973
Inventories	-	19,313	-	-	-	19,313
Increase (decrease) in liabilities:						
Accounts payable	(4,631)	(607)	-	152,548	-	147,310
Accrued liabilities	(21,672)	(13,144)	-	-	-	(34,816)
OPEB Obligation	1,476	1,239	-	-	-	2,715
Compensated absences	24,340	7,017	-	-	-	31,357
Total adjustments	1,204	17,100	-	152,548	-	170,852
Net cash provided (used) by operating activities	\$ 9,529	\$ 22,716	\$ 1,218	\$ 159,738	\$ 28,155	\$ 221,356

## **CITY OF EDGEWATER, FLORIDA**

Other Supplemental Schedules

September 30, 2009

### **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 Assets  
 Pension Trust Funds  
 September 30, 2009

	<u>General</u>			
	<u>Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 124,718	\$ 124,718
Deposits in transit	-	-	25,873	25,873
Investments, at fair value:				
Money market funds	-	-	383,947	383,947
Bonds	6,246,877	3,810,587	969,144	11,026,608
Equities	4,906,200	2,715,023	2,985,667	10,606,890
Real estate investment trust	409,273	242,210	-	651,483
Total assets	<u>11,562,350</u>	<u>6,767,820</u>	<u>4,489,349</u>	<u>22,819,519</u>
<b>LIABILITIES</b>				
Deferred contributions	<u>-</u>	<u>59,026</u>	<u>37,897</u>	<u>96,923</u>
<b>NET ASSETS</b>				
Held in trust for pension benefits	<u>\$ 11,562,350</u>	<u>\$ 6,708,794</u>	<u>\$ 4,451,452</u>	<u>\$ 22,722,596</u>

**CITY OF EDGEWATER, FLORIDA**  
Combining Statement of Changes in Fiduciary Net Assets  
Pension Trust Funds  
For the Fiscal Year Ended September 30, 2009

	General Employees	Police Officers	Firefighters	Totals
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 746,271	\$ 474,810	\$ 233,790	\$ 1,454,871
Employee	33,818	73,749	89,635	197,202
Employee buyback	-	58,838	67,689	126,527
State of Florida	-	131,228	129,412	260,640
Total contributions	<u>780,089</u>	<u>738,625</u>	<u>520,526</u>	<u>2,039,240</u>
Investment earnings:				
Interest and dividends	-	-	110,342	110,342
Net increase/ (decrease) in the fair value of investments	(408,891)	(91,224)	(77,264)	(577,379)
Total investment earnings	<u>(408,891)</u>	<u>(91,224)</u>	<u>33,078</u>	<u>(467,037)</u>
Less investment expenses	(15,521)	(14,246)	(4,500)	(34,267)
	<u>(424,412)</u>	<u>(105,470)</u>	<u>28,578</u>	<u>(501,304)</u>
Total Additions	<u>355,677</u>	<u>633,155</u>	<u>549,104</u>	<u>1,537,936</u>
<b>DEDUCTIONS</b>				
Pension benefits	962,750	554,614	53,084	1,570,448
Administrative expenses	49,624	62,211	46,230	158,065
Total deductions	<u>1,012,374</u>	<u>616,825</u>	<u>99,314</u>	<u>1,728,513</u>
Change in net assets	(656,697)	16,330	449,790	(190,577)
Net assets - Beginning of year	<u>12,219,047</u>	<u>6,692,464</u>	<u>4,001,662</u>	<u>22,913,173</u>
Net assets - End of Year	<u>\$ 11,562,350</u>	<u>\$ 6,708,794</u>	<u>\$ 4,451,452</u>	<u>\$ 22,722,596</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>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Economic and Demographic Information</b> 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
<b>Operating Information</b> 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. The City implemented GASB Statement 34 in Fiscal Year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

**CITY OF EDGEWATER, FLORIDA**

Net Assets by Component

Last Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 48,282,223	\$ 49,083,883	\$ 47,677,631	\$ 10,790,015	\$ 9,283,844	\$ 8,207,197
Restricted	2,224,684	1,575,186	3,204,310	3,547,595	3,760,701	4,168,822
Unrestricted	5,718,964	6,126,300	8,896,934	2,109,332	1,165,791	396,934
<b>Total Governmental Activities Net Assets</b>	<b>\$ 56,225,871</b>	<b>\$ 56,785,369</b>	<b>\$ 59,778,875</b>	<b>\$ 16,446,942</b>	<b>\$ 14,210,336</b>	<b>\$ 12,772,953</b>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt	\$ 25,052,445	\$ 24,260,590	\$ 23,558,802	\$ 23,188,819	\$ 18,641,079	\$ 16,796,965
Restricted	2,078,126	3,614,794	4,787,027	4,344,362	3,567,108	3,158,533
Unrestricted	6,408,077	6,398,470	5,322,505	6,732,197	9,332,979	12,161,692
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 33,538,648</b>	<b>\$ 34,273,854</b>	<b>\$ 33,668,334</b>	<b>\$ 34,265,378</b>	<b>\$ 31,541,166</b>	<b>\$ 32,117,190</b>
<b>Total</b>						
Invested in Capital Assets, Net of Related Debt	\$ 73,334,668	\$ 73,344,473	\$ 71,236,433	\$ 33,978,834	\$ 27,924,923	\$ 25,004,162
Restricted	4,302,810	5,189,980	7,991,337	7,891,957	7,327,809	7,327,355
Unrestricted	12,127,041	12,524,770	14,219,439	8,841,529	10,498,770	12,558,626
<b>Total Net Assets</b>	<b>\$ 89,764,519</b>	<b>\$ 91,059,223</b>	<b>\$ 93,447,209</b>	<b>\$ 50,712,320</b>	<b>\$ 45,751,502</b>	<b>\$ 44,890,143</b>

**CITY OF EDGEWATER, FLORIDA**

Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
Charges for Services:						
General Administrative	\$ 268,160	\$ 248,113	\$ 268,546	\$ 327,113	\$ 294,176	\$ 188,791
Public Safety	429,232	457,791	461,116	583,840	476,050	296,947
Public Works	200,101	317,602	408,345	731,819	750,284	783,766
Culture and recreation	12,785	11,814	25,982	137,053	229,995	150,256
Operating Grants and Contributions	593,635	384,417	485,854	505,161	574,193	951,863
Capital Grants and Contributions	424,997	127,030	260,884	845,639	326,163	487,060
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 1,948,930</b>	<b>\$ 1,546,767</b>	<b>\$ 1,910,727</b>	<b>\$ 3,130,625</b>	<b>\$ 2,650,861</b>	<b>\$ 2,858,683</b>
<b>Business-Type Activities:</b>						
Charges for Services:						
Water / Sewer Utility	\$ 6,907,413	\$ 6,914,844	\$ 6,743,708	\$ 6,597,883	\$ 6,295,493	\$ 5,404,709
Refuse collection	2,704,541	2,538,797	2,393,425	2,242,197	2,085,965	1,946,298
Stormwater Utility	1,164,331	957,348	1,042,592	917,703	953,752	886,848
Operating Grants and Contributions	-	55,823	130,400	272,560	1,224,518	2,303,189
Capital Grants and Contributions	221,108	570,208	300,107	2,438,556	1,218,691	989,665
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 10,997,393</b>	<b>\$ 11,037,020</b>	<b>\$ 10,610,232</b>	<b>\$ 12,468,919</b>	<b>\$ 11,778,419</b>	<b>\$ 11,530,709</b>
<b>Total Government Program Revenues</b>	<b>\$ 12,946,323</b>	<b>\$ 12,583,787</b>	<b>\$ 12,520,959</b>	<b>\$ 15,599,544</b>	<b>\$ 14,429,280</b>	<b>\$ 14,389,392</b>
<b>Expenses</b>						
<b>Governmental Activities:</b>						
General administrative	\$ 2,437,060	\$ 3,368,997	\$ 3,268,496	\$ 3,338,289	\$ 2,801,030	\$ 2,227,242
Culture and recreation	1,400,669	1,417,080	1,495,209	1,511,621	1,727,507	1,572,699
Public Works	3,207,832	3,182,898	3,418,018	643,943	725,242	1,257,545
Public Safety	6,455,618	5,893,950	6,522,598	6,259,632	6,235,432	6,212,610
Interest on long-term debt	211,530	315,537	196,466	291,830	310,433	324,137
<b>Total Governmental Activities Expenses</b>	<b>\$ 13,712,809</b>	<b>\$ 14,178,562</b>	<b>\$ 14,900,787</b>	<b>\$ 12,045,315</b>	<b>\$ 11,799,644</b>	<b>\$ 11,594,233</b>
<b>Business-Type Activities:</b>						
Water / Sewer Utility	\$ 8,684,972	\$ 8,463,439	\$ 8,479,766	\$ 8,053,623	\$ 7,635,312	\$ 6,922,171
Refuse collection	2,405,870	2,447,631	2,226,068	2,067,329	2,951,045	4,288,882
Stormwater Utility	926,393	1,016,948	1,003,143	1,017,118	935,770	929,433
<b>Total Business-Type Activities Expenses</b>	<b>\$ 12,017,235</b>	<b>\$ 11,928,018</b>	<b>\$ 11,708,977</b>	<b>\$ 11,138,070</b>	<b>\$ 11,522,127</b>	<b>\$ 12,140,486</b>
<b>Total Government Expenses</b>	<b>\$ 25,730,044</b>	<b>\$ 26,106,580</b>	<b>\$ 26,609,764</b>	<b>\$ 23,183,385</b>	<b>\$ 23,321,771</b>	<b>\$ 23,734,719</b>

City of Edgewater, Florida  
 Changes in Net Assets (continued)  
 Last Six Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (11,763,879)	\$ (12,631,795)	\$ (12,990,060)	\$ (8,914,690)	\$ (9,148,783)	\$ (8,735,550)
Business-Type Activities	(1,019,842)	(890,998)	(1,098,745)	1,330,849	256,292	(609,777)
<i>Total Government Net Expense</i>	<u>\$ (12,783,721)</u>	<u>\$ (13,522,793)</u>	<u>\$ (14,088,805)</u>	<u>\$ (7,583,841)</u>	<u>\$ (8,892,491)</u>	<u>\$ (9,345,327)</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Property taxes	\$ 5,638,194	\$ 6,053,965	\$ 5,983,622	\$ 5,045,677	\$ 4,125,604	\$ 3,884,932
Utility and franchise taxes	3,164,803	2,822,644	3,134,569	3,098,230	2,721,040	2,615,188
Intergovernmental shared revenue	1,673,522	1,842,215	1,956,463	1,952,077	1,901,135	1,746,746
Investment earnings	6,019	173,233	173,234	1,734,431	468,314	359,091
Gain on sale of assets	9,533	9,228	4,767,674	-	-	-
Miscellaneous revenue	55,163	53,686	116,255	-	-	-
Transfers	(215,517)	(1,316,682)	-	(679,119)	1,370,073	1,412,650
<i>Total Governmental Activities</i>	<u>\$ 10,331,717</u>	<u>\$ 9,638,289</u>	<u>\$ 16,131,817</u>	<u>\$ 11,151,296</u>	<u>\$ 10,586,166</u>	<u>\$ 10,018,607</u>
Business-Type Activities:						
Investment earnings	\$ (3,450)	\$ 108,935	\$ 501,098	\$ 714,244	\$ 537,757	\$ 637,063
Miscellaneous revenue	89,522	70,901	603	-	-	-
Transfers	215,517	1,316,682	-	679,119	(1,370,073)	(1,412,650)
<i>Total Business-Type Activities</i>	<u>\$ 301,589</u>	<u>\$ 1,496,518</u>	<u>\$ 501,701</u>	<u>\$ 1,393,363</u>	<u>\$ (832,316)</u>	<u>\$ (775,587)</u>
<i>Total Government</i>	<u>\$ 10,633,306</u>	<u>\$ 11,134,807</u>	<u>\$ 16,633,518</u>	<u>\$ 12,544,659</u>	<u>\$ 9,753,850</u>	<u>\$ 9,243,020</u>
<b>Change in Net Assets</b>						
Governmental Activities	\$ (1,432,162)	\$ (2,993,506)	\$ 3,141,757	\$ 2,236,606	\$ 1,437,383	\$ 1,283,057
Business-Type Activities	(718,253)	605,520	(597,044)	2,724,212	(576,024)	(1,385,364)
<i>Total Government Change in Net Assets</i>	<u>\$ (2,150,415)</u>	<u>\$ (2,387,986)</u>	<u>\$ 2,544,713</u>	<u>\$ 4,960,818</u>	<u>\$ 861,359</u>	<u>\$ (102,307)</u>

**CITY OF EDGEWATER, FLORIDA**

Fund Balances of Governmental Funds

Last Six Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
General Fund						
Reserved	\$ 234,084	\$ 135,287	\$ 1,387,418	\$ 41,532	\$ 32,555	\$ 27,178
Unreserved	5,826,394	3,223,169	1,990,994	2,257,987	1,199,383	503,911
<i>Total General Fund</i>	<u>\$ 6,060,478</u>	<u>\$ 3,358,456</u>	<u>\$ 3,378,412</u>	<u>\$ 2,299,519</u>	<u>\$ 1,231,938</u>	<u>\$ 531,089</u>
All Other Governmental Funds						
Reserved	\$ 836,596	\$ 352,214	\$ 351,462	\$ 259,967	\$ 255,589	\$ 234,909
Unreserved, Reported in:						
Special revenue funds	879,195	936,772	1,671,241	1,380,331	1,057,887	452,575
Capital projects funds	335,093	1,209,193	2,852,848	978,087	1,191,193	1,199,110
<i>Total All Other Governmental Funds</i>	<u>\$ 2,050,884</u>	<u>\$ 2,498,179</u>	<u>\$ 4,875,551</u>	<u>\$ 2,618,385</u>	<u>\$ 2,504,669</u>	<u>\$ 1,886,594</u>
<i>Total Governmental Funds</i>	<u>\$ 8,111,362</u>	<u>\$ 5,856,635</u>	<u>\$ 8,253,963</u>	<u>\$ 4,917,904</u>	<u>\$ 3,736,607</u>	<u>\$ 2,417,683</u>

**CITY OF EDGEWATER, FLORIDA**

Changes in Fund Balances of Governmental Funds

Last Six Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Revenues</b>						
Taxes	\$ 8,747,647	\$ 8,876,609	\$ 9,118,191	\$ 8,143,907	\$ 6,846,644	\$ 6,500,120
Intergovernmental	2,724,831	2,353,662	2,703,201	3,302,877	3,032,676	2,678,916
Licenses and permits	231,006	258,106	415,394	500,588	657,920	508,609
Charges for services	1,098,013	474,457	490,255	547,221	305,320	128,751
Fines and forfeitures	128,806	113,893	124,903	142,880	153,176	145,415
Investment Earnings	6,019	173,233	173,235	244,972	189,852	236,291
Miscellaneous	55,163	53,685	115,757	240,012	326,354	350,475
Impact fees	551,218	652,905	574,621	1,022,485	1,054,974	699,969
<b>Total Revenues</b>	<b>\$ 13,542,703</b>	<b>\$ 12,956,550</b>	<b>\$ 13,715,557</b>	<b>\$ 14,144,942</b>	<b>\$ 12,566,916</b>	<b>\$ 11,248,546</b>
<b>Expenditures</b>						
Current:						
General administrative services	\$ 2,804,195	\$ 3,338,863	\$ 3,169,768	\$ 3,060,861	\$ 2,716,664	\$ 2,838,695
Cultural and recreation	1,146,168	1,213,046	1,306,084	1,844,753	1,595,896	1,978,216
Public works	311,807	347,303	348,985	546,555	450,738	890,755
Public safety	6,206,243	6,466,388	5,738,281	6,512,195	5,966,169	5,878,112
Debt service:						
Principal	1,548,714	1,691,776	1,277,575	1,670,146	1,555,004	1,552,115
Interest and Fiscal Charges	166,127	315,637	195,971	291,830	310,433	324,137
Capital outlay	1,659,313	2,004,164	747,534	304,532	23,161	658,277
<b>Total Expenditures</b>	<b>\$ 13,842,567</b>	<b>\$ 15,377,177</b>	<b>\$ 12,784,198</b>	<b>\$ 14,230,872</b>	<b>\$ 12,618,065</b>	<b>\$ 14,120,307</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(299,864)</i>	<i>(2,420,627)</i>	<i>931,359</i>	<i>(85,930)</i>	<i>(51,149)</i>	<i>(2,871,761)</i>
<b>Other Financing Sources (Uses)</b>						
Transfers In	\$ 975,601	\$ 1,941,890	\$ 1,881,908	\$ 1,097,713	\$ 1,788,326	\$ 1,424,650
Transfers Out	(1,168,748)	(3,258,572)	(1,881,908)	(1,776,832)	(418,253)	(12,000)
Capital lease	144,998	143,016	-	196,899	-	581,487
Debt Issued	-	-	12,500	-	-	-
General obligation note	-	-	-	500,000	-	-
Sale of capital assets	1,194,770	1,196,965	2,392,200	1,249,447	-	342,860
<b>Total Other Financing Sources (Uses)</b>	<b>1,146,621</b>	<b>23,299</b>	<b>2,404,700</b>	<b>1,267,227</b>	<b>1,370,073</b>	<b>2,336,997</b>
<b>Net Change in Fund Balances</b>	<b>\$ 846,757</b>	<b>\$ (2,397,328)</b>	<b>\$ 3,336,059</b>	<b>\$ 1,181,297</b>	<b>\$ 1,318,924</b>	<b>\$ (534,764)</b>
<b>Debt Service as a Percentage of</b>						
Noncapital Expenditures	14.45%	15.24%	11.68%	13.79%	14.78%	13.29%

**CITY OF EDGEWATER, FLORIDA**

Tax Revenues by Source of Governmental Funds

Last Six Fiscal Years

*(modified accrual basis of accounting)*

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Fiscal Year Ended September 30	Property Taxes	Utility and franchise taxes	Total
2004	\$ 3,884,932	\$ 2,615,188	\$ 6,500,120
2005	4,125,604	2,721,040	6,846,644
2006	5,045,677	3,098,230	8,143,907
2007	5,983,622	3,134,569	9,118,191
2008	6,053,935	2,822,644	8,876,579
2009	5,638,194	3,109,453	8,747,647

**CITY OF EDGEWATER, FLORIDA**  
 Assessed Value and Actual Value of Taxable Property  
 Last Eight Fiscal Years

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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
2002	\$ 632,971,616	\$ 33,671,941	\$ 1,788,337	\$ 668,431,894	\$ 183,344,625	\$ 485,087,269	5.9500
2003	696,268,451	33,686,937	1,900,229	731,855,617	208,800,134	523,055,483	6.9500
2004	811,610,789	36,369,013	2,076,539	850,056,341	272,478,247	577,578,094	6.4500
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

## CITY OF EDGEWATER, FLORIDA

### Property Tax Rates

#### Direct and Overlapping Governments

#### Last Ten Fiscal Years

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Fiscal Year	City of Edgewater Operating Millage	Debt Service Millage	Volusia County <sup>(1)</sup> Millage	School District Millage	Other <sup>(2)</sup>	Grand Total
2000	5.9500	0.0000	9.1330	9.1580	0.6030	24.8440
2001	5.9500	0.0000	9.1330	9.1580	0.6030	24.8440
2002	5.9500	0.0000	9.1620	8.8990	0.5910	24.6020
2003	6.9500	0.0000	9.1620	8.6990	0.5910	25.4020
2004	6.9500	0.0000	8.7620	8.6990	0.5910	25.0020
2005	6.4500	0.0000	8.8820	8.5170	0.5910	24.4400
2006	6.4500	0.0600	7.7210	8.2590	0.5910	23.0810
2007	5.7000	0.0317	5.3235	7.6850	2.7886	21.5288
2008	5.2000	0.0271	4.8819	7.4670	2.6866	20.2626
2009	5.9000	0.0330	5.4037	7.4590	3.5865	22.3823

(1) Millage includes General Fund, Southeast Volusia Hospital District

(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	2009			2000		
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Florida Power & Light	\$ 13,532,963	1	1.38%	\$ 10,001,235	1	1.70%
Worthington Creek Invest LLC	5,830,861	2	0.59%			
RJ Dougherty Associates Inc	5,427,708	3	0.55%			
Edgewater Harbor LLC	5,367,646	4	0.55%			
Carder James C & Rosemary TR	5,238,534	5	0.53%			
Seaedge Partners LLC	5,150,100	6	0.52%			
308 Realty LLC	4,891,460	7	0.50%			
3050 Holdings LLC	4,525,991	8	0.46%			
Revenue Properties Florida	4,445,528	9	0.45%			
Holly Investments	3,969,004	10	0.40%			
Coronado Paint Company, Inc	-	-	-	5,821,814	2	0.99%
AT&T	-	-	-	4,242,793	3	0.72%
Edgewater Commons	-	-	-	3,144,401	4	0.53%
Laramie Florida Shores, LP	-	-	-	2,749,269	5	0.47%
Bel Aire Investments, Inc	-	-	-	2,162,842	6	0.37%
First Federal Savings and Loan Association	-	-	-	1,903,500	7	0.32%
Carder, James and Rosemary	-	-	-	1,805,748	8	0.31%
Tarmac FI, Inc	-	-	-	1,746,848	9	0.30%
Time Warner Entertainment	-	-	-	1,717,686	10	0.29%
	<u>\$ 58,379,795</u>		<u>5.95%</u>	<u>\$ 35,296,136</u>		<u>5.99%</u>
Total Assessed Valuation	<u>\$ 981,617,652</u>			<u>\$ 589,101,000</u>		

Source: Volusia County Property Appraiser's Office & 2000 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 (1)	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
2000	2,463,013	2,376,413	96.48 %	51,275	2,427,688	98.57 %
2001	2,647,837	2,599,328	98.17 %	11,357	2,610,685	98.60 %
2002	2,794,043	2,704,707	96.80 %	12,326	2,717,033	97.24 %
2003	3,516,953	3,388,208	96.34 %	21,654	3,409,862	96.96 %
2004	4,014,168	3,863,278	96.24 %	10,563	3,873,841	96.50 %
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 %

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	
2000	91,669	-	-	6,996,007	-	-	13,314
2001	70,420	-	-	6,449,101	-	-	9,098
2002	4,951,936	-	-	2,540,000	48,096	-	-
2003	12,382,864	-	-	-	-	-	7,922,467
2004	6,331,253	4,628,163	-	-	452,820	-	7,039,543
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

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

(1) Net of un-amortized discount and deferred amount unrefunding

(2) See Demographic & Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Business-Type Activities						
Capital Leases	State Revolving Loan	Revenue Bonds	Line of Credit	Total	Percentage of Personal Income (2)	Per Capita
-	18,136,786	15,202,157	-	40,439,933	8.96%	2,091
-	16,991,868	14,611,025	-	38,131,512	8.11%	1,967
9,672	16,991,868	12,325,000	-	36,866,572	7.64%	1,889
-	15,804,864	11,820,292	-	47,930,487	9.44%	2,386
395,952	14,574,225	11,426,212	-	44,848,168	8.01%	2,173
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

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

Fiscal Year	General Bonded Debt Outstanding				
	Population	Estimated Actual Taxable Value	General Obligation Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2002	19,515	\$ 485,087,269	\$ -	-	\$ -
2003	20,088	523,055,483	-	-	-
2004	20,637	577,578,094	-	-	-
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

# 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	\$ 32,145,000	2.72%	\$ 874,344
Volusia County School District	-	0%	-
Subtotal Overlapping Debt	32,145,000	2.72%	874,344
City Direct Debt	425,000	100%	425,000
Total Direct and Overlapping Debt	<u>\$ 32,570,000</u>		<u>\$ 1,299,344</u>

CITY OF EDGEWATER, FLORIDA

Legal Debt Margin Information

Last Six Fiscal Years

Assessed Valuation	Legal Debt Margin Calculation for Fiscal Years					
	2009	2008	2007	2006	2005	2004
Assessed taxable real property value	\$ 931,079,265	\$ 1,149,237,664	\$ 1,044,891,852	\$ 770,546,385	\$ 624,157,884	\$ 539,132,542
Add back: exempt real property	636,648,753	667,246,620	670,906,020	448,458,761	350,007,187	272,478,247
Total assessed value of real property	<u>\$ 1,567,728,018</u>	<u>\$ 1,816,484,284</u>	<u>\$ 1,715,797,872</u>	<u>\$ 1,219,005,146</u>	<u>\$ 974,165,071</u>	<u>\$ 811,610,789</u>
Legal debt margin:						
Debt limit	\$ 11,757,960	\$ 13,623,632	\$ 12,868,484	\$ 9,142,539	\$ 7,306,238	\$ 6,087,081
Total net debt applicable to limit	<u>4,649,000</u>	<u>6,070,152</u>	<u>7,618,910</u>	<u>8,883,985</u>	<u>9,857,233</u>	<u>11,412,236</u>
Legal debt margin	<u>\$ 7,108,960</u>	<u>\$ 7,553,480</u>	<u>\$ 5,249,574</u>	<u>\$ 258,554</u>	<u>\$ (2,550,995)</u>	<u>\$ (5,325,155)</u>
	Fiscal Years					
	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 11,757,960	\$ 13,623,632	\$ 12,868,484	\$ 9,142,539	\$ 7,306,238	\$ 6,087,081
Total net debt applicable to limit	<u>4,649,000</u>	<u>6,070,152</u>	<u>7,618,910</u>	<u>8,883,985</u>	<u>9,857,233</u>	<u>11,412,236</u>
Legal debt margin	<u>\$ 7,108,960</u>	<u>\$ 7,553,480</u>	<u>\$ 5,249,574</u>	<u>\$ 258,554</u>	<u>\$ (2,550,995)</u>	<u>\$ (5,325,155)</u>
Total net debt applicable to the limit as a percentage of debt limit	39.54%	44.56%	59.21%	97.17%	134.92%	187.48%

Note: Per *City of Edgewater City Charter*, the City's outstanding legal debt should not exceed .75 % of total assessed property value.

**CITY OF EDGEWATER, FLORIDA**

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Water & Sewer Revenue Bonds Series 1991 and 1993									
Fiscal Year	Gross Revenues <sup>(1)</sup>	Less:		Impact Fees	Net Available Revenue	Debt Service		Coverage	
		Operating Expenses <sup>(2)</sup>				Principal	Interest		Total
2000	5,575,607	2,593,721		502,569	3,484,455	325,000	742,025	1,067,025	3.27
2001	4,949,424	2,901,684		502,881	2,550,621	365,000	701,812	1,066,812	2.39
2002	4,898,298	3,047,196		502,468	2,353,570	385,000	683,263	1,068,263	2.20
2003	5,108,991	3,300,405		503,182	2,311,768	385,000	683,262	1,068,262	2.16
2004	5,657,904	3,747,041		503,182	2,414,045	405,000	663,327	1,068,327	2.26
2005	6,013,236	3,159,111		502,542	3,356,667	425,000	641,967	1,066,967	3.15
2006	7,218,019	3,118,621		503,566	4,602,964	450,000	619,142	1,069,142	4.31
2007	6,743,708	4,322,699		300,107	2,721,116	445,000	552,305	997,305	2.73
2008	7,091,221	4,445,818		434,583	3,079,986	475,000	528,275	1,003,275	3.07
2009	6,993,334	4,428,224		221,108	2,786,218	475,000	536,300	1,011,300	2.76

State Revolving Fund Debt								
Fiscal Year	Available Net Revenue & Impact Fees		Special Assessments	Net Available Revenue	Principal	Debt Service		Coverage
						Interest	Total	
2000	2,417,430		684,687	3,102,117	1,065,175	746,263	1,811,438	1.71
2001	1,483,809		762,235	2,246,044	1,104,326	707,112	1,811,438	1.24
2002	1,285,307		823,170	2,108,477	1,144,918	666,520	1,811,438	1.16
2003	1,243,506		834,005	2,077,511	1,187,004	624,433	1,811,437	1.15
2004	1,345,718		845,063	2,190,781	1,230,638	580,799	1,811,437	1.21
2005	2,289,700		889,393	3,179,093	1,275,879	535,558	1,811,437	1.76
2006	3,533,822		909,890	4,443,712	1,322,785	488,652	1,811,437	2.45
2007	1,723,811		899,990	2,623,801	1,371,417	440,021	1,811,438	1.45
2008	2,076,711		914,911	2,991,622	1,421,839	389,599	1,811,438	1.65
2009	1,774,918		974,602	2,749,520	1,044,341	250,638	1,294,979	2.12

Water & Sewer Revenue Note, Series 2002					
Fiscal Year	Available Net Revenue & Impact Fees	Debt Service			Coverage
		Principal	Interest	Total	
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	297,039	514,000	54,478	568,478	0.52
2003	266,074	514,000	92,076	606,076	0.44
2004	379,344	514,000	78,471	592,471	0.64
2005	1,367,656	514,000	112,879	626,879	2.18
2006	2,632,275	514,000	141,124	655,124	4.02
2007	812,363	514,000	123,147	637,147	1.28
2008	1,180,184	514,000	81,168	595,168	1.98
2009	1,454,541	514,000	32,137	546,137	2.66

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 1998 Bonds.
- (3) Series 2002 was incurred in FY2002

## CITY OF EDGEWATER, FLORIDA

Demographic and Economic Statistics

Last Ten Fiscal Years

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<u>Calendar Year</u>	<u>Population</u>	<u>Total Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>County Unemployment Rate (2)</u>	<u>School Enrollment (3)</u>
2000	19,343	436,648,882	22,574	42.4	3.0%	2,052
2001	19,390	462,102,480	23,832	42.4	4.0%	2,087
2002	19,515	482,937,705	24,747	43.2	5.1%	2,096
2003	20,088	510,295,464	25,403	43.6	5.2%	2,137
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

**Sources:**

(1) Volusia County Demographic Statistics

(2) Florida Agency for Workforce Innovation

(3) Includes Discovery Days, Indian River Elementary and Edgewater Elementary

**CITY OF EDGEWATER, FLORIDA**

Principal Employers

Current Year and Ten Years Ago

Employer (1) (2)	2009		2000	
	Number of Employees	Percentage of Total County Employment	Number of Employees	Percentage of Total County Employment
Boston Whaler	200	0.08 %	-	-
City of Edgewater	188	0.07	-	-
Publix Supermarkets	152	0.06	-	-
Winn Dixie Supermarkets	112	0.04	-	-
Coronado Paint	108	0.04	-	-
Edgewater Elementary	97	0.04	-	-
Indian River Elementary	85	0.03	-	-
Edgewater Power Boats	60	0.02	-	-
Everglade Boats	60	0.02	-	-
Dustins	30	0.01	-	-
<b>Total</b>	<b>1,092</b>	<b>0.43 %</b>	<b>-</b>	<b>-</b>
 Total County Employment (3)		<b>253,875</b>		<b>-</b>

Source: (1) Information provided by each company

(2) Information not available for 2000

(3) Labor Market Statistics, Florida Research and Economic Database

## CITY OF EDGEWATER, FLORIDA

Full-Time Equivalent City Government Employees by Function/Program

Last Six Fiscal Years

<u>Function/program</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government:						
Mayor and Commission	5.0	5.0	5.0	5.0	5.0	5.0
City Manager	2.0	1.0	2.0	3.0	3.0	3.0
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0
Finance	7.0	8.0	9.0	10.0	10.0	7.0
IT/MIS	2.0	2.0	0.0	0.0	0.0	0.0
Human Resources	2.0	2.0	2.0	3.0	2.0	2.0
Community Development						
Planning and Zoning	3.0	3.0	4.0	3.0	3.0	3.0
Building	3.5	4.0	4.0	6.0	5.0	4.0
Public Safety:						
Police Department	33.5	36.0	33.0	40.0	37.0	38.0
Fire Department	31.0	32.0	35.0	38.0	28.0	23.0
Animal Control/Shelter	4.0	5.0	2.0	3.0	2.0	2.0
Code Enforcement	3.0	3.0	2.0	3.0	4.0	3.0
Water Resources						
Water Utility	10.0	10.0	9.0	10.0	10.0	10.0
Wastewater Utility	15.0	15.0	16.0	11.0	11.0	11.0
Field Operations	10.0	9.0	10.0	5.0	13.0	13.0
Stormwater	6.0	8.0	9.0	10.0	5.0	5.0
Refuse	23.0	24.0	27.0	28.0	22.0	22.0
Parks and Recreation	16.0	16.0	12.0	20.0	14.0	15.0
Fleet	2.0	3.0	0.0	0.0	0.0	0.0
Public Works	8.0	0.0	0.0	0.0	7.0	5.0
Totals:	<u>188.0</u>	<u>188.0</u>	<u>183.0</u>	<u>200.0</u>	<u>183.0</u>	<u>173.0</u>

**CITY OF EDGEWATER, FLORIDA**

Operating Indicators by Function/Program  
Last Six Fiscal Years

Function/program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>General Government</b>						
Employment Applications Received	625	763	392	275	298	334
Personnel Actions Processed	94	116	89	157	152	156
Accidents & Injuries Reviewed	51	45	30	18	20	26
Occupational Licenses Issued	1,707	1,699	1,722	1,720	1,681	1,650
Checks Issued	2,947	3,253	3,682	4,883	4,243	*
Purchase Orders Issued	766	1,000	1,124	1,962	1,975	729
<b>Public Safety</b>						
<b>Police Department</b>						
Accidents	250	257	281	254	341	323
Traffic citations issued	5,514	3,419	6,528	6,000	6,319	6,764
Evidence Processed	1,582	1,703	2,197	2,203	2,153	2,191
Physical arrests	1,649	1,378	1,287	1,141	1,113	945
Calls for service	31,394	33,379	41,909	33,115	32,706	36,321
<b>Fire Department</b>						
Emergency responses	2,841	2,991	3,035	3,069	2,922	2,701
Average response time - minutes	4	5	5	4	4	5
Public Education Programs	70	41	56	19	10	12
Fire inspections	807	860	867	171	168	180
Burn Permits Issued	-	5	-	4	8	8
<b>Public Works</b>						
Miles of street paved	-	-	-	1	-	7
Miles of street Resurfaced	4	-	-	3	7	7
Sidewalks - new construction - miles	-	-	-	14	-	-
<b>Leisure Services</b>						
Ball games & field rentals	1,974	1,958	1,935	2,003	-	-
Events/Programs	21	23	26	11	-	-
<b>Water Resources</b>						
Water main breaks	63	76	81	60	64	72
Average daily consumption - mgd	2	2	2	2	2	2
Number of water customers	10,504	10,487	10,467	10,387	10,164	10,191
New Connections	16	35	54	175	278	265
<b>Sewer Resources</b>						
New Connections	8	30	42	162	261	214
Average daily consumption - mgd	1	2	1	1	1	1
Number of customers	9,797	9,784	9,761	9,626	9,394	9,214
<b>Refuse Collection</b>						
Number of Customers	9,356	9,326	9,272	9,205	8,977	8,809

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

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

Function/program	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Police</b>						
Police Stations	1	1	1	1	1	1
Police Vehicles	19	24	26	30	24	24
Patrol Zones	2	2	2	2	2	2
<b>Fire</b>						
Fire Stations	2	2	2	2	2	2
Fire Vehicles	15	13	13	15	11	11
<b>Public Works</b>						
Streets (miles)	123.57	123.57	123.57	123.57	122.67	122.67
Number of street lights	1,068	1,068	1,068	1,068	1,068	1,068
Number of traffic signals	3	3	3	3	3	3
Vehicles	5	5	5	5	4	4
<b>Leisure Services</b>						
Vehicles	12	9	9	10	10	9
Parks Acreage	151.00	151.00	151.00	142.50	150.00	151.00
Parks	28	28	28	28	28	28
Baseball Fields	7	7	7	7	7	7
Tennis Courts	4	4	4	4	4	5
Basketball Courts	2	2	2	2	2	2
Racquetball Courts	4	4	4	4	4	6
Community Center	1	1	1	1	1	1
Gymnasiums**	1	1	1	1	1	1
<b>Water Resources</b>						
Water mains (miles)	274	274	274	194	186	186
Fire hydrants	695	694	694	691	686	670
Vehicles	23	23	23	14	13	13
Sewer mains (miles)	189	189	189	189	180	180
Reclaim Water (miles)	71	71	71	71	71	69
<b>Stormwater Utility</b>						
Storm Sewers (miles)	35	35	35	35	35	35
Vehicles	10	10	10	10	7	7
<b>Solid Waste</b>						
Garbage Trucks	8	7	10	10	7	5
Other Vehicles	14	14	15	15	12	10

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

JAMES MOORE & CO., P.L.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**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 the financial statements of City of Edgewater, Florida (the City) as of and for the year ended September 30, 2009, and have issued our report thereon dated May 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

**2009-01 Reconciliation of Balance Sheet Accounts**

During the course of our audit, we noted numerous audit adjustments were required to reconcile balance sheet accounts to supporting documentation. In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts for all balance sheet accounts to supporting documentation on a monthly basis. Standard reconciliations should be done are for cash, accounts receivable, and accounts payable.

Other account balances, such as due from other governments, allowance for doubtful accounts, retainage payable, accrued liabilities, fixed assets, debt balances, etc., should also be adjusted to the correct balances. In addition, all reconciliations should be signed or initialed by the preparer so responsibility can be easily determined and provide documentation the internal control procedure was performed. These reconciliations should be reviewed by the Finance Director to ensure accuracy. These reconciliations and adjustments will ensure meaningful and accurate financial statements. The financial statements can then be used to help in the management decision-making process throughout the year.

#### **2009-02 Prior and Current Period Adjustments to Revenue**

We proposed and management agreed numerous sources of revenue were not properly recorded in the period in which the revenue was susceptible to accrual, per the City's policies and generally accepted accounting principles. We noted other accounts receivable accounts for which the balance of the account was never reconciled. Also, we had to propose adjustments to deferred revenue related to special assessments. An adjustment was required to record deferred revenues related to occupational licenses. Consequently, beginning fund balance for the general fund, other governmental funds and net assets for governmental activities was restated to properly accrue revenues of the prior period previously not accrued. We recommend close attention be paid to the period of accrual when revenues are recorded by the City. This will ensure revenues are recorded in the proper period and presented properly on the financial statements.

#### **2009-03 Journal Entry Process**

The City does not have a standard and consistent approval process for journal entries. Consequently, an inappropriate or errant journal entry could be entered into the accounting system with no proper approval. A lack of control over approvals reduces the City's ability to identify fraudulent or inappropriate transactions on a timely basis. We recommend that all journal entries be approved before posting to ensure validity and appropriateness.

In addition, we noted there is no required tracking of approval journal entries. Consequently, several journal entries examined for testing during the audit lacked proper approval. Because the information system does not require approvals for posting journal entries, we recommend a tracking and reconciliation procedure be implemented to ensure all journal entries are properly approved.

Finally, we also noted during testing of journal entries not all journal entries were accompanied by documentation to support the nature of the journal entry, other than the journal entry itself. In addition, we noted that some journal entries had supporting documentation that was improperly calculated. We recommend that documentation supporting journal entries be reviewed for accuracy and that all journal entries have supporting documentation to evidence the purpose and validity of the journal entry.

#### **2009-04 Tracking of Restricted Resources**

The City does not have a control mechanism in place to keep track of restricted resources received by certain funds of the City that also contain unrestricted resources. We also noted instances of transfers of restricted resources being transferred to unrestricted funds to be used on budgeted capital projects. Without a tracking mechanism in place, the City does not have controls to ensure that restricted resources, such as the transfers noted above, are being used in accordance with the original external restrictions on these funds. We recommend a tracking mechanism be implemented by the City for any restricted resources that are received into unrestricted funds to ensure proper use of the funds.

We also noted City ordinances regarding water and sewer impact fees, originally created in February 1975 and subsequently amended, currently do not specifically address all the allowable

uses of the fees. We recommend when the City passes a new ordinance on impact fees the use of such fees be explicitly explained in the ordinance. Explanation of the possible uses of such fees will ensure proper use of the fees in the future.

#### **2009-05 Cash Disbursement Controls**

We noted several control deficiencies over the cash disbursement process. There is no standardized approval process in place for cash disbursements to recurring vendors such a payroll withholding payees and monthly utility bills. In addition, we noted several cash disbursements were not coded to proper expense accounts in the general ledger. In one instance, the expense noted was miscoded solely to avoid a line item budgetary overrun. It should be noted the City's legal level of control is the fund. So, going over budget in a line item would not be a compliance violation. We recommend that a uniform cash disbursement approval process be implemented; such that all cash disbursements along with coding of expenses in the general ledger are approved by appropriate staff.

The City was not able to locate any documentation for one check requested during our audit. In addition, for several other checks, the only item the City could locate was a copy of check with no supporting documents. We recommend all check disbursements of the City be filed and stored in a clear and concise manner to ensure they are easily available for review by management.

#### **2009-06 Recording of Unusual/Infrequent Transactions**

During the audit, the City had transactions in the current year which had never occurred in the past, such as defined contribution plan retirement forfeitures. We also noted infrequent transactions that occur only once per year such as postemployment benefit accruals. The accounting used for some of these transactions was either inappropriate or incomplete and adjustments were required. We recommend when unusual or infrequent transaction types occur the City researches the appropriate method for recording such transactions to ensure proper recording in the general ledger and financial statements.

#### **2009-07 Centralization of Grants**

During testing of grant revenues, we noted a weakness in the monitoring of grant compliance. Currently, there is no centralized function to ensure that grants are in compliance with Federal Regulations and the respective grant agreements nor proper recording of revenues from grants. Consequently, in the current year, several adjustments were required properly record grant revenues and grant accounts receivable. In addition, during the audit, we noted the City did not maintain a grant schedule for the reconciliation of expenditures of Federal Awards or State Assistance. This schedule will have increased importance in the future; because of large grants awarded to the City will likely require a Single Audit in the next fiscal year.

We recommend the City assign an employee to be in charge of monitoring compliance with grants, maintaining all grant agreements and CFDA or CSFA numbers, ensuring all reporting is done timely, compiling a grant schedule for audit, and ensuring accounting for those grants is done accurately.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-01, 2009-02, and 2009-03 to be material weaknesses.

### 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*.

We noted certain matters that we reported to management of City of Edgewater, Florida in a separate letter dated May 10, 2010.

The City of Edgewater, Florida's response to the finding identified in our audit is described in the accompanying response to internal control and management comments. We did not audit City of Edgewater, Florida's response and, accordingly, we express no opinion on it.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information and use of the State of Florida Office of the Auditor General, City Council, management, others within the City, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*James Moore & Co.*

Daytona Beach, Florida  
May 10, 2010

JAMES MOORE & CO., P.L.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**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:

We have audited the financial statements of City of Edgewater, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated May 10, 2010.

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. We have issued our 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* dated May 10, 2010. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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. Recommendations made in the preceding annual financial audit report have not been all corrected as detailed below.

**2009-08 Excess Expenditures over Appropriations** - The General and Animal Services Funds did not have total expenditures and transfers out exceeding appropriations for the year ended September 30, 2008.

However, for the year ended September 30, 2009, the Police Impact Fee, Recreation Impact Fee, and General Construction funds total expenditures and transfers out exceeded appropriations by \$58,284, \$55,000, and \$177,766, respectively. We recommend the City amend the budget allowed by Florida Statutes within 60 days of year end so that expenditures do not exceed appropriations.

**2009-09 Deficit Fund Equity** – The Stormwater Management Fund no longer has a deficit unrestricted net asset balance as of September 30, 2009.

However, the MIS internal service fund has a deficit unrestricted net asset balance of \$29,242 and total deficit net assets balance of \$14,045 at September 30, 2009. Also, at September 30, 2009, Animal Services and LLEBG funds have negative fund balances of \$2,095 and \$460, respectively. We recommend the City develop a plan to eliminate these deficit fund balances and net assets.

**Accounts Receivable** – See comment 2009-01 in our 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*.

**Bank Reconciliations** – See comment 2009-01 in our 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*.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, the City of Edgewater, Florida has complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have some recommendations, as discussed below.

**2009-10 Check Number Differences** - The finance department changed check printing software during the year. Because of incompatibilities between the new check printing software and existing information system, many checks were printing for the wrong amount, and discrepancies were created in the numbering order of checks between the systems. We noted management was aware of the issue prior to our audit and took corrective action to realign the numbering scheme of the check system, however, for several checks printed during the time of the error, the check numbers per the information system still did not agree to the check numbers per the check printing software. We recommend a change be made so the check numbers per the information system agree to the check numbers printed on the checks so the information system agrees to supporting documentation.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we have some findings, as discussed below.

**2009-11 Accounting Policies and Procedures** - We noted that the City does not have a complete accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs.

It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures can be eliminated or improved to make the system more efficient and effective.

**2009-12 Cash Receipts** - When cash is received, the receipt is entered into the accounting system for credit to the applicable customer account. However, cashiers have the ability to adjust payments credited to accounts within the accounting system. Currently, there is no process in place where deletions of cash receipts are reviewed. We recommend a system be implemented whereby such deletions are reviewed on a weekly or monthly basis to ensure receipts are not deleted after the customer receives a receipt.

**2009-13 Permitting Process** – We noted in some instances permits are given to customers without first collecting payment and permits issued are not periodically reconciled in the information system to ensure collection of payment was received. As such, there is a risk of never collecting fees on permits that do not require follow-up inspections. Also, permits paid for in cash at the cashier’s office can be stamped as paid, but the payment never entered into the system. We recommend a new procedure be implemented to not issue a permit until payment is received to ensure payment on all permits and a reconciliation be performed of permits issued and cash collected.

**2009-14 Information Technology** - The City does not have complete documentation relating to IT procedures (Backup, Disaster Recovery, Security Access, Computer Usage, Network Diagram, etc.) We recommend these procedures be formally documented. We also noted currently, users are not forced to change passwords regularly nor are there any criteria on the strength of passwords being used. We recommend the use of secure access to local network resources by implementing a password policy for network users be enforced to ensure a secure network. In addition, we noted backups are not taken offsite or are stored in a nearby building. We recommend the implementation of offsite backup procedures and document process to ensure no data loss occurs in the event of an emergency. Finally, we recommend that the City consolidate and organize various hardware to lessen the amount of IT management related tasks. Consolidation of services currently on multiple physical servers to one server using virtualization technology would greatly reduce the upkeep required.

**2009-15 Interest Earnings Allocation** - We noted interest earnings are not allocated out to the various funds which maintain a balance in pooled cash. We recommend that such balances be allocated out to the proper funds earning such interest, in order to ensure compliance with any restrictions such interest earnings.

**2009-16 Errors in Documentation Supporting Special Assessments** - During testing of special assessments receivables, we noted the documentation used to adjust the balance of the receivable was based on a report which incorrectly extracted from the database of special assessments maintained by the City. Consequently the balance of these special assessment receivables was incorrectly adjusted by the City and an audit adjustment was required to correct these balances. A comparison of the current year and prior year report from the database could have alerted City staff to the error in the current year report. We recommend when such documentation is used to support adjustments to accounts the documentation be reviewed to ensure validity.

**2009-17 Calculation of Charges for Services** - We noted certain enterprise fund revenue streams were miscalculated. These errors occurred due to improper input into the City’s utility billing system. We recommend all changes to the City’s information system calculating charges for services be reviewed by the City’s Finance Director in order to detect and correct mistakes timely.

**2009-18 Review of Personnel Changes** - The City does not have a system of review to verify the pay rates entered in the payroll information system are input properly. This lack of proper review caused one employee to be paid a payrate different than the rate approved for this employee. We recommend all entries into the personnel information system, such as pay rates, be reviewed by appropriate persons in order to ensure accurate input of information into the system.

**2009-19 Employee Reimbursements** - The City's current policy for employee reimbursements to department directors does not require a sign off of a person other than the department director receiving the reimbursement. In addition, during the audit we discovered a reimbursement to an employee that did not have complete supporting documentation. We recommend the City develop an employee reimbursement policy that requires proper independent review of all employee reimbursement requests to ensure the accuracy and completeness of documentation and validity of the nature of these reimbursements.

**2009-20 Access to Information System** - Certain employees have access to the accounting information system modules that is not appropriate, given the employee's assigned duties and position. We recommend the City perform a thorough review of access to the accounting information system modules to ensure levels of access are appropriate. Ensuring proper levels of access is a control to prevent improper use of the accounting information system, as well as prevent fraud.

**2009-21 New Accounting Pronouncement(GASB No. 54)** - In March 2009, the GASB issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* effective for the City's fiscal year beginning October 1, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Because of the significance of the change, we recommend that management develop a plan to properly transition the City's current reporting of fund balances to the new fund balance definitions. Governmental fund balances will be summarized into the following classifications:

- Nonspendable
- Restricted fund balance
- Committed fund balance
- Assigned fund balance
- Unassigned fund balance

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific 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.

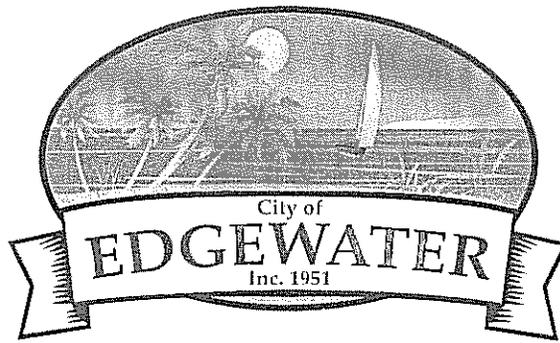
Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City of Edgewater, Florida for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Edgewater, Florida 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this management letter is intended solely for the information and use of the State of Florida Office of the Auditor General, City Council, management, others within the City, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Janus Moore & Co.*

Daytona Beach, Florida  
May 10, 2010



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

THRU: Tracey T. Barlow, City Manager *Tracey T. Barlow*

FROM: Jonathan C. McKinney, Finance Director *Jonathan C. McKinney*

DATE: May 17, 2010

SUBJECT: Reply to the Independent Auditor's Report on Internal Control and Management  
Letter Comments for Fiscal Year Ended September 30, 2009

#### INTERNAL CONTROL

##### Reconciliation of Balance Sheet Accounts

Management concurs with this comment and recommendation to reconcile accounts on a monthly basis.

##### Prior and Current Period Adjustments to Revenue

Management concurs with this comment and recommendation to record revenue in the proper period in accordance with City's policy and generally accepted accounting principles.

##### Journal Entry Process

Management concurs with this comment and recommendation to standardize the approval process for journal entries.

##### Tracking of Restricted Resources

Management concurs with this comment and recommendation to have a control mechanism for tracking restricted resources.

##### Cash Disbursement Controls

Management concurs with this comment and recommendation to standardize the approval process for cash disbursements and archiving.

##### Recording of Unusual/Infrequent Transactions

Management concurs with this comment and recommendation to research unusual or infrequent transactions prior to posting.

### Centralization of Grants

Management concurs with this comment and recommendation to centralize grant compliance.

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### Excess Expenditures over Appropriations

Management concurs with this comment and recommendation to amend the City's budget as allowed by Florida Statutes within 60 days of year-end so that expenditures do not exceed appropriations.

### Deficit Fund Equity

Management concurs with this comment and implemented the necessary changes in the FY 2009 – 2010 budgets.

### Accounts Receivable

Management concurs with this comment and recommendation to reconcile accounts on a monthly basis.

### Bank Reconciliations

Management concurs with this comment and recommendation and implemented the necessary changes in FY 2009 – 2010.

### Check Number

Management concurs with this comment and this was an isolated event related to software implemented within Finance.

### Accounting Policies and Procedures

Management concurs with this comment and recommendation to draft a comprehensive accounting procedures manual.

### Cash Receipts

Management concurs with this comment and implemented the necessary safeguards to insure that similar events do not occur.

### Permitting Process

Management concurs with this comment and recommendation to draft a procedure on this process.

### Information Technology

Management concurs with this comment and recommendation to draft a procedure on this process.

### Interest Earnings Allocation

Management concurs with this comment and recommendation to allocate interest earnings amongst all funds.

### Errors in Documentation Supporting Special Assessments

Management concurs with this comment and recommendation to verify all documentation used as support for adjustments.

#### Calculation of Charges for Services

Management concurs with this comment and recommendation to review all changes placed into the financial system of the City.

#### Review of Personnel Changes

Management concurs with this comment and recommendation to review all input of information into the financial system of the City.

#### Employee Reimbursements

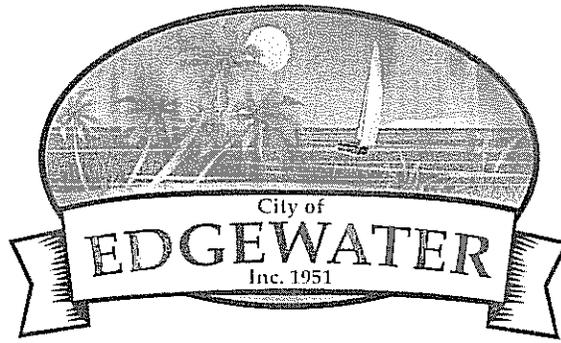
Management concurs with this comment and implemented the necessary review process of all City employees.

#### Access to Information System

Management concurs with this comment and recommendation to review the appropriate access of individuals into the financial system of the City.

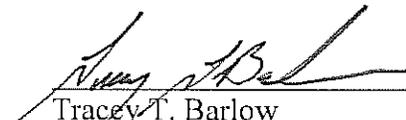
#### New Accounting Pronouncement (GASB No. 54)

Management concurs with this comment and recommendation to implement the new standard.



**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