

CITY OF EDGEWATER, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2013



CITY OF EDGEWATER, FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2013

Prepared by: The Finance Department



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March 26, 2014

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

City Charter and State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with the generally accepted accounting principles in the United States of America (GAAP) and that they be audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, it is with great pleasure that we present to the City of Edgewater, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30th, 2013.

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

James Moore & Co., P.L. a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the City of Edgewater's financial statements for the fiscal year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

The City of Edgewater is located in southeast Volusia County, primarily east of I-95 south of New Smyrna Beach, two miles west of the Atlantic Ocean and runs along 10.5 miles of the Indian River coastline. The City is within the economic zone of Central Florida, which roughly follows Interstate 4 from Tampa through Orlando to Daytona Beach and the communities along the Atlantic Coast in Volusia County. There are 14,362 acres of land within the City with an estimated population of 20,737.

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

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

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

Local economy

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

The City of Edgewater currently has a 6.8 percent unemployment rate (in line with the state average of 6.7 percent). During the last year, taxable assessment values of property in Edgewater increased 1.80 percent. The City continues exploring several options to increase economic growth within the City and improve economic development within southeast Volusia County. The City's Economic Development Board is continuing its emphasis on result-oriented initiatives as well as the City is working with the County in creating a Community Revvelopment Agency to encourage redevelopment along our US. 1 and Park Ave. corridor. The City continues to develop many partnerships between various economic development agencies and local businesses.

The City of Edgewater's outlook for fiscal year 2014 is for modest gains in economic growth as the recovery and expansion from the financial crisis and national and international recessions gain a small degree of traction in the local economy. With the modest gains, the City of Edgewater continues to apply for Federal and State and did receive State Revolving Funds for the renewal and replacement of an aging Waste Water Treatment plant as well as Department of Transportation funds for sidewalks along our major corridor US. 1. The Waste Water Treatment Plant R&R should be completed in FY2014 with the Sidewalks to be completed in FY2015. Without these funds, this project would not have been completed within the foreseeable future.

Financial planning and budgeting

The City continued to stress expenditure control in preparing the FY2014 General Fund budget. The City ad valorem millage rate for FY2013 was 6.50, which was 2.17% more than the rolled-back rate. The millage rate increased from the prior year rate of 6.47, resulting in property tax collections increase of 2.2% due to a decrease in property assessments

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

Relevant financial policies

The City Council recognizes the need to meet seasonal shortfalls in cash flows, its susceptibility to emergency or unanticipated expenditures or the possibility of revenue shortfalls during any fiscal year. To address these issues, the City Council included in its Charter a requirement to maintain reserves at a minimum of 15 percent to a maximum of 25 percent of the general fund appropriations (excluding operating transfers). The unassigned fund balance at September 30, 2013 was 23.62% which is within the range of 15-25% per the charter. For Fiscal Year 2013 operating budget cuts were necessary in many areas to offset increasing operating cost while still maintaining our five year salary step plan.

Budgeting Controls

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

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, 2013 (not including pension funds) was \$12,029,656. 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, 2013 were \$27,830,908.

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. The following Defined Benefit Plan employee contributions are required, police and firefighters contribute 6% and general employees 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, 2010. There was neither an OPEB asset nor liability at transition.

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edgewater for its comprehensive annual financial report for the fiscal year ended September 30, 2012. This was the twenty-ninth consecutive year that the City of Edgewater has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,



Tracey T. Barlow
City Manager



Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Edgewater
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF EDGEWATER FLORIDA

List of Elected and Appointed Officials

September 30, 2013

CITY COUNCIL

Michael L. Thomas, Mayor

**Christine Power,
District 1**

**Michael Ignasiak,
District 3**

**Gigi Bennington,
District 2**

**Gene Emter,
District 4**

ADMINISTRATION

CITY MANAGER

Tracey T. Barlow

FINANCE DIRECTOR

Jonathan McKinney

CITY ATTORNEY

Aaron R. Wolfe

FIRE CHIEF

Stephen Cousins

CITY CLERK

Bonnie Wenzel

POLICE CHIEF

David J. Arcieri

**PERSONNEL
DIRECTOR**

Donna Looney

**DEVELOPMENT SERVICES
DIRECTOR**

Darren Lear

**ENVIRONMENTAL SERVICES
DIRECTOR**

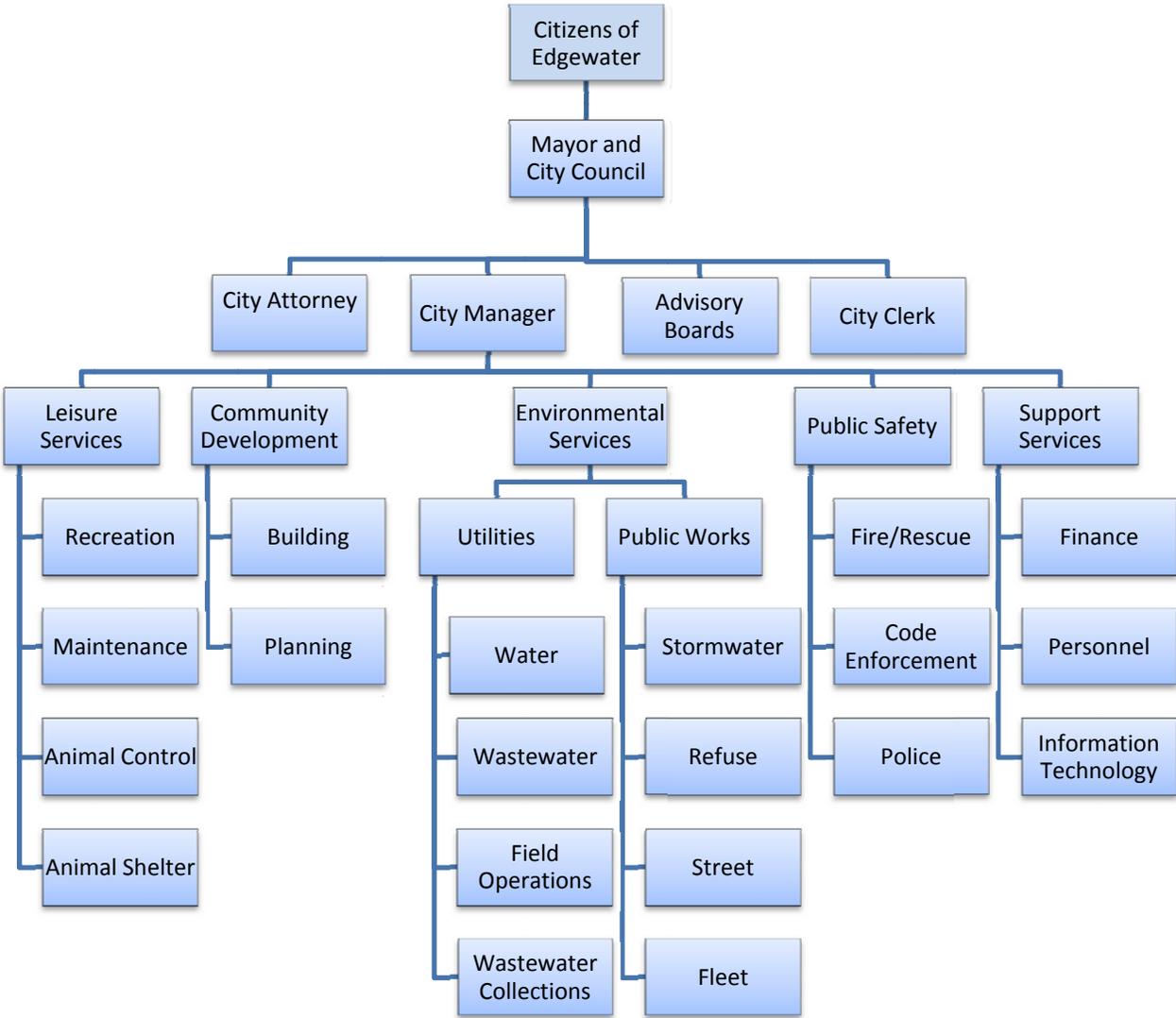
Brenda Dewees

**LEISURE SERVICES
DIRECTOR**

Jack Corder

CITY OF EDGEWATER FLORIDA

City Organization Chart
 September 30, 2013





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Edgewater, Florida (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Member of AGN International with offices in principal cities worldwide

Other Matters

Required Supplementary Information

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

Other Information

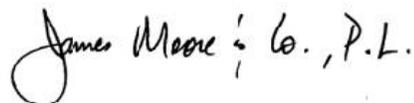
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Edgewater, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 13, 2014

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- Net Position - The assets of the City exceeded its liabilities at the close of FY 2012-13 by \$83,089,962, which represents a decrease in net assets of \$3,296,815 or 3.82% from the prior fiscal year.
- The City's governmental funds reported combined ending fund balance of \$3,920,037, a decrease of \$1,120,939 from the prior fiscal year.
- At the end of FY 2012-13, the General Fund unassigned fund balance was \$2,744,608 or 23.62% of the budgeted FY 2014 General Fund expenditures, excluding transfers. This represents a increase of \$291,685 from the prior fiscal year.
- During the fiscal year, the City's total debt increased by \$2,602,228. Governmental debt decreased by \$285,131 and business-type debt reflected an increase of \$2,887,359.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The City of Edgewater maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the capital projects fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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, debt service and capital projects funds at pages 66-71.

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 74-76 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 78-79 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 29-57 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 62-65 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Edgewater, assets exceeded liabilities by \$83,089,962 at the close of the most recent fiscal year. The following table reflects the condensed statement of net position for the current and prior years. For more detail see the Statement of Net Position on page 15.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$5,178,148	\$6,690,619	\$10,627,203	\$9,899,175	\$15,805,351	\$16,589,794
Capital Assets	44,948,205	47,443,547	52,601,859	48,871,661	97,550,064	96,315,208
Total Assets	50,126,353	54,134,166	63,229,062	58,770,836	113,355,415	112,905,002
Liabilities:						
Long term liabilities	3,625,438	3,715,131	23,340,342	20,410,868	26,965,780	24,125,999
Other liabilities	710,725	927,778	2,588,948	1,464,448	3,299,673	2,392,226
Total Liabilities	4,336,163	4,642,909	25,929,290	21,875,316	30,265,453	26,518,225
Net Position:						
Net investment in capital assets	43,278,270	45,488,481	30,199,966	29,330,978	73,478,236	74,819,459
Restricted	1,000,424	1,063,323	1,860,458	2,250,279	2,860,882	3,313,602
Unrestricted	1,511,496	2,939,453	5,239,348	5,314,263	6,750,844	8,253,716
Total Net Position	\$45,790,190	\$49,491,257	\$37,299,772	\$36,895,520	\$83,089,962	\$86,386,777

At the end of the current fiscal year, the government's liabilities increased by \$3,747,228 which is mainly attributed to the increase of long term in business-type activities of \$2,887,359. Other liabilities increased by \$1,145,000 which is attributed to increases in accounts payable, OPEB, and compensated absence liabilities of the City.

Eighty-eight percent (88%) of the City's net position reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewater's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Edgewater's net position (3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$6,750,844 may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net position decreased by \$3,296,815 in the current fiscal year. The government's restricted net position decreased by \$452,720 in the current fiscal year. This was mainly attributed to decreases in net position being restricted for use in capital projects of \$492,956 for business-type activities. Further explanations of the increase are detailed below. The following table reflects the condensed Statement of Activities for the current and prior years. For more detail see the Statement of Activities on page 16-17.

Statement of Activities

Governmental Activities - Governmental activities decreased the City of Edgewater's net position by \$3,701,067. Key elements of this decrease are as follows:

- Capital grants decreased \$950,893 due to major sidewalk construction projects on 30th Street and U.S. Highway 1 becoming complete or near complete during the year.
- Governmental fixed asset depreciation increased \$186,341 from the prior year.
- Public safety expenses increased by \$506,290 (8%) during the year primarily due to increases in the City's portion for Police and Fire pension contributions of \$384,130.

Business-Type Activities - Business-type activities increased the City of Edgewater's net position by \$404,252. Key elements of this increase are as follows:

- Charges for services increased by \$655,237 (6%) during the year due to a 6.0% increase in the water and sewer rates.
- Stormwater expenses increased by \$131,313 (13%) during the year due to increased personnel costs and professional services.
- Transfers out increased \$110,516 (276%) during the year due to the transfer from the Water and Sewer Fund to the Capital Projects Fund for the US 1 irrigation project.

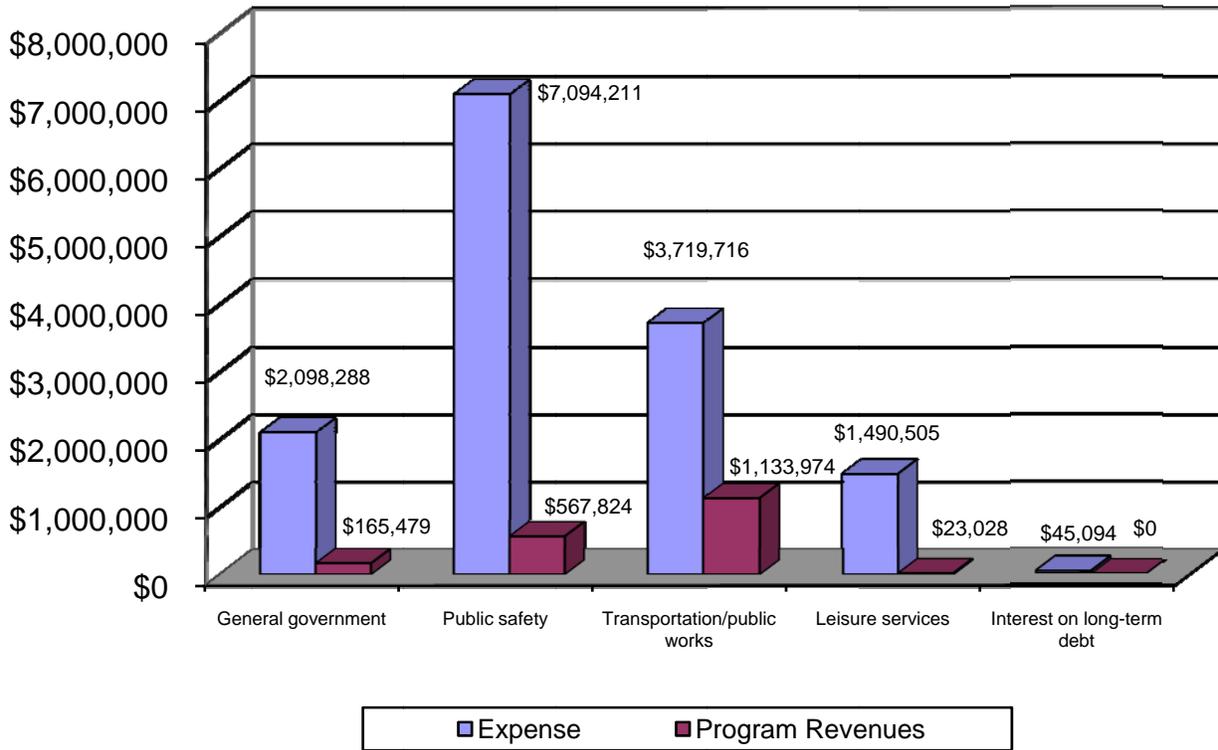
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City of Edgewater's Changes in Revenues, Expenses and Net Position (in whole dollars)

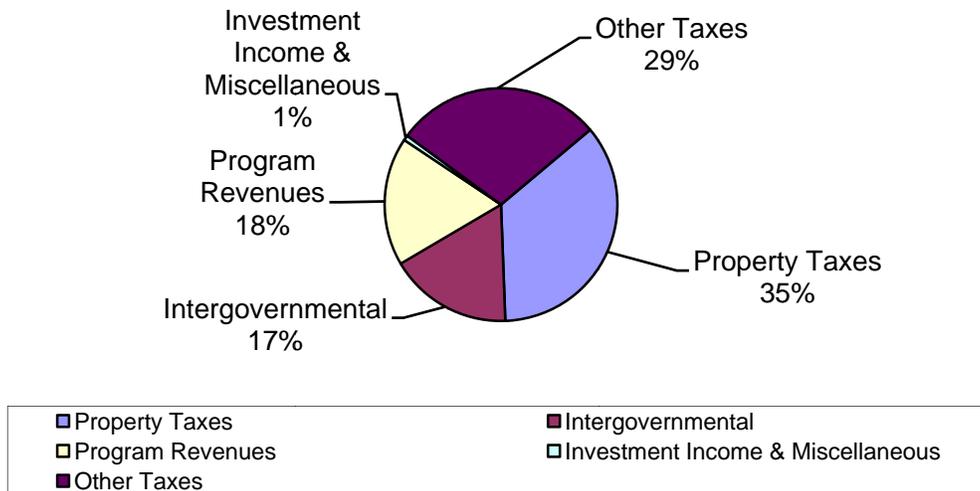
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues -						
Charges for services	\$ 788,185	\$ 579,090	\$ 12,198,937	\$ 11,543,700	\$ 12,987,122	\$ 12,122,790
Operating grants and contributions	586,345	591,002	-	-	586,345	591,002
Capital grants and contributions	515,775	1,466,668	83,417	86,937	599,192	1,553,605
General revenues -						
Property taxes	3,763,456	3,669,226	-	-	3,763,456	3,669,226
Franchise and utility taxes	3,051,649	2,947,266	-	-	3,051,649	2,947,266
Intergovernmental	1,814,689	1,680,896	-	-	1,814,689	1,680,896
Investment income and miscellaneous	76,082	90,878	74,861	81,371	150,943	172,249
Total revenues	10,596,181	11,025,026	12,357,215	11,712,008	22,953,396	22,737,034
Expenses:						
General government	2,098,288	1,869,872	-	-	2,098,288	1,869,872
Public safety	7,094,211	6,587,921	-	-	7,094,211	6,587,921
Transportation/public works	3,719,716	3,542,650	-	-	3,719,716	3,542,650
Leisure services	1,490,505	1,388,241	-	-	1,490,505	1,388,241
Interest on long-term debt	45,094	36,397	-	-	45,094	36,397
Water and sewer	-	-	8,086,388	8,020,597	8,086,388	8,020,597
Refuse collection	-	-	2,558,753	2,604,683	2,558,753	2,604,683
Stormwater management	-	-	1,157,256	1,025,943	1,157,256	1,025,943
Total expenses	14,447,814	13,425,081	11,802,397	11,651,223	26,250,211	25,076,304
Excess (deficiency) before transfers	(3,851,633)	(2,400,055)	554,818	60,785	(3,296,815)	(2,339,270)
Transfers in / (out)	150,566	40,050	(150,566)	(40,050)	-	-
Increase (Decrease) in net position	(3,701,067)	(2,360,005)	404,252	20,735	(3,296,815)	(2,339,270)
Net Position - Beginning	49,491,257	51,851,262	36,895,520	36,874,785	86,386,777	88,726,047
Net Position - Ending	\$ 45,790,190	\$ 49,491,257	\$ 37,299,772	\$ 36,895,520	\$ 83,089,962	\$ 86,386,777

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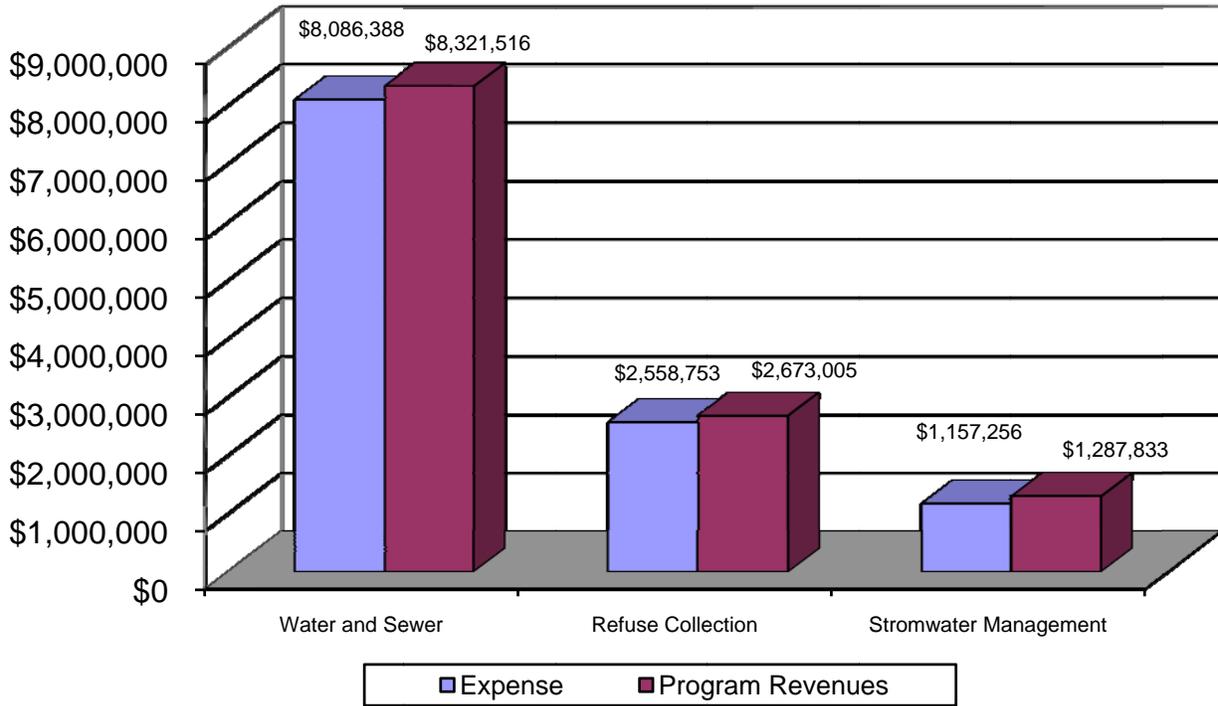
Expenses and Program Revenues - Governmental Activities



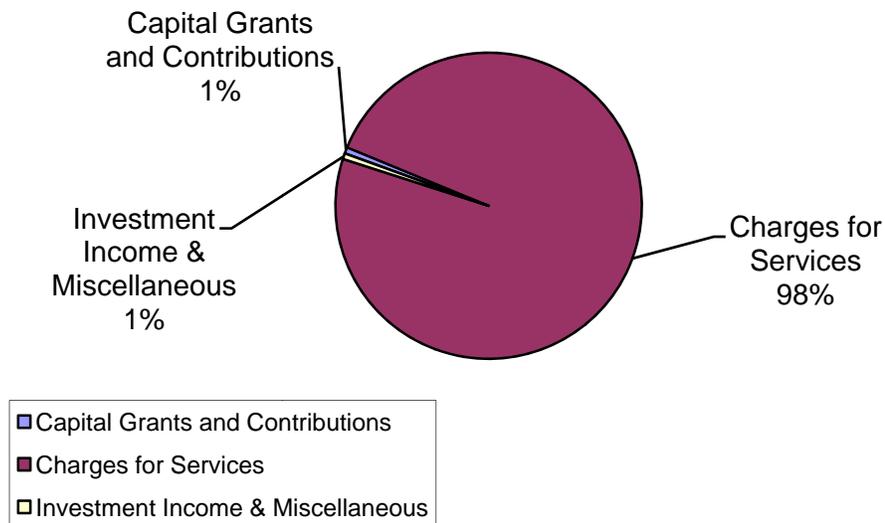
Revenues by Source – Governmental Activities



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

As of the end of the current fiscal year, the City of Edgewater's governmental funds reported combined ending fund balances of \$3,920,037, a decrease of \$1,120,939 in comparison with the prior year. Approximately 70% of this amount or \$2,744,608 constitutes unassigned fund balance, which is available for spending at the City's discretion. The City has assigned fund balance for the replacement of City Hall in the amount of \$500,000. Restricted fund balance of \$653,259 is for scholarships, public safety, debt service, and capital projects. Nonspendable fund balance of \$22,170 is held for inventories and prepaids.

The General Fund is the chief operating fund of the City of Edgewater. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,744,608, while total fund balance was \$3,270,806. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 23% of the total General Fund expenditures, while total fund balance represents 28% of that same amount.

During the current fiscal year, the fund balance of the General Fund decreased by \$1,058,090. This decrease was attributed to the use of fund balance in the current year.

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$5,204,249. The total increase in net position for these funds was \$366,782. 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 \$29,761 less than budgeted revenues primarily due to lesser than anticipated utility and franchise taxes, charges for services, and fines and forfeitures.

Actual expenditures were \$11,338 less than budgeted expenditures primarily due to decreased repair and maintenance costs.

Capital Asset and Debt Administration

Capital Assets - The City of Edgewater's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$97,550,064 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 1.3%.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 23,094,577	\$ 23,078,325	\$ 1,235,467	\$ 1,235,467	\$ 24,330,044	\$ 24,313,792
Buildings	4,343,106	2,246,730	9,517,679	10,368,082	13,860,785	12,614,812
Improvements	8,866,817	9,215,844	30,836,526	31,905,588	39,703,343	41,121,432
Machinery and equipment	1,155,500	1,249,887	4,499,609	5,026,374	5,655,109	6,276,261
Infrastructure	5,912,669	7,677,137	-	-	5,912,669	7,677,137
Construction in progress	1,575,536	3,975,624	6,512,578	336,150	8,088,114	4,311,774
Total	\$ 44,948,205	\$ 47,443,547	\$ 52,601,859	\$ 48,871,661	\$ 97,550,064	\$ 96,315,208

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 \$24,162,289. This debt includes bonds payable, notes payable, state revolving loan and capital leases. In FY 2013, the City issued City of Edgewater, Florida Lease Refunding Note, Series 2013 for the refinancing of the City's Water and Sewer Fund meter equipment lease, State Revolving Loan for the wastewater treatment plant renewal and replacement, and Branch Banking and Trust Company Vehicle Lease 2013 for the purchase of seven vehicles (governmental activities). 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	
	2013	2012	2013	2012	2013	2012
Bonds payable	\$ -	\$ -	\$ 13,946,595	\$ 15,077,524	\$ 13,946,595	\$ 15,077,524
Notes payable	1,382,019	1,799,037	4,142,717	-	5,524,736	1,799,037
State revolving loan	-	-	4,403,042	-	4,403,042	-
Capital leases	287,916	156,029	-	4,527,471	287,916	4,683,500
	\$ 1,669,935	\$ 1,955,066	\$ 22,492,354	\$ 19,604,995	\$ 24,162,289	\$ 21,560,061

During the current fiscal year, the City's total debt increased by \$2,602,228 (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 42-46 of this report.

Reserve Policy

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

The Reserve amount per Charter is currently set at \$1,950,000 (16%) of the FY2013 – 2014 General Fund Budget. The City Council has designated \$500,000 towards the future replacement of City Hall. The nonspendable balance is \$22,170 with restricted balances of \$4,028. The amount available for capital or other lawful purposes less any reserves or set asides is \$2,744,608 at September 30, 2013. The increase in available reserves is attributed to revenues exceeding forecast while maintaining expenditures at or below forecast.

Next Year's Budget and Rates

The City Council adopted a conservative budget for Fiscal Year 2013/2014. The proposed budget contains many ambitious work plan objectives that are intended to address the highest priorities in the community and the goals of the City Council. This budget also sets the financial foundation to establish an accurate and understandable assessment and tracking of the uses and sources of all funds. The 2013/2014 budget presents a number of opportunities and challenges to improve overall service to the community while dealing with the slow recovery as a result of the severe economic downturn. By any standard this is a very aggressive program of work that will challenge the capacity of staff and the City Council to accomplish under the slow recovery.

The proposed General Fund budget for Fiscal Year 2013/2014 includes the following assumptions:

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

Requests for Information

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



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CITY OF EDGEWATER, FLORIDA

Statement of Net Position

September 30, 2013

	Governmental - type Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,579,464	\$ 6,365,775	\$ 7,945,239
Investments	2,001,223	-	2,001,223
Receivables, net	403,729	1,593,902	1,997,631
Special assessment receivable, net	-	169,484	169,484
Due from other governments	639,100	321,025	960,125
Inventories and prepaids	42,531	3,362	45,893
Deferred charges, net	-	90,461	90,461
Restricted assets:			
Cash and cash equivalents	-	2,083,194	2,083,194
Investment in joint venture	163,209	-	163,209
Pension assets	348,892	-	348,892
Capital Assets			
Nondepreciable assets	24,670,113	7,748,045	32,418,158
Depreciable assets, net	20,278,092	44,853,814	65,131,906
Total assets	<u>50,126,353</u>	<u>63,229,062</u>	<u>113,355,415</u>
LIABILITIES			
Accounts payable and other current liabilities	642,652	1,438,020	2,080,672
Accrued interest payable	8,768	222,736	231,504
Unearned revenue	58,201	-	58,201
Due to other governments	1,104	-	1,104
Customer deposits	-	928,192	928,192
Noncurrent liabilities			
Due within one year	1,348,273	2,222,133	3,570,406
Due in more than one year	2,277,165	21,118,209	23,395,374
Total liabilities	<u>4,336,163</u>	<u>25,929,290</u>	<u>30,265,453</u>
NET POSITION			
Net investment in capital assets	43,278,270	30,199,966	73,478,236
Restricted for:			
Debt service	-	1,241,486	1,241,486
Public safety	357,346	-	357,346
Capital projects	639,050	618,972	1,258,022
Scholarships	4,028	-	4,028
Unrestricted	1,511,496	5,239,348	6,750,844
Total net position	<u>\$ 45,790,190</u>	<u>\$ 37,299,772</u>	<u>\$ 83,089,962</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, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative	\$ 2,098,288	\$ 165,479	\$ -	\$ -
Public works	3,719,716	169,864	577,754	386,356
Public safety	7,094,211	439,680	8,591	119,553
Culture and recreation	1,490,505	13,162	-	9,866
Interest on long-term debt	45,094	-	-	-
Total governmental activities	<u>14,447,814</u>	<u>788,185</u>	<u>586,345</u>	<u>515,775</u>
Business-type activities:				
Water / Sewer	8,086,388	8,238,099	-	83,417
Refuse	2,558,753	2,673,005	-	-
Stormwater	1,157,256	1,287,833	-	-
Total business-type activities	<u>11,802,397</u>	<u>12,198,937</u>	<u>-</u>	<u>83,417</u>
Total primary government	<u>\$ 26,250,211</u>	<u>\$ 12,987,122</u>	<u>\$ 586,345</u>	<u>\$ 599,192</u>

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

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

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

Governmental Activities	Business-type Activities	Total
\$ (1,932,809)	\$ -	\$ (1,932,809)
(2,585,742)	-	(2,585,742)
(6,526,387)	-	(6,526,387)
(1,467,477)	-	(1,467,477)
(45,094)	-	(45,094)
<u>(12,557,509)</u>	<u>-</u>	<u>(12,557,509)</u>
-	235,128	235,128
-	114,252	114,252
-	130,577	130,577
-	<u>479,957</u>	<u>479,957</u>
<u>(12,557,509)</u>	<u>479,957</u>	<u>(12,077,552)</u>
3,763,456	-	3,763,456
3,051,649	-	3,051,649
1,814,689	-	1,814,689
25,339	3,879	29,218
11,855	-	11,855
38,888	70,982	109,870
150,566	(150,566)	-
<u>8,856,442</u>	<u>(75,705)</u>	<u>8,780,737</u>
<u>(3,701,067)</u>	<u>404,252</u>	<u>(3,296,815)</u>
<u>49,491,257</u>	<u>36,895,520</u>	<u>86,386,777</u>
<u>\$ 45,790,190</u>	<u>\$ 37,299,772</u>	<u>\$ 83,089,962</u>

CITY OF EDGEWATER, FLORIDA

Balance Sheet
 Governmental Funds
 September 30, 2013

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 770,202	\$ 89,255	\$ 509,215	\$ 1,368,672
Investments	2,001,223	-	-	2,001,223
Receivables--net of allowance for uncollectibles	403,706	-	23	403,729
Due from other governments	517,643	121,419	38	639,100
Inventories and prepaids	22,170	-	-	22,170
Total assets	<u>\$ 3,714,944</u>	<u>\$ 210,674</u>	<u>\$ 509,276</u>	<u>\$ 4,434,894</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 89,075	\$ 69,564	\$ 1,155	\$ 159,794
Accrued liabilities	295,758	-	-	295,758
Due to other governments	1,104	-	-	1,104
Unearned revenues	58,201	-	-	58,201
Total liabilities	<u>444,138</u>	<u>69,564</u>	<u>1,155</u>	<u>514,857</u>
Fund balances				
Nonspendable:				
Inventories and prepaids	22,170	-	-	22,170
Restricted for:				
Scholarships	4,028	-	-	4,028
Public safety	-	-	8,454	8,454
Debt service	-	-	1,727	1,727
Capital projects	-	141,110	497,940	639,050
Assigned to:				
City Hall	500,000	-	-	500,000
Unassigned	2,744,608	-	-	2,744,608
Total fund balances	<u>3,270,806</u>	<u>141,110</u>	<u>508,121</u>	<u>3,920,037</u>
Total liabilities and fund balances	<u>\$ 3,714,944</u>	<u>\$ 210,674</u>	<u>\$ 509,276</u>	<u>\$ 4,434,894</u>

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

CITY OF EDGEWATER, FLORIDA

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2013

Total governmental funds fund balance \$3,920,037

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

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

Land and land rights	\$ 23,094,577	
Buildings and improvements	26,115,118	
Infrastructure	56,359,796	
Furniture and equipment	3,938,677	
Construction in progress	1,575,536	
Accumulated depreciation	<u>(66,226,417)</u>	
		44,857,287

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

Internal service funds are used by management to charge the costs of fleet, management information systems and insurance activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 55,819

The cumulative net pension contribution in excess of the annual required contribution is presented as an asset on the government-wide statement of net position. 348,892

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

Compensated absences	\$ 1,517,215	
OPEB	359,136	
Long-term debt	<u>1,669,935</u>	
		(3,546,286)

Accrued interest payable on bonds that is not recognized on the fund statements. (8,768)

Net position of governmental activities \$45,790,190

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, 2013

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 3,728,368	\$ -	\$ 35,088	\$ 3,763,456
Utility and franchise taxes	3,051,649	-	-	3,051,649
Intergovernmental	2,488,040	441,752	3,303	2,933,095
Licenses and permits	236,820	-	-	236,820
Charges for services	1,132,520	-	-	1,132,520
Fines and forfeitures	194,651	-	1,200	195,851
Investment earnings	25,211	69	58	25,338
Impact fees	-	-	44,136	44,136
Miscellaneous revenue	38,539	-	-	38,539
	<u>10,895,798</u>	<u>441,821</u>	<u>83,785</u>	<u>11,421,404</u>
EXPENDITURES				
Current:				
Legislative	93,377	-	-	93,377
Executive	558,357	-	-	558,357
Legal counsel	89,195	-	-	89,195
Community development	413,255	6,221	-	419,476
Public works	562,286	-	-	562,286
Public safety:				
Law enforcement	3,191,318	-	40,796	3,232,114
Fire and emergency services	2,942,859	-	-	2,942,859
Code enforcement	144,716	-	-	144,716
Animal services	132,794	-	-	132,794
Culture and recreation	1,237,586	-	-	1,237,586
General administrative services	1,590,455	-	-	1,590,455
Debt Service:				
Principal	425,714	-	20,000	445,714
Interest	38,296	-	14,419	52,715
Capital outlay	267,125	1,053,679	-	1,320,804
	<u>11,687,333</u>	<u>1,059,900</u>	<u>75,215</u>	<u>12,822,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(791,535)</u>	<u>(618,079)</u>	<u>8,570</u>	<u>(1,401,044)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	676,660	-	676,660
Transfers out	(438,994)	-	(130,000)	(568,994)
Issuance of debt	160,583	-	-	160,583
Sale of capital assets	11,856	-	-	11,856
Total other financing sources (uses)	<u>(266,555)</u>	<u>676,660</u>	<u>(130,000)</u>	<u>280,105</u>
Net change in fund balances	(1,058,090)	58,581	(121,430)	(1,120,939)
Beginning fund balances	4,328,896	82,529	629,551	5,040,976
Ending fund balances	<u>\$ 3,270,806</u>	<u>\$ 141,110</u>	<u>\$ 508,121</u>	<u>\$ 3,920,037</u>

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

CITY OF EDGEWATER, FLORIDA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ (1,120,939)

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	\$ 1,109,284	
Current year depreciation	<u>(3,680,699)</u>	(2,571,415)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to increase net position. (1,230)

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

Changes in compensated absences	\$ (120,195)	
Changes in OPEB obligation	(63,501)	
Changes in interest payable	7,621	
Changes in joint venture balance	<u>(79,069)</u>	(255,144)

The net revenue of certain activities of internal service funds is reported with governmental activities. (37,470)

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

Principal payments	\$ 445,714	
Debt issued	<u>(160,583)</u>	<u>285,131</u>

Change in net position of governmental activities \$ (3,701,067)

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 3,685,403	\$ 3,685,403	\$ 3,728,368	\$ 42,965
Utility and franchise taxes	3,138,576	3,144,388	3,051,649	(92,739)
Intergovernmental	2,393,221	2,435,758	2,488,040	52,282
Licenses and permits	159,550	237,317	236,820	(497)
Charges for services	917,902	1,141,349	1,132,520	(8,829)
Fines and forfeitures	173,500	208,385	194,651	(13,734)
Investment earnings	1,500	25,145	25,211	66
Miscellaneous revenue	80,160	47,814	38,539	(9,275)
Total revenues	<u>10,549,812</u>	<u>10,925,559</u>	<u>10,895,798</u>	<u>(29,761)</u>
EXPENDITURES				
Current:				
Legislative	102,425	102,425	93,377	9,048
Executive	580,013	564,013	558,357	5,656
Legal counsel	106,500	91,500	89,195	2,305
Community development	486,987	417,987	413,255	4,732
Public works	643,199	582,927	562,286	20,641
Public safety:				
Law enforcement	3,345,139	3,073,639	3,191,318	(117,679)
Fire and emergency services	2,942,366	2,968,872	2,942,859	26,013
Code enforcement	153,949	153,949	144,716	9,233
Animal services	111,722	134,197	132,794	1,403
Culture and recreation	1,264,226	1,239,626	1,237,586	2,040
General administrative services	1,560,520	1,606,863	1,590,455	16,408
Debt service:				
Principal	395,714	440,714	425,714	15,000
Interest	36,600	36,600	38,296	(1,696)
Capital outlay	225,359	285,359	267,125	18,234
Total expenditures	<u>11,954,719</u>	<u>11,698,671</u>	<u>11,687,333</u>	<u>11,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,404,907)</u>	<u>(773,112)</u>	<u>(791,535)</u>	<u>(18,423)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(438,994)	(438,994)	(438,994)	-
Proceeds from issuance of debt	187,361	160,583	160,583	-
Sale of capital assets	3,500	11,856	11,856	-
Total other financing sources (uses)	<u>(248,133)</u>	<u>(266,555)</u>	<u>(266,555)</u>	<u>-</u>
Net change in fund balances	(1,653,040)	(1,039,667)	(1,058,090)	(18,423)
Beginning fund balances	4,328,896	4,328,896	4,328,896	-
Ending fund balances	<u>\$ 2,675,856</u>	<u>\$ 3,289,229</u>	<u>\$ 3,270,806</u>	<u>\$ (18,423)</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Net Position

Proprietary Funds

September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds			Total	
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,477,393	\$ 851,903	\$ 1,036,479	\$ 6,365,775	\$ 210,792
Receivables, net	1,071,684	354,564	167,654	1,593,902	-
Due from other governments	321,025	-	-	321,025	-
Inventories	-	-	-	-	20,361
Prepaid items	2,003	316	1,043	3,362	-
Special assessments receivable	96,779	-	-	96,779	-
Total current assets	<u>5,968,884</u>	<u>1,206,783</u>	<u>1,205,176</u>	<u>8,380,843</u>	<u>231,153</u>
Noncurrent assets:					
Restricted cash and cash equivalents:					
Debt service	1,464,222	-	-	1,464,222	-
Capital projects	618,972	-	-	618,972	-
Total restricted cash and cash equivalents	<u>2,083,194</u>	<u>-</u>	<u>-</u>	<u>2,083,194</u>	<u>-</u>
Capital assets:					
Land and land rights	966,228	-	269,239	1,235,467	-
Buildings and improvements	66,018,966	69,075	8,298,917	74,386,958	60,684
Machinery and equipment	8,040,160	2,171,490	1,055,534	11,267,184	88,186
Construction in progress	6,446,445	21,651	44,482	6,512,578	-
Less accumulated depreciation	(35,713,200)	(1,438,278)	(3,648,850)	(40,800,328)	(57,952)
Total capital assets (net of accumulated depreciation)	<u>45,758,599</u>	<u>823,938</u>	<u>6,019,322</u>	<u>52,601,859</u>	<u>90,918</u>
Special assessment receivable	72,705	-	-	72,705	-
Deferred charges	90,461	-	-	90,461	-
Total noncurrent assets	<u>48,004,959</u>	<u>823,938</u>	<u>6,019,322</u>	<u>54,848,219</u>	<u>90,918</u>
Total assets	<u>\$ 53,973,843</u>	<u>\$ 2,030,721</u>	<u>\$ 7,224,498</u>	<u>\$ 63,229,062</u>	<u>\$ 322,071</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,157,289	\$ 79,704	\$ 2,026	\$ 1,239,019	\$ 174,302
Accrued liabilities	134,168	45,781	19,052	199,001	12,798
Compensated absences	287,821	110,960	57,352	456,133	28,598
Customer deposits	928,192	-	-	928,192	-
Accrued interest payable	222,736	-	-	222,736	-
Notes payable - current	493,000	-	-	493,000	-
Revenue bonds payable - current	1,273,000	-	-	1,273,000	-
Total current liabilities	<u>4,496,206</u>	<u>236,445</u>	<u>78,430</u>	<u>4,811,081</u>	<u>215,698</u>
Noncurrent liabilities:					
Compensated absences	157,222	37,617	7,836	202,675	37,780
OPEB obligation	116,506	51,267	21,407	189,180	12,774
Long-term debt payable after one year	20,726,354	-	-	20,726,354	-
Total noncurrent liabilities	<u>21,000,082</u>	<u>88,884</u>	<u>29,243</u>	<u>21,118,209</u>	<u>50,554</u>
Total liabilities	<u>25,496,288</u>	<u>325,329</u>	<u>107,673</u>	<u>25,929,290</u>	<u>266,252</u>
NET POSITION					
Net investment in capital assets	23,356,706	823,938	6,019,322	30,199,966	90,918
Restricted:					
Capital projects	618,972	-	-	618,972	-
Debt service	1,241,486	-	-	1,241,486	-
Unrestricted	3,260,391	881,454	1,097,503	5,239,348	(35,099)
Total net position	<u>\$ 28,477,555</u>	<u>\$ 1,705,392</u>	<u>\$ 7,116,825</u>	<u>\$ 37,299,772</u>	<u>\$ 55,819</u>

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

CITY OF EDGEWATER, FLORIDA
Statement of Revenues, Expense and
Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds				
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Total	
Operating revenues:					
Charges for sales and services	\$ 8,238,099	\$ 2,673,005	\$ 1,287,833	\$ 12,198,937	\$ 3,761,605
Operating expenses:					
Salaries and employee benefits	2,556,532	1,110,889	577,118	4,244,539	2,579,213
Supplies and materials	574,489	149,254	45,300	769,043	481,804
Contract services	379,656	775,247	9,600	1,164,503	130,490
Other services and charges	1,629,666	346,553	208,563	2,184,782	637,212
Depreciation and amortization	2,409,515	176,810	316,675	2,903,000	13,256
Total operating expenses	7,549,858	2,558,753	1,157,256	11,265,867	3,841,975
Operating income (loss)	688,241	114,252	130,577	933,070	(80,370)
Nonoperating revenues (expenses):					
Investment earnings	3,856	23	-	3,879	-
Miscellaneous revenues	66,881	2,816	1,285	70,982	-
Interest expense	(536,530)	-	-	(536,530)	-
Total nonoperating revenues (expenses)	(465,793)	2,839	1,285	(461,669)	-
Income before capital contributions and transfers	222,448	117,091	131,862	471,401	(80,370)
Transfers in	-	-	-	-	203,571
Transfers out	(121,966)	(14,300)	(14,300)	(150,566)	(160,671)
Capital contributions and grants	83,417	-	-	83,417	-
Change in net position	183,899	102,791	117,562	404,252	(37,470)
Total net position - beginning	28,293,656	1,602,601	6,999,263	36,895,520	93,289
Total net position - ending	\$ 28,477,555	\$ 1,705,392	\$ 7,116,825	\$ 37,299,772	\$ 55,819

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, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds			Total	
	Water/ Sewer Utility	Refuse Utility	Stormwater Utility		
Cash flows from operating activities:					
Receipts-customers and users	\$ 8,153,531	\$ 2,679,741	\$ 1,288,438	\$ 12,121,710	\$ 3,765,041
Payments-suppliers	(1,487,940)	(1,258,425)	(263,554)	(3,009,919)	(3,490,448)
Payments-employees	(2,506,418)	(1,141,766)	(554,709)	(4,202,893)	(311,286)
Net cash provided (used) by operating activities	<u>4,159,173</u>	<u>279,550</u>	<u>470,175</u>	<u>4,908,898</u>	<u>(36,693)</u>
Cash flows from noncapital financing activities:					
Cash paid to other funds	(121,966)	(14,300)	(14,300)	(150,566)	-
Cash received from other funds	-	-	-	-	42,900
Net cash provided (used) by noncapital financing activities	<u>(121,966)</u>	<u>(14,300)</u>	<u>(14,300)</u>	<u>(150,566)</u>	<u>42,900</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(6,355,171)	(153,270)	(124,757)	(6,633,198)	(90,559)
Interest payments on debt	(539,310)	-	-	(539,310)	-
Capital contributions and fees	1,010,112	2,816	1,285	1,014,213	-
Proceeds from issuance of debt	8,544,668	-	-	8,544,668	-
Principal paid on debt	(5,978,334)	-	-	(5,978,334)	-
Net cash used by capital and related financing activities	<u>(3,318,035)</u>	<u>(150,454)</u>	<u>(123,472)</u>	<u>(3,591,961)</u>	<u>(90,559)</u>
Cash flows from investing activities:					
Interest on investments	3,856	23	-	3,879	-
Net cash provided by investing activities	<u>3,856</u>	<u>23</u>	<u>-</u>	<u>3,879</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	723,028	114,819	332,403	1,170,250	(84,352)
Beginning cash and cash equivalents	5,837,559	737,084	704,076	7,278,719	295,144
Ending cash and cash equivalents	<u>\$ 6,560,587</u>	<u>\$ 851,903</u>	<u>\$ 1,036,479</u>	<u>\$ 8,448,969</u>	<u>\$ 210,792</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income	\$ 688,241	\$ 114,252	\$ 130,577	\$ 933,070	\$ (80,370)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	2,409,515	176,810	316,675	2,903,000	13,256
(Increase) decrease in assets:					
Accounts receivable	(74,397)	6,736	605	(67,056)	3,436
Inventories	(2,003)	(316)	(1,043)	(3,362)	7,238
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	1,098,882	12,256	164	1,111,302	8,005
Compensated absences	28,383	(39,425)	19,037	7,995	8,995
OPEB obligation	20,723	9,237	4,160	34,120	2,747
Customer deposits	(10,171)	-	-	(10,171)	-
Total adjustments	<u>3,470,932</u>	<u>165,298</u>	<u>339,598</u>	<u>3,975,828</u>	<u>43,677</u>
Net cash provided (used) by operating activities	<u>\$ 4,159,173</u>	<u>\$ 279,550</u>	<u>\$ 470,175</u>	<u>\$ 4,908,898</u>	<u>\$ (36,693)</u>
Classified As:					
Cash and cash equivalents	\$ 4,477,393	\$ 851,903	\$ 1,036,479	\$ 6,365,775	\$ 210,792
Restricted cash and cash equivalents	2,083,194	-	-	2,083,194	-
Total	<u>\$ 6,560,587</u>	<u>\$ 851,903</u>	<u>\$ 1,036,479</u>	<u>\$ 8,448,969</u>	<u>\$ 210,792</u>

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

CITY OF EDGEWATER, FLORIDA

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2013

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 32,852
Accrued interest	92,210
Investments, at fair value:	
Money market funds	1,019,197
Certificates of deposit	49,683
Bonds	-
US Treasury notes	552,657
GNMA	1,045,755
Municipal bonds	1,051,546
Corporate bonds	6,054,079
Equities	9,393,302
Mutual fund - equities	8,664,689
Total assets	<u>27,955,970</u>
LIABILITIES	
Deferred contributions	<u>117,379</u>
Total liabilities	<u>117,379</u>
NET POSITION	
Held in trust for pension benefits	<u>\$ 27,838,591</u>

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

CITY OF EDGEWATER, FLORIDA
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended September 30, 2013

	Pension Trust Funds
	<u> </u>
ADDITIONS	
Contributions:	
Employer	\$ 1,715,026
Employee	173,932
State of Florida	<u>250,381</u>
Total contributions	<u>2,139,339</u>
Investment earnings (loss):	
Interest and dividends	332,627
Net increase in the fair value of investments	<u>2,853,011</u>
Total investment earnings (loss)	3,185,638
Less investment expenses	<u>(58,444)</u>
Net investment earnings (loss)	<u>3,127,194</u>
Total Additions	<u>5,266,533</u>
DEDUCTIONS	
Pension benefits	5,253,107
Administrative expenses	<u>206,869</u>
Total deductions	<u>5,459,976</u>
Change in net assets	(193,443)
Net position - beginning of year	<u>28,032,034</u>
Net position - end of Year	<u>\$ 27,838,591</u>

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



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I. Summary of Significant Accounting Policies

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

A. Reporting Entity:

The City of Edgewater was originally incorporated under general law on October 20, 1924. The City became the City of Edgewater and incorporated in 1951 as a political subdivision of the State of Florida and a municipal corporation with a five-member Council, including a Mayor and Vice-Mayor. The registered voters of the City of Edgewater elect the Mayor and Council. The Council appoints the City Manager, who in turn performs as the administrator of the everyday operations of the City. The City provides a full range of municipal services as directed by the City Charter including general government, public safety, public improvements, planning and zoning, water and sewer service, refuse collection, a recycling program, a stormwater management utility program, and related general and administrative services to 20,737 residents.

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

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

B. Government-wide and Fund Financial Statements:

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

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

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

Additionally, the City reports the following fund types:

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

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

Amounts reported as *program revenues include*:

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Utility Fund, the Refuse Fund, and the Stormwater Management Utility Fund are charges to customers for sales and services. The Water and Sewer Utility fund also 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.

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

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

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

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 Position or Equity

1. Deposits and investments

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

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

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

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

2. Receivables and payables

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

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

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

3. Inventories and prepaid items

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

4. Restricted assets

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

5. Capital assets

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

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

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

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

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

6. Compensated absences

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

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

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

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

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

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

assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

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

B. Explanation of Certain Differences Between the Governmental Fund 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 a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

III. Stewardship, Compliance and Accountability

A. Budgetary Information:

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

- Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are carried forward in subsequent annual budgets.
- Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.
- Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Council. The recommended budget includes proposed expenditures and the source of receipts to finance them.
- City Council holds a series of budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.

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- The budget, as adopted, may only be amended through formal approval by City Council. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budget at the fund level. Therefore, the City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Council.

B. Deficit Fund Equity:

At September 30, 2013, Fully Insured and Workers Comp internal service funds reported \$84,492 and \$1,471 deficit net positions, respectively.

C. Ad Valorem Property Taxes:

Under Florida law, the assessment of all properties and the collections of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. Florida Statutes regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. The millage rate in effect for the fiscal year ended September 30, 2013, was \$6.50 and the Edgewater I&S 2005 voted debt millage was \$.0612 for a total millage of \$6.5612.

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

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

D. Connection Fees and Impact Fees:

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

IV. Detailed Notes on All Funds

A. Deposits:

At September 30, 2013, the carrying amount of the City's bank deposits was \$10,013,344. The bank balance at September 30, 2013 was \$10,327,567, all of which is held by a bank that qualifies as a public depository, as required by Chapter 280 of the Florida Statutes. All of the deposits were covered by the FDIC or collateralized in accordance with the "Florida Security for Public Deposits Act". (Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral having a market value equal to 50% of the average daily balance for each month that all public deposits are in excess of any applicable deposit insurance. If the public deposits exceed the total amount of the regulatory capital accounts of a bank or the regulatory net worth of a savings association, the required collateral shall have a market value equal to 125% of the deposits). Of the bank balance, no amount was uninsured and uncollateralized in banks or savings and loans not qualifying under the Act at September 30, 2013.

City of Edgewater, Florida
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B. Investments:

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

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

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

Interest Rate Risk

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

As of September 30, 2013, 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	
Government-wide						
Investments Subject to Rate Risk:						
SBA LGIP	\$ 812,329	\$ 812,329	\$ -	\$ -	\$ -	AAAm
SBA Fund B	46,714	-	46,714	-	-	Unrated
Corporate bond	1,142,180	1,142,180	-	-	-	A
Total government-wide investments	\$ 2,001,223	\$ 1,954,509	\$ 46,714	\$ -	\$ -	
Fiduciary Funds						
Investments Subject to Rate Risk:						
Money market funds	\$ 1,019,197	\$ 1,019,197	\$ -	\$ -	\$ -	N/A
Certificates of deposit	49,683	-	49,683	-	-	
Bonds:						
US treasury notes	552,657	-	232,313	-	320,344	N/A
GNMA	1,045,755	-	-	-	1,045,755	N/A
Municipal obligations	1,051,546	474,180	385,680	191,686	-	*
Corporate bonds	6,054,079	480,047	3,052,588	1,435,874	1,085,570	**
	\$ 9,772,917	\$ 1,973,424	\$ 3,720,264	\$ 1,627,560	\$ 2,451,669	
Other Investments:						
Corporate equities	9,393,302					
Mutual funds – equity	8,664,689					
Total other investments	18,057,991					
Total fiduciary fund investments	27,830,908					
Total City Investments	\$ 29,832,131					

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

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

City of Edgewater, Florida
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Credit Risk

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

Custodial Credit Risk

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

As of September 30, 2013, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy. The City's investment policy requires that time deposit investments be made only with banking institutions that are members of the State of Florida collateral pool. Florida Statutes authorize, and the state administers, a collateral pool that ensures no loss of public funds.

Concentration of Credit Risk

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

C. Receivables:

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

Governmental Funds	General	Capital Projects	Nonmajor Funds	Total
Receivables:				
Accounts	\$ 527,788	\$ -	\$ 23	\$ 527,811
Intergovernmental	517,643	121,419	38	639,100
Gross receivables	1,045,431	121,419	61	1,166,911
Less: allowance for uncollectible	(124,082)	-	-	(124,082)
Net total receivables	\$ 921,349	\$ 121,419	\$ 61	\$ 1,042,829
Proprietary Funds	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Total
Receivables:				
Accounts	\$ 1,543,116	\$ 504,021	\$ 231,642	\$ 2,278,779
Intergovernmental	321,025	-	-	321,025
Special Assessments	169,484	-	-	169,484
Gross receivables	2,033,625	504,021	231,642	2,769,288
Less: allowance for uncollectible	(471,432)	(149,457)	(63,988)	(684,877)
Net total receivables	\$ 1,562,193	\$ 354,564	\$ 167,654	\$ 2,084,411

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. No deferred revenue is reported as

City of Edgewater, Florida
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of September 30, 2013. 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 \$58,201, reported in the major and non-major governmental funds was deferred 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, 2013 is as follows:

	Transfers In			Total
	Capital Projects	Internal Service MIS	Internal Service Fleet	
Transfers Out:				
General Fund	\$ 438,994	\$ -	\$ -	\$ 438,994
Recreation Impact	130,000	-	-	130,000
Enterprise:				
Water Sewer	107,666	14,300	-	121,966
Refuse	-	14,300	-	14,300
Stormwater	-	14,300	-	14,300
Internal Service:				
Fully Insured	-	113,802	46,869	160,671
Total	<u>\$ 676,660</u>	<u>\$ 156,702</u>	<u>\$ 46,869</u>	<u>\$ 880,231</u>

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.

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City of Edgewater, Florida
Notes to the Financial Statements
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E. Capital Assets:

Capital asset activity for the year ended September 30, 2013, was as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 23,078,325	\$ 16,252	\$ -	\$ 23,094,577
Construction in progress	3,975,624	931,368	(3,331,456)	1,575,536
Total assets not being depreciated	27,053,949	947,620	(3,331,456)	24,670,113
Capital assets being depreciated:				
Buildings	4,599,533	2,397,097	(595)	6,996,035
Improvement other than buildings	18,964,086	278,055	(62,374)	19,179,767
Machinery and equipment	3,913,415	254,277	(140,829)	4,026,863
Infrastructure	55,705,548	654,248	-	56,359,796
Total assets being depreciated	83,182,582	3,583,677	(203,798)	86,562,461
Less accumulated depreciation for:				
Buildings	(2,352,803)	(300,724)	598	(2,652,929)
Improvement other than buildings	(9,748,242)	(625,851)	61,143	(10,312,950)
Machinery and equipment	(2,663,528)	(348,664)	140,829	(2,871,363)
Infrastructure	(48,028,411)	(2,418,716)	-	(50,447,127)
Total accumulated depreciation	(62,792,984)	(3,693,955)	202,570	(66,284,369)
Total capital assets, being depreciated, net	20,389,598	(110,278)	(1,228)	20,278,092
Governmental activities capital assets, net	\$ 47,443,547	\$ 837,342	\$ (3,332,684)	\$ 44,948,205

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,235,467	\$ -	\$ -	\$ 1,235,467
Construction in progress	336,150	6,441,621	(265,193)	6,512,578
Total assets not being depreciated	1,571,617	6,441,621	(265,193)	7,748,045
Capital assets being depreciated:				
Buildings	24,565,769	-	-	24,565,769
Improvement other than buildings	49,609,593	240,080	(28,484)	49,821,189
Machinery and equipment	11,157,136	219,616	(109,568)	11,267,184
Total assets being depreciated	85,332,498	459,696	(138,052)	85,654,142
Less accumulated depreciation for:				
Buildings	(14,197,687)	(850,403)	-	(15,048,090)
Improvement other than buildings	(17,704,005)	(1,307,336)	26,678	(18,984,663)
Machinery and equipment	(6,130,762)	(745,432)	108,619	(6,767,575)
Total accumulated depreciation	(38,032,454)	(2,903,171)	135,297	(40,800,328)
Total capital assets, being depreciated, net	47,300,044	(2,443,475)	(2,755)	44,853,814
Business-type activities capital assets, net	\$ 48,871,661	\$ 3,998,146	\$ (267,948)	\$ 52,601,859

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

Governmental activities:	
General government	\$ 76,409
Public safety	432,192
Transportation / public works	2,932,592
Leisure services	239,506
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	13,256
Total depreciation expense - governmental activities	<u>\$ 3,693,955</u>
Business-type activities:	
Water Sewer Utility	\$ 2,409,515
Refuse collection	176,810
Stormwater System	316,675
Total depreciation expense - business-type activities	<u>\$ 2,903,000</u>

F. Deferred Charges:

Deferred charges consist of the following:

	Cost	Accumulated Amortization	Unamortized Balance
Bond issues costs	<u>\$ 127,454</u>	<u>\$ 36,993</u>	<u>\$ 90,461</u>
Total deferred charges – business- type activities	<u>\$ 127,454</u>	<u>\$ 36,993</u>	<u>\$ 90,461</u>

G. Leases:

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets - Machinery and equipment	\$ 366,069
Less: accumulated depreciation	<u>(93,883)</u>
Total	<u>\$ 272,186</u>

City of Edgewater, Florida
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The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 were as follows:

Year Ending	Governmental
<u>30-Sep</u>	<u>Activities</u>
2014	\$ 68,807
2015	68,807
2016	68,607
2017	68,607
2018	<u>33,566</u>
Total minimum lease payments	308,794
Less: amount representing interest	<u>(20,878)</u>
	<u>\$ 287,916</u>

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 the revenue bonds issued and outstanding at year-end is as follows:

<u>Business-Type Activities</u>	<u>Interest Rates and Dates</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Balance September 30, 2013</u>
Water and Sewer Revenue Refunding Bonds - Series 2009	3.40% (4/1 & 10/1)	10/1/2016	\$7,945,000	\$6,285,000
Water and Sewer Revenue Refunding Bonds- Series 2012	2.18% (4/1 & 10/1)	10/1/2023	8,310,000	<u>7,741,000</u>
Total Revenue Bonds Outstanding				<u>\$14,026,000</u>

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

The Water and Sewer Revenue Bond resolution provides for:

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

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- (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, 2013 are as follows:

Year Ending September 30	Business -Type Activities	
	Principal	Interest
2014	\$ 1,273,000	\$ 368,499
2015	1,314,000	332,793
2016	1,349,000	295,985
2017	5,093,000	195,099
2018	724,000	105,032
2019-2023	3,865,000	280,065
2024	408,000	4,447
Total	\$ 14,026,000	\$ 1,581,920

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

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

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Notes Payable

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

	<u>Guaranteed Entitlement Revenue Note, Series 2010</u>
Original amount issued	\$750,000
Issue date	November 23, 2010
Final maturity	October 1, 2030
Interest due	April 1 and Oct 1
Interest rate	Fixed – 2.77%

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

The City paid the principal payment due on October 1, 2014 in the amount of \$30,000, prior to year end, so the amount due for principal in 2014 is reported at zero. Remaining debt service requirements for this revenue note using interest rate of 2.77% at September 30, 2013 are:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ -	\$ 9,530
2015	30,000	18,699
2016	35,000	17,846
2017	35,000	16,829
2018	35,000	15,860
2019-2023	190,000	64,170
2024-2028	220,000	35,639
2029-2031	145,000	6,169
Total	<u>\$ 690,000</u>	<u>\$ 184,742</u>

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 was \$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 accrued on the outstanding principal balance. Starting August 26, 2007, interest began 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 28, 2014.

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 337,019	\$ 775

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:

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Year Ending September 30	Governmental Activities	
	Principal	Interest
2014	\$ 20,000	\$ 13,650
2015	20,000	12,881
2016	20,000	12,112
2017	25,000	11,343
2018	25,000	10,382
2019-2023	140,000	36,912
2024-2026	105,000	8,075
Total	<u>\$ 355,000</u>	<u>\$ 105,355</u>

During the year ended September 30, 2013, the City executed an agreement with the Florida Department of Environmental Protection to borrow up to \$6,438,083 at an interest rate of 1.72-1.84% through the State Revolving Fund loan program, for the purpose of wastewater treatment replacement and renewal. Capitalized interest added to the loan as of September 30, 2013 was \$25,319. Repayment commences on December 15, 2014, is due semiannually thereafter on June 15 and December 15, each year until all amounts due under the agreement have been fully paid. Current debt service requirements are as follows:

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2014	\$ -	\$ -
2015	269,765	117,225
2016	272,247	112,239
2017	274,752	107,160
2018	277,279	101,988
2019-2023	1,506,012	428,941
2024-2028	1,650,445	284,509
2029	152,542	10,645
Total	<u>\$ 4,403,042</u>	<u>\$ 1,162,707</u>

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

Year Ending September 30	Business-Type Activities	
	Principal	Interest
2014	\$ 493,000	\$ 71,907
2015	533,000	62,787
2016	576,000	52,917
2017	622,000	42,265
2018	657,000	30,832
2019-2023	1,302,000	26,852
Total	<u>\$ 4,183,000</u>	<u>\$ 287,560</u>

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes payable					
Guaranteed Entitlement Note, Series 2010	\$ 750,000	\$ -	\$ (60,000)	\$ 690,000	\$ 30,000
FIND Note	674,037	-	(337,018)	337,019	337,019
General Obligation note	375,000	-	(20,000)	355,000	20,000
Total notes payable	1,799,037	-	(417,018)	1,382,019	387,019
Capital leases					
Ambulance	156,029	-	(28,696)	127,333	29,898
Vehicles	-	160,583	-	160,583	31,174
Other post employment benefits	305,662	66,247	-	371,909	-
Compensated absences	1,454,403	900,183	(770,992)	1,583,594	900,182
Total governmental activities long term liabilities	\$3,715,131	\$1,127,013	\$ (1,216,706)	\$ 3,625,438	\$ 1,348,273
Business-type Activities					
Bonds payable					
Revenue Bonds	\$15,180,000	\$ -	\$ (1,154,000)	\$14,026,000	\$ 1,273,000
Deferred loss on refunding	(102,476)	-	23,071	(79,405)	-
Total bonds payable	15,077,524	-	(1,130,929)	13,946,595	1,273,000
Notes payable					
State revolving loan	-	4,403,042	-	4,403,042	-
Lease refunding note	-	4,507,000	(324,000)	4,183,000	493,000
Deferred loss on refinancing	-	(44,348)	4,065	(40,283)	-
Capital Lease	4,527,471	-	(4,527,471)	-	-
Other post employment benefits	155,060	34,120	-	189,180	-
Compensated absences	650,813	456,133	(448,138)	658,808	456,133
Total business-type activities long term debt	\$20,410,868	\$ 9,355,947	\$ (6,426,473)	\$ 23,340,342	\$2,222,133

Internal service funds predominately serve the governmental funds. Accordingly, \$66,378 of compensated absences and \$12,774 of Net OPEB liability are included in the above governmental activities amounts. Also, for the governmental activities, compensated absences and the net pension obligation are generally liquidated by the General Fund.

I. Other Commitments and Contingencies

The City has entered into several agreements that are outstanding at September 30, 2013, which will result in future financial obligation as follows:

<u>Description</u>	<u>Amount</u>
Ford Transit Van - Police	\$ 23,604
Chevy Tahoe K9 – Police	37,527
US 1 Sidewalk Design	165,338
10 th Street Park Design	3,608
WWTP Expansion	1,049,233
Lift Station #1	4,903
Hart Avenue Stormwater Design	4,928
Public Works Complex & Transfer Design	103,239
	<u>\$ 1,392,380</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 2013, 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, 2012, the Plan had approximately 170 active participants, 3 spouses, and 5 retirees receiving benefits. The plan does not issue a separate publicly available financial report.

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

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

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

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the Entry Age Normal actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability (or funding excess) using a level percentage of payroll method and closed amortization over a period not to exceed 30 years. Annual requirements include a 4.5% discount rate, compounded annually, and based on assumptions that the plan will be unfunded. The annual health care cost trend rate was assumed to decline gradually over the next several years from 8.5% in 2013 to an ultimate rate of 4.5% on and after 2017. The economic rates are based on an assumed inflation rate of 3% per annum.

The actuarial accrued liability (AAL) was determined as of September 30, 2013, based on the above assumptions and cost method, and applied to member data current at October 1, 2012. Liabilities were developed based on age adjusted costs for retirees currently receiving plan benefits as of October 1, 2012, with an AAL calculated to be \$1,849,238, which is unfunded (or 0% funded). The annual covered payroll is \$7.2 million, resulting in an unfunded AAL of 25.8%. The actuarial calculations reflect a long-term perspective using methods and assumptions that are designed to reduce short-term volatility in AAL and actuarial value of assets. The Plan provisions affecting the valuation were those in effect on October 1, 2012.

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.

	2013 Fiscal Year Valuation as of 10/1/2012
Annual Required Contribution (ARC)	\$ 217,079
Interest on Net OPEB Obligation	20,732
Adjustment to ARC	<u>(20,089)</u>
Annual OPEB Cost (Expense)	217,722
Less: Employer Contributions Made	<u>(117,354)</u>
Increase in Net OPEB Obligation	100,368
Net OPEB Obligation at beginning of year	<u>460,722</u>
Net OPEB Obligation at end of year	<u><u>\$ 561,090</u></u>

In the Statement of Net Position, as of September 30, 2013, the City reports a Net OPEB obligation of \$371,909 in governmental activities and \$189,181 in business-type activities.

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

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

Year Ended September 30,	Annual OPEB Cost	City Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 217,722	\$ 117,354	53.9%	\$ 561,090
2012	\$ 195,528	\$ 80,788	41.3%	\$ 460,722
2011	\$ 188,807	\$ 72,926	38.6%	\$ 345,982

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.

With the October 1, 2012 valuation the Board of Trustees adopted changes to the mortality, salary scale, normal and early retirement rates, and turnover rates assumptions. In addition, the Board of Trustees changed the funding method from the aggregate actuarial cost method to the entry age normal actuarial cost method. Starting for the year ending September 30, 2014, funding requirements are now based on a dollar funding methodology as compared to the percentage of payroll methodology. Included in benefits payment is \$1,239,229 for the purchase of annuity contracts for the year ended September 30, 2013.

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

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. Investments are reported at fair value.

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.

Included in benefits payment is \$1,724,372 for the purchase of annuity contracts for the year ended September 30, 2013.

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.

With the October 1, 2012 valuation the Board of Trustees adopted changes to the salary scale, normal retirement rates, disability rates, and turnover rates assumptions.

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

Group	General Employees	Police Officers'	Fire Fighters'
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them (vested)	107	31	6
Actively employed participants	12	25	27
Totals	<u>119</u>	<u>56</u>	<u>33</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 or net pension asset (NPA) at year end. In accordance with GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, the total NPA at year end was \$348,892, the cumulative net contribution in excess of the annual required contribution, is presented as an asset on the City's entity-wide Statement of Net Position. In accordance with GAAP, the City recorded the approved

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

state police and firefighter pension contribution from insurance premium payments and excise tax in the amount of \$250,381 as an intergovernmental revenue and pension contribution expense in the General Fund.

At September 30, 2013 the Police Officers plan has \$113,625 of accumulated funding in the Funding Standard Account, as determined by the actuary. The Funding Standard Account balance can be utilized in future years to reduce the City's contributions into the Police Officers Retirement Trust Fund. In addition, for the year ended September 30, 2013 the City did not utilize the Funding Standard Account to meet the Annual Required Contribution.

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

The amounts legally required as of September 30, 2013 to be reserved for the general, police and firefighter pension funds are \$12,030,392, \$7,382,096 and \$8,426,103, respectively.

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

	General Employee's Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund
Annual Required Contribution (ARC)	\$ 484,341	\$ 762,743	\$ 451,165
Interest on Net Pension Obligation (NPO)	2	(32,259)	(8,743)
Adjustment to ARC	(2)	56,632	12,930
Annual Pension Cost	484,341	787,116	455,352
City and State Contributions Made	484,341	593,502	451,165
Increase/(Decrease) in NPO	-	193,614	4,187
NPO (NPA) beginning of year	-	(430,115)	(116,578)
NPO (NPA) end of year	\$ -	\$ (236,501)	\$ (112,391)

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Three Year Trend Information:

General Employee's Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2012	484,341	100%
September 30, 2011	443,259	100%	-
September 30, 2010	358,254	100%	-

Police Officers' Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2012	787,116	75.40%
September 30, 2011	701,166	86.50%	(430,115)
September 30, 2010	629,164	95.50%	(524,844)

Firefighters' Pension			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	September 30, 2012	455,352	98.10%
September 30, 2011	362,093	98.20%	(116,578)
September 30, 2010	360,815	98.10%	(122,982)

As of October 1, 2012, the most recent actuarial valuation date, the General Employees' plan was 62.99 percent funded. The actuarial accrued liability for benefits was \$17,138,842, and the actuarial value of assets was \$10,795,757, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,343,085. The covered payroll (annual payroll of active employees covered by the plan) was \$580,324, and the ratio of the UAAL to the covered payroll was 1,093.02 percent.

As of October 1, 2012, the most recent actuarial valuation date, the Police Officers' plan was 54.98 percent funded. The actuarial accrued liability for benefits was \$11,153,497, and the actuarial value of assets was \$6,132,725, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,020,772. The covered payroll (annual payroll of active employees covered by the plan) was \$1,117,545, and the ratio of the UAAL to the covered payroll was 449.27 percent.

As of October 1, 2012, the most recent actuarial valuation date, the Firefighters' plan was 83.98 percent funded. The actuarial accrued liability for benefits was \$8,068,598, and the actuarial value of assets was \$6,776,342, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,292,256. The covered payroll (annual payroll of active employees covered by the plan) was \$1,528,795, and the ratio of the UAAL to the covered payroll was 84.53 percent.

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

Description of Plan Benefits-All Plans

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

Actuarial methods and significant assumptions

	General Employees	Police Officers	Firefighters
Valuation date	10/1/2012	10/1/2012	10/1/2012
Actuarial cost method	Entry Age Normal	Frozen Entry Age	Entry age Normal
Amortization method	Level % of pay, Closed	Level % of pay, Closed	Level % of pay, Closed
Remaining amortization period	20 years	20 years	22 years
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases **	4.0%	6.0%	5.0%
** Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	None	None	None

Individual Fiduciary Fund Statements

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

CITY OF EDGEWATER, FLORIDA
Combining Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2013

	General Employees	Police Officers	Firefighters
ASSETS			
Investments, at fair value:			
Cash and cash equivalents	\$ 27,095	\$ 2,376	\$ 3,381
Accrued income	48,332	30,869	13,009
Investments, at fair value			
Money market funds	374,814	332,689	311,694
Certificates of deposit	-	-	49,683
Bonds	4,070,929	2,641,198	1,991,910
Equities	-	3,327,279	6,066,023
Mutual fund – equities	<u>7,607,612</u>	<u>1,057,077</u>	<u>-</u>
Total assets	12,128,782	7,391,488	8,435,700
LIABILITIES			
Deferred Contributions	98,390	9,392	9,597
NET POSITION			
Held in trust for pension benefits	<u>\$ 12,030,392</u>	<u>\$ 7,382,096</u>	<u>\$ 8,426,103</u>

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

CITY OF EDGEWATER, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the fiscal year ended September 30, 2013

	General		
	<u>Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
ADDITIONS			
Contributions:			
Employer	\$ 480,000	\$ 753,286	\$ 481,740
Employee	15,348	70,430	88,154
State of Florida	-	121,375	129,006
Total contributions	<u>495,348</u>	<u>945,091</u>	<u>698,900</u>
Investment earnings:			
Interest and dividends	61,100	116,726	154,801
Net increase/ (decrease) in the fair value of investments	1,508,921	673,502	670,588
Less investment expenses	<u>(2,746)</u>	<u>(15,084)</u>	<u>(40,614)</u>
Net investment earnings	<u>1,567,275</u>	<u>775,144</u>	<u>784,775</u>
Total Additions	<u>2,062,623</u>	<u>1,720,235</u>	<u>1,483,675</u>
DEDUCTIONS			
Pension benefits	2,501,826	2,462,670	288,611
Administrative expenses	<u>80,436</u>	<u>89,127</u>	<u>37,306</u>
Total deductions	<u>2,582,262</u>	<u>2,551,797</u>	<u>325,917</u>
Change in net position	(519,639)	(831,562)	1,157,758
Net position - beginning of year	<u>12,550,031</u>	<u>8,213,658</u>	<u>7,268,345</u>
Net position - end of Year	<u>\$ 12,030,392</u>	<u>\$ 7,382,096</u>	<u>\$ 8,426,103</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 Salem Trust. Eligible employees are employees hired effective October 1, 1996, or thereafter that would otherwise qualify for the General Employees' Pension Plan. Employees hired prior to October 1, 1996, and not vested in the General Employees' Pension Plan may also elect, instead, to participate in the defined contribution plan. The plan provides for an employer contribution equal to 12% of employee earnings.

Employee participation is immediate upon hiring and are 100% vested after five years of employment. Employees direct the investment of funds contributed to the plan on their behalf. Employer contributions made during the year amounted to \$475,854. The City Council has the authority to amend the Plan's provisions including amending contribution requirements.

E. Deferred Compensation Plans:

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

**F. Joint Venture
Communications Interlocal Agency.**

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

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

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

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

Wayne Saunders, Finance Director
City of Port Orange
1000 City Center Circle
Port Orange, FL 32129

Summarized audited information of the Communications Interlocal Agency for the year ended September 30, 2013 is as follows:

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

A summary of the changes in the City's investment in the Communications Interlocal Agency for the year ended September 30, 2013 is as follows:

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

Effective September 30, 2011, the CIA was dissolved as the County of Volusia, Florida voted to go to a centralized dispatch service for the entire County. The CIA is still determining the dissolution of assets between the three cities, and the remaining assets are expected to be distributed during the year ended September 30, 2014.

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. Recently Issued Pronouncements:

In March 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014. The implementation GASB 65 will result in the removal of approximately \$90,461 of unamortized bond issuance costs and result in the reduction of investment in capital assets net assets in the Water/Sewer fund.

In June 2012, the Government Accounting Standards Board (GASB) issued GASB 67, which replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

City of Edgewater, Florida
Notes to the Financial Statements
September 30, 2013

In June 2012, the Government Accounting Standards Board (GASB) issued GASB 68, which replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB 50, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

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CITY OF EDGEWATER, FLORIDA

Required Supplementary Information (unaudited)
Schedules of Funding Progress

Other Post Employment Benefit Plan

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

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)
10/1/2012	\$ 10,795,757	\$ 17,138,842	\$ 6,343,085	62.99%	\$ 580,324	1093.02%
10/1/2011	12,227,558	17,289,981	5,062,423	70.72%	1,017,953	497.31%
10/1/2010	13,310,777	17,088,869	3,778,092	77.89%	1,077,877	350.51%
10/1/2009	13,876,405	16,842,925	2,966,520	82.39%	1,204,161	246.36%
10/1/2008	14,472,525	16,636,744	2,164,219	86.99%	1,254,441	172.52%
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%

Police Officers Pension Trust

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

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)
10/1/2012	\$ 6,776,342	\$ 8,068,598	\$ 1,292,256	83.98%	\$ 1,528,795	84.53%
10/1/2011	5,513,147	7,319,117	1,805,970	75.33%	1,439,711	125.44%
10/1/2010	5,315,976	6,499,389	1,183,413	81.79%	1,475,291	80.22%
10/1/2009	4,977,603	5,652,886	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%

CITY OF EDGEWATER, FLORIDA

Required Supplementary Information (unaudited)

Schedules of Contributions from the Employer and Other Contributing Entities

Other Post Employment Benefit Plan

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

General Employee's Retirement Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	Percentage Contribution
2013	\$ 480,000	\$ 480,000	100%
2012	484,341	484,341	100%
2011	443,259	443,259	100%
2010	358,255	358,255	100%
2009	746,270	746,270	100%
2008	746,270	746,270	100%
2007	639,794	639,794	100%
2006	580,701	580,701	100%

Police Officers Pension Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution *	Percentage Contribution
2013	\$ 874,661	\$ 753,286	\$ 121,375	100.00%
2012	762,743 ¹	471,463	122,039	77.81%
2011	673,391 ²	547,752	125,639	100.00%
2010	600,715 ³	475,560	125,156	100.00%
2009	474,810	407,647	131,228	113.49%
2008	474,810	474,810	126,189	126.58%
2007	378,127	258,902	222,837	127.40%
2006	378,127	258,902	119,225	100.00%

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

Firefighters Pension Trust

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	State Contribution *	Percentage Contribution
2013	\$ 610,746	\$ 481,740	\$ 129,006	100.00%
2012	451,165	388,329	62,836	100.00%
2011	355,689	288,744	66,946	100.00%
2010	354,059	287,113	66,946	100.00%
2009	292,806	254,858	66,946	109.90%
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%

* Frozen pursuant to Chapter 175 or 185, Florida Statutes



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CITY OF EDGEWATER, FLORIDA

Nonmajor Governmental Funds

September 30, 2013

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

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

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

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

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

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

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

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

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

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

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

CITY OF EDGEWATER, FLORIDA

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2013

	Special Revenue			
	Justice Assistance Grants	SLETF	Transportation Impact	Police Impact
ASSETS				
Cash	\$ 2,749	\$ 6,860	\$ 283,156	\$ 148,629
Receivables-net	-	-	13	7
Due from other governments	-	-	-	-
Total assets	<u>\$ 2,749</u>	<u>\$ 6,860</u>	<u>\$ 283,169</u>	<u>\$ 148,636</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 1,155	\$ -	\$ -
Total liabilities	<u>-</u>	<u>1,155</u>	<u>-</u>	<u>-</u>
Fund Balances				
Spendable:				
Restricted for:				
Public safety	2,749	5,705	-	-
Debt service	-	-	-	-
Capital projects	-	-	283,169	148,636
Unassigned	-	-	-	-
Total fund balances	<u>2,749</u>	<u>5,705</u>	<u>283,169</u>	<u>148,636</u>
Total liabilities and fund balance	<u>\$ 2,749</u>	<u>\$ 6,860</u>	<u>\$ 283,169</u>	<u>\$ 148,636</u>

Fire Impact	Recreation Impact	Debt Service	Total Nonmajor Governmental Funds
\$ 17,228	\$ 48,904	\$ 1,689	\$ 509,215
1	2	-	23
-	-	38	38
<u>\$ 17,229</u>	<u>\$ 48,906</u>	<u>\$ 1,727</u>	<u>\$ 509,276</u>
\$ -	\$ -	\$ -	\$ 1,155
-	-	-	1,155
-	-	-	8,454
-	-	1,727	1,727
17,229	48,906	-	497,940
-	-	-	-
<u>17,229</u>	<u>48,906</u>	<u>1,727</u>	<u>508,121</u>
<u>\$ 17,229</u>	<u>\$ 48,906</u>	<u>\$ 1,727</u>	<u>\$ 509,276</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, 2013

	Special Revenue				
	Justice Assistance Grants	SLETF	Transportation Impact	Police Impact	Fire Impact
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,303	-	-	-	-
Fines and forfeitures	-	1,200	-	-	-
Investment earnings	-	2	30	16	2
Impact fees	-	-	26,776	2,512	4,982
Total revenues	<u>3,303</u>	<u>1,202</u>	<u>26,806</u>	<u>2,528</u>	<u>4,984</u>
EXPENDITURES					
Current:					
Public safety	3,291	37,505	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,291</u>	<u>37,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12</u>	<u>(36,303)</u>	<u>26,806</u>	<u>2,528</u>	<u>4,984</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>12</u>	<u>(36,303)</u>	<u>26,806</u>	<u>2,528</u>	<u>4,984</u>
Beginning fund balances	<u>2,737</u>	<u>42,008</u>	<u>256,363</u>	<u>146,108</u>	<u>12,245</u>
Ending fund balances (deficit)	<u>\$ 2,749</u>	<u>\$ 5,705</u>	<u>\$ 283,169</u>	<u>\$ 148,636</u>	<u>\$ 17,229</u>

<u>Recreation Impact</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 35,088	\$ 35,088
-	-	3,303
-	-	1,200
7	1	58
<u>9,866</u>	<u>-</u>	<u>44,136</u>
<u>9,873</u>	<u>35,089</u>	<u>83,785</u>
-	-	40,796
-	20,000	20,000
<u>-</u>	<u>14,419</u>	<u>14,419</u>
<u>-</u>	<u>34,419</u>	<u>75,215</u>
<u>9,873</u>	<u>670</u>	<u>8,570</u>
<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>
<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>
<u>(120,127)</u>	<u>670</u>	<u>(121,430)</u>
<u>169,033</u>	<u>1,057</u>	<u>629,551</u>
<u>\$ 48,906</u>	<u>\$ 1,727</u>	<u>\$ 508,121</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, 2013

	Special Revenue							
	Justice Assistance Grants				SLETF			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ 5,000	\$ 5,000	\$ 3,303	\$ (1,697)	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	3,000	3,000	1,200	(1,800)
Investment earnings	-	-	-	-	-	-	2	2
Impact fees	-	-	-	-	-	-	-	-
Total revenues	5,000	5,000	3,303	(1,697)	3,000	3,000	1,202	(1,798)
EXPENDITURES								
Current:								
Public safety	5,000	5,000	3,291	1,709	40,000	40,000	37,505	2,495
Total expenditures	5,000	5,000	3,291	1,709	40,000	40,000	37,505	2,495
Excess (deficiency) of revenues over (under) expenditures	-	-	12	12	(37,000)	(37,000)	(36,303)	697
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	12	12	(37,000)	(37,000)	(36,303)	697
Beginning fund balances	2,737	2,737	2,737	-	42,008	42,008	42,008	-
Ending fund balances (deficit)	\$ 2,737	\$ 2,737	\$ 2,749	\$ 12	\$ 5,008	\$ 5,008	\$ 5,705	\$ 697

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, 2013

	Special Revenue							
	Transportation Impact				Police Impact			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	30	30	-	-	16	16
Impact fees	20,500	28,000	26,776	(1,224)	2,500	2,500	2,512	12
Total revenues	20,500	28,000	26,806	(1,194)	2,500	2,500	2,528	28
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	20,500	28,000	26,806	(1,194)	2,500	2,500	2,528	28
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	20,500	28,000	26,806	(1,194)	2,500	2,500	2,528	28
Beginning fund balances	256,363	256,363	256,363	-	146,108	146,108	146,108	-
Ending fund balances (deficit)	\$ 276,863	\$ 284,363	\$ 283,169	\$ (1,194)	\$ 148,608	\$ 148,608	\$ 148,636	\$ 28

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, 2013

	Special Revenue							
	Fire Impact				Recreation Impact			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	-	2	2	-	-	7	7
Impact fees	5,000	5,000	4,982	(18)	5,000	5,000	9,866	4,866
Total revenues	5,000	5,000	4,984	(16)	5,000	5,000	9,873	4,873
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	5,000	4,984	(16)	5,000	5,000	9,873	4,873
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(130,000)	(130,000)	(130,000)	-
Total other financing sources (uses)	-	-	-	-	(130,000)	(130,000)	(130,000)	-
Net change in fund balances	5,000	5,000	4,984	(16)	(125,000)	(125,000)	(120,127)	4,873
Beginning fund balances	12,245	12,245	12,245	-	169,033	169,033	169,033	-
Ending fund balances (deficit)	\$ 17,245	\$ 17,245	\$ 17,229	\$ (16)	\$ 44,033	\$ 44,033	\$ 48,906	\$ 4,873

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, 2013

	Total			Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>		Actual Amounts	
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 3,303	\$ (1,697)
Fines and forfeitures	3,000	3,000	1,200	(1,800)
Investment earnings	-	-	57	57
Impact fees	33,000	40,500	44,136	3,636
Total revenues	<u>41,000</u>	<u>48,500</u>	<u>48,696</u>	<u>196</u>
EXPENDITURES				
Current:				
Public safety	45,000	45,000	40,796	4,204
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>40,796</u>	<u>4,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,000)</u>	<u>3,500</u>	<u>7,900</u>	<u>4,400</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
Net change in fund balances	(134,000)	(126,500)	(122,100)	4,400
Beginning fund balances	<u>628,494</u>	<u>628,494</u>	<u>628,494</u>	<u>-</u>
Ending fund balances (deficit)	<u>\$ 494,494</u>	<u>\$ 501,994</u>	<u>\$ 506,394</u>	<u>\$ 4,400</u>

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual
 Annually - Budgeted Nonmajor Debt Service Funds
 For the Fiscal Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 34,464	\$ 34,464	\$ 35,088	\$ 624
Investment earnings	-	-	1	1
Total revenues	<u>34,464</u>	<u>34,464</u>	<u>35,089</u>	<u>625</u>
EXPENDITURES				
Debt Service:				
Principal	20,000	20,000	20,000	-
Interest	<u>14,419</u>	<u>14,419</u>	<u>14,419</u>	<u>-</u>
Total expenditures	<u>34,419</u>	<u>34,419</u>	<u>34,419</u>	<u>-</u>
Net change in fund balances	45	45	670	625
Beginning fund balances	<u>1,057</u>	<u>1,057</u>	<u>1,057</u>	<u>-</u>
Ending fund balances	<u>\$ 1,102</u>	<u>\$ 1,102</u>	<u>\$ 1,727</u>	<u>\$ 625</u>

CITY OF EDGEWATER, FLORIDA

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual
 Annually - Budgeted Major Capital Projects Funds
 For the Fiscal Year Ended September 30, 2013

	General Construction			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Intergovernmental	\$ 74,939	\$ 623,240	\$ 441,752	\$ (181,488)
Investment earnings	100	100	69	(31)
Total revenues	<u>75,039</u>	<u>623,340</u>	<u>441,821</u>	<u>(181,519)</u>
EXPENDITURES				
Capital outlay	644,033	1,300,000	1,053,679	246,321
Other Services & Charges	-	-	6,221	(6,221)
Total expenditures	<u>644,033</u>	<u>1,300,000</u>	<u>1,059,900</u>	<u>240,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(568,994)</u>	<u>(676,660)</u>	<u>(618,079)</u>	<u>58,581</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	568,994	676,660	676,660	-
Total other financing sources (uses)	<u>568,994</u>	<u>676,660</u>	<u>676,660</u>	<u>-</u>
Net change in fund balance	-	-	58,581	58,581
Beginning fund balances	82,529	82,529	82,529	-
Ending fund balances	<u>\$ 82,529</u>	<u>\$ 82,529</u>	<u>\$ 141,110</u>	<u>\$ 58,581</u>



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CITY OF EDGEWATER, FLORIDA

Internal Service Funds

September 30, 2013

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

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

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

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

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

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

CITY OF EDGEWATER, FLORIDA

Combining Statement of Net Position

Internal Service Funds

September 30, 2013

	<u>MIS</u>	<u>FLEET</u>	<u>Loss Fund</u>	<u>Fully Insured</u>	<u>Workers Comp</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash	\$ 38,483	\$ 71,184	\$ 14,680	\$ 85,786	\$ 659	\$ 210,792
Inventories	-	20,361	-	-	-	20,361
Total current assets	<u>38,483</u>	<u>91,545</u>	<u>14,680</u>	<u>85,786</u>	<u>659</u>	<u>231,153</u>
Noncurrent assets:						
Capital assets:						
Buildings and improvements	60,684	-	-	-	-	60,684
Machinery and equipment	39,447	48,739	-	-	-	88,186
Less accumulated depreciation	<u>(27,112)</u>	<u>(30,840)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,952)</u>
Total capital assets (net of accumulated depreciation)	<u>73,019</u>	<u>17,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,918</u>
Total noncurrent assets	<u>73,019</u>	<u>17,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,918</u>
Total assets	<u>111,502</u>	<u>109,444</u>	<u>14,680</u>	<u>85,786</u>	<u>659</u>	<u>322,071</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,611	283	-	170,278	2,130	174,302
Accrued liabilities	6,399	6,399	-	-	-	12,798
Compensated absences	<u>15,613</u>	<u>12,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,598</u>
Total current liabilities	<u>23,623</u>	<u>19,667</u>	<u>-</u>	<u>170,278</u>	<u>2,130</u>	<u>215,698</u>
Noncurrent liabilities:						
Compensated absences	24,554	13,226	-	-	-	37,780
OPEB obligation	<u>6,163</u>	<u>6,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,774</u>
Total noncurrent liabilities	<u>30,717</u>	<u>19,837</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,554</u>
Total liabilities	<u>54,340</u>	<u>39,504</u>	<u>-</u>	<u>170,278</u>	<u>2,130</u>	<u>266,252</u>
NET POSITION						
Invested in capital assets	73,019	17,899	-	-	-	90,918
Unrestricted	<u>(15,857)</u>	<u>52,041</u>	<u>14,680</u>	<u>(84,492)</u>	<u>(1,471)</u>	<u>(35,099)</u>
Total net position	<u>\$ 57,162</u>	<u>\$ 69,940</u>	<u>\$ 14,680</u>	<u>\$ (84,492)</u>	<u>\$ (1,471)</u>	<u>\$ 55,819</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Revenues, Expenses, and

Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended September 30, 2013

	<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	\$ 336,560	\$ 821,668	\$ 371,707	\$ 2,016,247	\$ 215,423	\$ 3,761,605
Operating expenses:						
Salaries and employee benefits	165,941	158,038	-	2,035,151	220,083	2,579,213
Supplies and materials	50,037	431,767	-	-	-	481,804
Contract services	130,312	178	-	-	-	130,490
Other services and charges	46,224	233,961	357,027	-	-	637,212
Depreciation	8,574	4,682	-	-	-	13,256
Total operating expenses	401,088	828,626	357,027	2,035,151	220,083	3,841,975
Operating income (loss)	(64,528)	(6,958)	14,680	(18,904)	(4,660)	(80,370)
Income (loss) before contributions and transfers	(64,528)	(6,958)	14,680	(18,904)	(4,660)	(80,370)
Transfers in	156,702	46,869	-	-	-	203,571
Transfers out	-	-	-	(160,671)	-	(160,671)
Change in net position	92,174	39,911	14,680	(179,575)	(4,660)	(37,470)
Total net position - beginning	(35,012)	30,029	-	95,083	3,189	93,289
Total net position - ending	\$ 57,162	\$ 69,940	\$ 14,680	\$ (84,492)	\$ (1,471)	\$ 55,819

CITY OF EDGEWATER, FLORIDA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended September 30, 2013

	<u>MIS</u>	<u>FLEET</u>	<u>Loss Fund</u>	<u>Fully Insured</u>	<u>Workers Comp</u>	<u>Total</u>
Cash flows from operating activities:						
Receipts-customers and users	\$ 336,560	\$ 821,668	\$ 371,707	\$ 2,016,494	\$ 218,612	\$ 3,765,041
Payments-suppliers	(229,839)	(665,999)	(357,027)	(2,019,630)	(217,953)	(3,490,448)
Payments-employees	(160,559)	(150,727)	-	-	-	(311,286)
Net cash provided (used) by operating activities	<u>(53,838)</u>	<u>4,942</u>	<u>14,680</u>	<u>(3,136)</u>	<u>659</u>	<u>(36,693)</u>
Cash flows from noncapital financing activities:						
Cash received from (paid to) other funds	<u>156,702</u>	<u>46,869</u>	<u>-</u>	<u>(160,671)</u>	<u>-</u>	<u>42,900</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	<u>(74,708)</u>	<u>(15,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,559)</u>
Net increase (decrease) in cash and cash equivalents	28,156	35,960	14,680	(163,807)	659	(84,352)
Beginning cash and cash equivalents	<u>10,327</u>	<u>35,224</u>	<u>-</u>	<u>249,593</u>	<u>-</u>	<u>295,144</u>
Ending cash and cash equivalents	<u>\$ 38,483</u>	<u>\$ 71,184</u>	<u>\$ 14,680</u>	<u>\$ 85,786</u>	<u>\$ 659</u>	<u>\$ 210,792</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (64,528)	\$ (6,958)	\$ 14,680	\$ (18,904)	\$ (4,660)	\$ (80,370)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,574	4,682	-	-	-	13,256
(Increase) decrease in assets:						
Receivables - net	-	-	-	247	3,189	3,436
Inventories	-	(172)	-	7,410	-	7,238
Increase (decrease) in liabilities:						
Accounts payable	(3,266)	79	-	8,111	2,130	7,054
Accrued liabilities	272	679	-	-	-	951
OPEB obligation	1,435	1,312	-	-	-	2,747
Compensated absences	3,675	5,320	-	-	-	8,995
Total adjustments	<u>10,690</u>	<u>11,900</u>	<u>-</u>	<u>15,768</u>	<u>5,319</u>	<u>43,677</u>
Net cash provided (used) by operating activities	<u>\$ (53,838)</u>	<u>\$ 4,942</u>	<u>\$ 14,680</u>	<u>\$ (3,136)</u>	<u>\$ 659</u>	<u>\$ (36,693)</u>

CITY OF EDGEWATER, FLORIDA

Other Supplemental Schedules

September 30, 2013

Fiduciary Funds – Pension trust Funds

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

CITY OF EDGEWATER, FLORIDA

Combining Statement of Fiduciary Net Position

Pension Trust Funds

September 30, 2013

	General Employees	Police Officers	Firefighters	Total
ASSETS				
Cash and cash equivalents	\$ 27,095	\$ 2,376	\$ 3,381	\$ 32,852
Accrued income	48,332	30,869	13,009	92,210
Investments, at fair value:				
Money market funds	374,814	332,689	311,694	1,019,197
Certificates of deposit	-	-	49,683	49,683
Bonds				
US Treasury notes	268,999	196,258	87,400	552,657
GNMA	622,327	373,396	50,032	1,045,755
Municipal bonds	516,822	343,038	191,686	1,051,546
Corporate bonds	2,662,781	1,728,506	1,662,792	6,054,079
Equities	-	3,327,279	6,066,023	9,393,302
Mutual fund - equities	7,607,612	1,057,077	-	8,664,689
Total assets	<u>12,128,782</u>	<u>7,391,488</u>	<u>8,435,700</u>	<u>27,955,970</u>
LIABILITIES				
Deferred contributions	98,390	9,392	9,597	117,379
Total liabilities	<u>98,390</u>	<u>9,392</u>	<u>9,597</u>	<u>117,379</u>
NET POSITION				
Held in trust for pension benefits	<u>\$ 12,030,392</u>	<u>\$ 7,382,096</u>	<u>\$ 8,426,103</u>	<u>\$ 27,838,591</u>

CITY OF EDGEWATER, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Fiscal Year Ended September 30, 2013

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Employer	\$ 480,000	\$ 753,286	\$ 481,740	\$ 1,715,026
Employee	15,348	70,430	88,154	173,932
State of Florida	-	121,375	129,006	250,381
Total contributions	<u>495,348</u>	<u>945,091</u>	<u>698,900</u>	<u>2,139,339</u>
Investment earnings (loss):				
Interest and dividends	61,100	116,726	154,801	332,627
Net increase in the fair value of investments	<u>1,508,921</u>	<u>673,502</u>	<u>670,588</u>	<u>2,853,011</u>
Total investment earnings	<u>1,570,021</u>	<u>790,228</u>	<u>825,389</u>	<u>3,185,638</u>
Less investment expenses	<u>(2,746)</u>	<u>(15,084)</u>	<u>(40,614)</u>	<u>(58,444)</u>
Net investment earnings (loss)	<u>1,567,275</u>	<u>775,144</u>	<u>784,775</u>	<u>3,127,194</u>
Total Additions	<u>2,062,623</u>	<u>1,720,235</u>	<u>1,483,675</u>	<u>5,266,533</u>
DEDUCTIONS				
Pension benefits	2,501,826	2,462,670	288,611	5,253,107
Administrative expenses	<u>80,436</u>	<u>89,127</u>	<u>37,306</u>	<u>206,869</u>
Total deductions	<u>2,582,262</u>	<u>2,551,797</u>	<u>325,917</u>	<u>5,459,976</u>
Change in net position	<u>(519,639)</u>	<u>(831,562)</u>	<u>1,157,758</u>	<u>(193,443)</u>
Net position - beginning	<u>12,550,031</u>	<u>8,213,658</u>	<u>7,268,345</u>	<u>28,032,034</u>
Net position - ending	<u>\$ 12,030,392</u>	<u>\$ 7,382,096</u>	<u>\$ 8,426,103</u>	<u>\$ 27,838,591</u>



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CITY OF EDGEWATER, FLORIDA
Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	82-86
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal sales tax.	87-91
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	92-97
Demographic and Economic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	98-99
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	100-102

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

CITY OF EDGEWATER, FLORIDA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 43,278,270	\$ 45,488,481	\$ 45,286,948	\$ 47,510,167	\$ 48,282,223	\$ 49,083,883	\$ 47,677,631	\$ 10,790,015	\$ 9,283,844	\$ 8,207,197
Restricted	1,000,424	1,063,323	1,867,693	1,568,645	2,224,684	1,575,186	3,204,310	3,547,595	3,760,701	4,168,822
Unrestricted	1,511,496	2,939,453	4,696,621	5,310,937	5,718,964	6,126,300	8,896,934	2,109,332	1,165,791	396,934
Total Governmental Activities Net Position	\$ 45,790,190	\$ 49,491,257	\$ 51,851,262	\$ 54,389,749	\$ 56,225,871	\$ 56,785,369	\$ 59,778,875	\$ 16,446,942	\$ 14,210,336	\$ 12,772,953
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 30,199,966	\$ 29,330,978	\$ 29,408,827	\$ 28,325,668	\$ 25,052,445	\$ 24,260,590	\$ 23,558,802	\$ 23,188,819	\$ 18,641,079	\$ 16,796,965
Restricted	1,860,458	2,250,279	1,879,888	892,784	2,078,126	3,614,794	4,787,027	4,344,362	3,567,108	3,158,533
Unrestricted	5,239,348	5,314,263	5,586,070	6,303,962	6,408,077	6,398,470	5,322,505	6,732,197	9,332,979	12,161,692
Total Business-Type Activities Net Position	\$ 37,299,772	\$ 36,895,520	\$ 36,874,785	\$ 35,522,414	\$ 33,538,648	\$ 34,273,854	\$ 33,688,334	\$ 34,265,378	\$ 31,541,166	\$ 32,117,190
Total										
Invested in Capital Assets, Net of Related Debt	\$ 73,478,236	\$ 74,819,459	\$ 74,695,775	\$ 75,835,835	\$ 73,334,668	\$ 73,344,473	\$ 71,236,433	\$ 33,978,834	\$ 27,924,923	\$ 25,004,162
Restricted	2,860,882	3,313,602	3,747,581	2,461,429	4,302,810	5,189,980	7,991,337	7,891,957	7,327,809	7,327,355
Unrestricted	6,750,844	8,253,716	10,282,691	11,614,899	12,127,041	12,524,770	14,219,439	8,841,529	10,498,770	12,558,626
Total Net Position	\$ 83,089,962	\$ 86,386,777	\$ 88,726,047	\$ 89,912,163	\$ 89,764,519	\$ 91,059,223	\$ 93,447,209	\$ 50,712,320	\$ 45,751,502	\$ 44,890,143

CITY OF EDGEWATER, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Administrative	\$ 165,479	\$ 141,724	\$ 185,511	\$ 326,863	\$ 288,180	\$ 248,113	\$ 268,546	\$ 327,113	\$ 294,176	\$ 188,791
Public Safety	439,680	277,806	502,893	478,001	429,232	457,791	461,116	583,840	476,050	296,947
Public Works	169,864	147,040	156,857	173,895	200,101	317,602	408,345	731,819	750,284	783,766
Culture and recreation	13,162	12,520	-	6,245	12,785	11,814	25,982	137,053	229,995	150,256
Operating Grants and Contributions	586,345	591,002	594,849	634,000	593,635	384,417	485,854	505,161	574,193	951,863
Capital Grants and Contributions	515,775	1,466,668	1,187,088	266,779	424,997	127,030	260,884	845,639	326,163	487,060
Total Governmental Activities Program Revenues	\$ 1,890,305	\$ 2,636,760	\$ 2,627,198	\$ 1,885,783	\$ 1,948,930	\$ 1,546,767	\$ 1,910,727	\$ 3,130,625	\$ 2,650,861	\$ 2,858,683
Business-Type Activities:										
Charges for Services:										
Water / Sewer Utility	\$ 8,238,099	\$ 7,634,056	\$ 7,474,168	\$ 7,085,984	\$ 6,907,413	\$ 6,914,844	\$ 6,743,708	\$ 6,597,883	\$ 6,295,493	\$ 5,404,709
Refuse collection	2,673,005	2,638,024	2,661,778	2,670,316	2,704,541	2,538,797	2,393,425	2,242,197	2,085,965	1,946,298
Stormwater Utility	1,287,833	1,271,620	1,291,687	1,288,132	1,164,331	957,348	1,042,592	917,703	953,752	886,848
Operating Grants and Contributions	-	-	-	-	-	55,823	130,400	272,580	1,224,518	2,303,189
Capital Grants and Contributions	83,417	86,937	1,300,823	2,222,112	221,108	570,208	300,107	2,438,556	1,218,691	989,665
Total Business-Type Activities Program Revenues	\$ 12,282,354	\$ 11,630,637	\$ 12,728,456	\$ 13,266,544	\$ 10,997,393	\$ 11,037,020	\$ 10,610,232	\$ 12,468,919	\$ 11,778,419	\$ 11,530,709
Total Government Program Revenues	\$ 14,172,659	\$ 14,267,397	\$ 15,355,654	\$ 15,152,327	\$ 12,946,323	\$ 12,583,787	\$ 12,520,959	\$ 15,599,544	\$ 14,429,280	\$ 14,389,392
Expenses										
Governmental Activities:										
General administrative	\$ 2,088,288	\$ 1,869,872	\$ 2,030,426	\$ 2,120,727	\$ 2,437,060	\$ 3,368,997	\$ 3,268,496	\$ 3,338,289	\$ 2,801,030	\$ 2,227,242
Culture and recreation	1,490,505	1,388,241	1,415,197	1,392,047	1,400,669	1,417,080	1,495,209	1,511,621	1,727,507	1,572,699
Public Works	3,719,716	3,542,650	3,847,458	3,315,340	3,207,832	3,182,898	3,418,018	643,943	725,242	1,257,545
Public Safety	7,094,211	6,587,921	7,141,391	6,676,065	6,455,618	5,893,950	6,522,598	6,259,632	6,235,432	6,212,610
Interest on long-term debt	45,094	36,397	61,554	77,845	211,630	315,637	196,466	291,830	310,433	324,137
Total Governmental Activities Expenses	\$ 14,447,814	\$ 13,425,081	\$ 14,496,026	\$ 13,582,024	\$ 13,712,809	\$ 14,178,562	\$ 14,900,787	\$ 12,045,315	\$ 11,799,644	\$ 11,594,233
Business-Type Activities:										
Water / Sewer Utility	\$ 8,086,388	\$ 8,020,597	\$ 7,931,996	\$ 8,246,448	\$ 8,684,972	\$ 8,463,439	\$ 8,479,766	\$ 8,053,623	\$ 7,635,312	\$ 6,922,171
Refuse collection	2,558,753	2,604,683	2,628,227	2,497,362	2,405,870	2,447,631	2,226,068	2,067,329	2,951,045	4,288,882
Stormwater Utility	1,157,256	1,025,943	1,027,605	808,413	926,393	1,016,948	1,003,143	1,017,118	935,770	929,433
Total Business-Type Activities Expenses	\$ 11,802,397	\$ 11,651,223	\$ 11,587,828	\$ 11,552,223	\$ 12,017,235	\$ 11,928,018	\$ 11,708,977	\$ 11,138,070	\$ 11,522,127	\$ 12,140,486
Total Government Expenses	\$ 26,250,211	\$ 25,076,304	\$ 26,083,854	\$ 25,134,247	\$ 25,730,044	\$ 26,106,580	\$ 26,609,764	\$ 23,183,385	\$ 23,321,771	\$ 23,734,719

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue										
Governmental Activities	\$ (12,557,509)	\$ (10,788,321)	\$ (11,868,828)	\$ (11,696,241)	\$ (11,763,879)	\$ (12,631,795)	\$ (12,990,060)	\$ (8,914,690)	\$ (9,148,783)	\$ (8,735,550)
Business-Type Activities	479,957	(20,586)	1,140,628	1,714,321	(1,019,842)	(890,998)	(1,098,745)	1,330,849	256,292	(609,777)
Total Government Net Expense	\$ (12,077,552)	\$ (10,808,907)	\$ (10,728,200)	\$ (9,981,920)	\$ (12,783,721)	\$ (13,522,793)	\$ (14,088,805)	\$ (7,583,841)	\$ (8,892,491)	\$ (9,345,327)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 3,763,456	\$ 3,669,228	\$ 4,459,591	\$ 5,083,616	\$ 5,638,194	\$ 6,053,965	\$ 5,983,622	\$ 5,045,677	\$ 4,125,604	\$ 3,884,932
Utility and franchise taxes	3,051,649	2,947,266	3,047,731	3,051,595	3,164,803	2,822,644	3,134,569	3,098,230	2,721,040	2,615,188
Intergovernmental shared revenue	1,814,689	1,680,896	1,618,530	1,574,091	1,673,522	1,842,215	1,956,463	1,952,077	1,901,135	1,746,746
Investment earnings	25,339	36,148	32,274	79,230	6,019	173,233	173,234	1,734,431	468,314	359,091
Gain on sale of assets	11,865	11,029	8,008	7,308	9,533	9,228	4,767,674	-	-	-
Miscellaneous revenue	38,888	43,689	42,117	64,279	55,163	53,686	116,255	-	-	-
Transfers	150,566	40,050	122,090	-	(215,517)	(1,316,682)	-	(679,119)	1,370,073	1,412,650
Total Governmental Activities	\$ 8,856,442	\$ 8,428,316	\$ 9,330,341	\$ 9,860,119	\$ 10,331,717	\$ 9,638,289	\$ 16,131,817	\$ 11,151,296	\$ 10,586,166	\$ 10,018,607
Business-Type Activities:										
Investment earnings	\$ 3,879	\$ 37,510	\$ 92,243	\$ 161,505	\$ (3,450)	\$ 108,935	\$ 501,098	\$ 714,244	\$ 537,757	\$ 637,063
Miscellaneous revenue	70,982	43,861	241,590	107,940	89,522	70,901	603	-	-	-
Transfers	(150,566)	(40,050)	(122,090)	-	215,517	1,316,682	-	679,119	(1,370,073)	(1,412,650)
Total Business-Type Activities	\$ (75,705)	\$ 41,321	\$ 211,743	\$ 269,445	\$ 301,589	\$ 1,496,518	\$ 501,701	\$ 1,393,363	\$ (832,316)	\$ (775,587)
Total Government	\$ 8,780,737	\$ 8,469,637	\$ 9,542,084	\$ 10,129,564	\$ 10,633,306	\$ 11,134,807	\$ 16,633,518	\$ 12,544,659	\$ 9,753,850	\$ 9,243,020
Change in Net Position										
Governmental Activities	\$ (3,701,067)	\$ (2,360,005)	\$ (2,538,487)	\$ (1,836,122)	\$ (1,432,162)	\$ (2,993,506)	\$ 3,141,757	\$ 2,236,606	\$ 1,437,383	\$ 1,283,057
Business-Type Activities	404,252	20,735	1,352,371	1,983,766	(718,253)	605,520	(597,044)	2,724,212	(676,024)	(1,385,364)
Total Government Change in Net Position	\$ (3,296,815)	\$ (2,339,270)	\$ (1,186,116)	\$ 147,644	\$ (2,150,415)	\$ (2,387,986)	\$ 2,544,713	\$ 4,960,818	\$ 861,359	\$ (102,307)

CITY OF EDGEWATER, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 245,131	\$ 234,084	\$ 135,287	\$ 1,387,418	\$ 41,532	\$ 32,555	\$ 27,178
Unreserved	-	-	-	5,974,500	5,826,394	3,223,169	1,990,994	2,257,987	1,199,383	503,911
Nonspendable	22,170	436	138,459	-	-	-	-	-	-	-
Restricted	4,028	3,408	448	-	-	-	-	-	-	-
Assigned	500,000	1,872,129	1,565,639	-	-	-	-	-	-	-
Unassigned	2,744,608	2,452,923	3,702,417	-	-	-	-	-	-	-
Total General Fund	\$ 3,270,806	\$ 4,328,896	\$ 5,406,963	\$ 6,219,631	\$ 6,060,478	\$ 3,358,456	\$ 3,378,412	\$ 2,299,519	\$ 1,231,938	\$ 531,089
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 836,596	\$ 352,214	\$ 351,462	\$ 259,967	\$ 255,589	\$ 234,909
Unreserved, Reported in:										
Debt service funds	-	-	-	(176,200)	-	-	-	-	-	-
Special revenue funds	-	-	-	908,339	879,195	936,772	1,671,241	1,380,331	1,057,887	452,575
Capital projects funds	-	-	-	422,132	335,093	1,209,193	2,852,848	978,087	1,191,193	1,199,110
Restricted	649,231	712,080	1,221,758	-	-	-	-	-	-	-
Committed	-	-	542,510	-	-	-	-	-	-	-
Unassigned	-	-	(2,119)	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 649,231	\$ 712,080	\$ 1,762,149	\$ 1,154,271	\$ 2,050,884	\$ 2,498,179	\$ 4,875,551	\$ 2,618,385	\$ 2,504,669	\$ 1,886,594
Total Governmental Funds	\$ 3,920,037	\$ 5,040,976	\$ 7,169,112	\$ 7,373,902	\$ 8,111,362	\$ 5,856,635	\$ 8,253,963	\$ 4,917,904	\$ 3,736,607	\$ 2,417,683

CITY OF EDGEWATER, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 6,815,105	\$ 6,616,494	\$ 7,507,322	\$ 8,159,811	\$ 8,747,647	\$ 8,876,609	\$ 9,118,191	\$ 8,143,907	\$ 6,846,644	\$ 6,500,120
Intergovernmental	2,933,095	3,758,487	3,400,644	2,436,438	2,724,831	2,353,662	2,703,201	3,302,877	3,032,676	2,678,916
Licenses and permits	236,820	217,715	227,703	237,714	231,006	258,106	415,394	500,588	657,920	508,609
Charges for services	1,132,520	1,038,741	1,024,644	1,156,279	1,098,013	474,457	490,255	547,221	305,320	128,751
Fines and forfeitures	195,851	166,133	150,569	164,897	128,806	113,893	124,903	142,880	153,176	145,415
Investment Earnings	25,338	36,148	37,379	79,230	6,019	173,233	173,235	244,972	189,852	236,291
Impact fees	44,136	34,067	68,405	97,734	551,218	652,905	574,621	1,022,485	1,054,974	699,969
Miscellaneous	38,539	50,669	56,869	102,790	55,163	53,685	115,757	240,012	326,354	350,475
Total Revenues	\$ 11,421,404	\$ 11,918,454	\$ 12,473,535	\$ 12,434,893	\$ 13,542,703	\$ 12,956,550	\$ 13,715,557	\$ 14,144,942	\$ 12,566,916	\$ 11,248,546
Expenditures										
Current:										
General administrative services	\$ 2,750,860	\$ 2,626,499	\$ 2,683,471	\$ 2,736,166	\$ 2,804,195	\$ 3,338,863	\$ 3,169,768	\$ 3,060,861	\$ 2,716,664	\$ 2,838,695
Cultural and recreation	1,237,586	1,151,797	1,159,916	1,153,785	1,146,168	1,213,046	1,306,084	1,844,753	1,595,896	1,978,216
Public works	562,286	469,592	356,739	325,752	311,807	347,303	348,985	546,555	450,738	890,755
Public safety	6,452,483	5,958,467	6,728,197	6,386,706	6,206,243	6,466,388	5,738,281	6,512,195	5,966,169	5,878,112
Debt service:										
Principal	445,714	892,559	810,871	1,903,462	1,548,714	1,691,776	1,277,575	1,670,146	1,555,004	1,552,115
Interest and Fiscal Charges	52,715	38,876	57,789	155,287	166,127	315,637	195,971	291,830	310,433	324,137
Capital outlay	1,320,804	2,984,879	1,745,612	728,503	1,659,313	2,004,164	747,534	304,532	23,161	658,277
Total Expenditures	\$ 12,822,448	\$ 14,122,669	\$ 13,542,595	\$ 13,389,661	\$ 13,842,567	\$ 15,377,177	\$ 12,784,198	\$ 14,230,872	\$ 12,618,065	\$ 14,120,307
Excess of Revenues Over (Under) Expenditures	(1,401,044)	(2,204,215)	(1,069,060)	(954,768)	(299,864)	(2,420,627)	931,359	(85,930)	(51,149)	(2,871,761)
Other Financing Sources (Uses)										
Transfers In	\$ 676,660	\$ 626,332	\$ 846,702	\$ 757,345	\$ 975,601	\$ 1,941,890	\$ 1,881,908	\$ 1,097,713	\$ 1,788,326	\$ 1,424,650
Transfers Out	(568,994)	(561,282)	(740,440)	(757,345)	(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	160,583	-	750,000	210,000	-	-	12,500	-	-	-
General obligation note	-	-	-	-	-	-	-	500,000	-	-
Sale of capital assets	11,856	11,029	8,008	7,308	1,194,770	1,196,965	2,392,200	1,249,447	-	342,860
Total Other Financing Sources (Uses)	280,105	76,079	864,270	217,308	1,146,621	23,299	2,404,700	1,267,227	1,370,073	2,336,997
Net Change in Fund Balances	\$ (1,120,939)	\$ (2,128,136)	\$ (204,790)	\$ (737,460)	\$ 846,757	\$ (2,397,328)	\$ 3,336,059	\$ 1,181,297	\$ 1,318,924	\$ (534,764)
Debt Service as a Percentage of Noncapital Expenditures	4.33%	8.25%	7.20%	16.26%	13.88%	15.24%	11.68%	14.32%	15.36%	14.65%

CITY OF EDGEWATER, FLORIDA

Tax Revenues by Source of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year Ended September 30	Property Taxes	Utility and franchise taxes	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
2010	5,083,616	3,076,195	8,159,811
2011	4,459,591	3,047,731	7,507,322
2012	3,669,228	2,947,266	6,616,494
2013	3,763,456	3,051,649	6,815,105

CITY OF EDGEWATER, FLORIDA

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

Fiscal Year Ended Sept. 30,	Real Property	Personal Property	Centrally Assessed Property	Estimated Actual Value	Exemptions Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2010	1,239,413,071	47,937,851	2,789,838	1,290,140,760	467,797,506	822,343,254	6.3982
2011	1,014,902,147	46,368,404	2,452,717	1,063,723,268	374,884,311	688,838,957	6.6385
2012	859,937,271	44,818,406	2,847,810	907,603,487	327,571,414	580,032,073	6.5304
2013	869,698,616	44,709,946	2,419,118	916,827,680	326,361,580	590,466,100	6.5612

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

CITY OF EDGEWATER, FLORIDA

Property Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	City of Edgewater Operating Millage	Debt Service Millage	Total Direct Rate	Volusia County ⁽¹⁾ Millage	School District Millage	Other ⁽²⁾	Grand Total
2004	6.9500	0.0000	6.9500	8.7620	8.6990	0.5910	25.0020
2005	6.4500	0.0000	6.4500	8.8820	8.5170	0.5910	24.4400
2006	6.4500	0.0600	6.5100	7.7210	8.2590	0.5910	23.0810
2007	5.7000	0.0317	5.7317	5.3235	7.6850	2.7886	21.5288
2008	5.2000	0.0271	5.2271	4.8819	7.4670	2.6866	20.2626
2009	5.9000	0.0330	5.9330	5.4037	7.4590	3.5865	22.3823
2010	6.3600	0.0382	6.3982	6.4233	8.2370	3.7932	24.8517
2011	6.5910	0.0475	6.6385	6.3025	8.2370	4.0012	25.1792
2012	6.4700	0.0604	6.5304	6.7791	8.0630	3.9682	25.3407
2013	6.5000	0.0612	6.5612	6.8809	7.8880	3.6967	25.0268

(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	2013			2004		
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Florida Power & Light Company	\$ 14,993,832	1	2.54%	\$ 10,631,694	1	1.09%
R. J. Dougherty Associates Inc.	5,944,337	2	1.01%			
Bright House Networks LLC	3,490,519	3	0.59%			
Carder James C TR	3,307,988	4	0.56%	2,217,597	9	0.23%
Revenue Properties Florida	3,289,478	5	0.56%			
3050 Holdings LLC	3,145,155	6	0.53%			
Edgewater Power Boats LLC	2,906,995	7	0.49%			
Holly Investments LTD	2,669,209	8	0.45%			
Transcapital Bank	2,637,047	9	0.45%			
Bellsouth Telecommunication LLC	2,589,732	10	0.44%	3,700,860	3	0.38%
Coronado Paint Company, Inc	-	-	-	7,192,189	2	0.74%
Edgewater Commons	-	-	-	3,490,379	4	0.36%
Laramie Florida Shores, LP	-	-	-	2,897,412	5	0.30%
Twean Subsidiary, LLC	-	-	-	2,698,480	6	0.28%
Sea Edge Partners, LLC	-	-	-	2,655,698	7	0.27%
Bel Aire Investments, Inc	-	-	-	2,397,000	8	0.25%
Florida East Coast Railway Company	-	-	-	1,893,608	10	0.19%
	<u>\$ 44,974,292</u>		<u>7.62%</u>	<u>\$ 39,774,917</u>		<u>4.09%</u>
Total Assessed Valuation	<u>\$ 590,466,100</u>			<u>\$ 974,165,071</u>		

Source: Volusia County Property Appraiser's Office & 2004 City of Edgewater CAFR

CITY OF EDGEWATER, FLORIDA

Property Tax Levies And Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy
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 %
2010	5,230,103	5,035,560	96.28 %	17,704	5,053,264	96.62 %
2011	4,515,489	4,343,936	96.20 %	83,812	4,427,748	98.06 %
2012	3,752,808	3,625,224	96.60 %	10,100	3,635,324	96.87 %
2013	3,836,165	3,558,179	92.75 %	170,189	3,728,368	97.19 %

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	
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
2010	2,110,073	-	410,000	-	388,424	-	1,542,000
2011	2,269,055	-	395,000	-	183,569	-	1,028,000
2012	1,424,037	-	375,000	-	156,029	-	-
2013	1,027,019	-	355,000	-	287,916	-	4,142,717

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

Note-2: Net of un-amortized discount and deferred amount refunding.

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

Business-Type Activities						
Capital Leases	State Revolving Loan	Revenue Bonds	Line of Credit	Total	Percentage of Personal Income (1)	Per Capita (1)
\$ 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
5,258,430	8,388,828	7,814,973	-	25,912,728	4.72%	1,233
4,881,594	8,582,920	7,331,611	-	24,671,749	5.70%	1,181
4,527,471	-	15,077,524	-	21,560,061	5.10%	1,038
-	4,403,042	13,946,595	-	24,162,289	5.45%	1,165

CITY OF EDGEWATER, FLORIDA
Ratios of General Bonded Debt Outstanding
Last Ten 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
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
2010	21,017	822,343,254	410,000	0.050%	19.51
2011	20,885	688,838,957	395,000	0.057%	18.91
2012	20,775	580,032,073	375,000	0.065%	18.05
2013	20,737	590,466,100	355,000	0.060%	17.12

CITY OF EDGEWATER, FLORIDA

Direct and Overlapping Debt

Governmental Unit	Net General Obligation Debt Outstanding	Percentage Applicable to the City of Edgewater	City of Edgewater Share of Debt
Volusia County	\$ 25,430,000	2.45%	\$ 623,035
Volusia County School District	-	0%	-
Subtotal Overlapping Debt	25,430,000	2.45%	623,035
City Direct Debt	1,669,932	100%	1,669,932
Total Direct and Overlapping Debt	\$ 27,099,932		\$ 2,292,967

Note: The county-wide debt amount is comprised of \$25,430,000 of the County of Volusia's Limited Tax general obligation bonds.

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

Source: Volusia County

CITY OF EDGEWATER, FLORIDA

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Water and Wastewater Refunding Revenue Bond, Series 2009									
Fiscal Year	Gross Revenues ⁽¹⁾	Less:		Impact Fees	Available Revenue	Debt Service		Coverage	
		Operating Expenses ⁽²⁾				Principal	Interest		Total
2010	\$ 7,085,984	\$ 4,863,198		\$ 226,897	\$ 2,449,683	\$ -	\$ 95,296	\$ 95,296	25.71
2011	7,474,168	4,372,447		70,550	3,172,271	505,000	261,545	766,545	4.14
2012	7,634,056	4,849,002		42,979	2,828,033	570,000	243,378	813,378	3.48
2013	8,238,099	5,140,343		61,907	3,159,663	585,000	223,635	808,635	3.91

Water and Wastewater System Refunding Revenue Bond, Series 2012					
Fiscal Year	Available Net Revenue & Impact Fees	Debt Service			Coverage
		Principal	Interest	Total	
2012	\$ 2,014,655	\$ -	\$ -	\$ -	0.00
2013	2,351,028	569,000	154,891	723,891	0.31

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

- (1) According to the Resolution, Gross Revenues should exclude interest earnings on the Renewal and Replacement Fund and Construction Fund.
 - (2) Total direct operating expenses excludes depreciation, amortization and overhead charges.
- Required coverage of 1.05 refers to the Series 2009 Bonds.

CITY OF EDGEWATER, FLORIDA

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Calendar Year</u>	<u>Population(1)</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) (4)</u>
2004	20,637	\$ 538,997,166	\$ 26,118	43.6	5.0%	2,179
2005	21,156	575,675,916	27,211	43.7	3.4%	2,191
2006	21,572	611,501,484	28,347	43.8	3.1%	2,203
2007	21,558	535,586,952	24,844	45.4	3.4%	2,166
2008	21,997	561,319,446	25,518	46.0	7.2%	2,180
2009	21,394	536,989,400	25,100	46.3	11.8%	2,188
2010	21,017	549,153,193	26,129	46.1	12.6%	2,144
2011	20,885	432,528,350	20,710	46.4	10.3%	1,900
2012	20,775	423,020,550	20,362	47.5	8.8%	1,895
2013	20,737	443,418,346	21,765	47.9	6.8%	1,933

Sources:

- (1) Volusia County Demographic Statistics: 2004-2012; University of Florida BEBR: 2013
- (2) Florida Agency for Workforce Innovation: 2004 - 2010; U.S. Bureau of Labor Statistics 2011 - 2013
- (3) Recived data from schools directly: 2004-2011; Obtained data from Volusia County School District: 2012 - 2013
- (4) Includes Discovery Academy (elementary), Indian River Elementary, and Edgewater Elementary

CITY OF EDGEWATER, FLORIDA

Principal Employers
Current Year and Ten Years Ago

Employer (1) (2)	2013		2004	
	Number of Employees	Percentage of Total County Employment	Number of Employees	Percentage of Total County Employment
City of Edgewater	194	0.08%	-	-
Publix Supermarkets	137	0.06%	-	-
Everglade Boats	159	0.07%	-	-
Brunswick Commercial & Government Products	105	0.04%	-	-
Winn Dixie Supermarkets	95	0.04%	-	-
Edgewater Power Boats	92	0.04%	-	-
Edgewater Elementary	85	0.04%	-	-
Indian River Elementary	81	0.03%	-	-
Edgewater Family YMCA of S.E. Volusia	77	0.03%	-	-
Dustin's Bar-B-Q	30	0.01%	-	-
Total	1,055	0.44%	-	-
Total County Employment (3)		235,231		-

Sources:

- (1) Information provided by each company
- (2) Information not available for 2004
- (3) Labor Market Statistics, Florida Research and Economic Database

CITY OF EDGEWATER, FLORIDA

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:										
Mayor and Commission	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager	2.0	2.0	2.0	2.0	2.0	1.0	2.0	3.0	3.0	3.0
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	9.5	9.5	6.5	6.5	7.0	8.0	9.0	10.0	10.0	7.0
IT/MIS	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0	0.0	0.0
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0
Community Development										
Planning and Zoning	2.0	2.0	3.0	3.0	3.0	3.0	4.0	3.0	3.0	3.0
Building	3.5	3.5	3.5	3.5	3.5	4.0	4.0	6.0	5.0	4.0
Public Safety:										
Police Department	35.0	33.5	33.0	34.0	33.5	36.0	33.0	40.0	37.0	38.0
Fire Department	29.5	29.0	30.0	30.0	31.0	32.0	35.0	38.0	28.0	23.0
Animal Control/Shelter	2.0	2.0	5.0	4.0	4.0	5.0	2.0	3.0	2.0	2.0
Code Enforcement	2.0	2.0	1.0	3.0	3.0	3.0	2.0	3.0	4.0	3.0
Water Resources										
Water Utility	11.0	9.0	10.0	10.0	10.0	10.0	9.0	10.0	10.0	10.0
Wastewater Utility	15.0	14.0	15.0	15.0	15.0	15.0	16.0	11.0	11.0	11.0
Field Operations	11.0	10.0	9.0	10.0	10.0	9.0	10.0	5.0	13.0	13.0
Stormwater	9.5	9.0	8.0	7.0	6.0	8.0	9.0	10.0	5.0	5.0
Refuse	26.0	24.0	23.0	23.0	23.0	24.0	27.0	28.0	22.0	22.0
Parks and Recreation	15.0	15.0	15.0	16.0	16.0	16.0	12.0	20.0	14.0	15.0
Fleet	3.0	3.0	3.0	2.0	2.0	3.0	0.0	0.0	0.0	0.0
Public Works	9.0	7.0	7.0	7.0	8.0	0.0	0.0	0.0	7.0	5.0
Totals:	<u>196.0</u>	<u>185.5</u>	<u>185.0</u>	<u>187.0</u>	<u>188.0</u>	<u>188.0</u>	<u>183.0</u>	<u>200.0</u>	<u>183.0</u>	<u>173.0</u>

CITY OF EDGEWATER, FLORIDA

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Employment Applications Received	541	543	401	339	625	763	392	275	298	334
Personnel Actions Processed	138	136	81	90	94	116	89	157	152	156
Accidents & Injuries Reviewed	60	52	29	40	51	45	30	18	20	26
Business Tax Receipts Issued	1,269	1,544	982	1,401	1,707	1,699	1,722	1,720	1,681	1,650
Checks Issued	2,414	1,727	1,727	983	2,947	3,253	3,682	4,883	4,243	*
Purchase Orders Issued	757	734	408	449	766	1,000	1,124	1,962	1,975	729
Public Safety										
Police Department										
Accidents	239	246	328	259	250	257	281	254	341	323
Traffic citations issued	3,188	5,245	5,958	4,780	5,514	3,419	6,528	6,000	6,319	6,764
Evidence Processed	1,803	1,800	2,130	2,027	1,582	1,703	2,197	2,203	2,153	2,191
Physical arrests	1,128	1,393	1,327	1,227	1,649	1,378	1,287	1,141	1,113	945
Calls for service	34,395	29,752	34,228	31,168	31,394	33,379	41,909	33,115	32,706	36,321
Fire Department										
Emergency responses	2,738	2,679	2,825	2,873	2,841	2,991	3,035	3,069	2,922	2,701
Average response time - minutes	4.19	4.18	4.25	4.56	4.41	4.50	4.50	4.40	4.10	4.70
Public Education Programs	64	63	62	60	70	41	56	19	10	12
Fire inspections	1,015	1,002	920	810	807	860	867	171	168	180
Burn Permits Issued	-	-	-	1	-	5	-	4	8	8
Public Works										
Miles of street paved	-	-	-	-	-	-	-	1	-	7
Miles of street Resurfaced	1	2	-	-	4	-	-	3	7	7
Sidewalks - new construction - miles	1	1	-	-	-	-	-	14	-	-
Leisure Services										
Ball games & field rentals	1,226	1,598	1,726	1,887	1,974	1,958	1,935	2,003	*	*
Events/Programs	17	19	14	19	21	23	26	11	*	*
Water Resources										
Water main breaks	84	80	88	88	63	76	81	60	64	72
Average daily consumption - mgd	1.900	1.929	1.931	1.931	1.941	1.944	1.989	1.850	1.770	1.710
Number of water customers	10,603	10,580	10,542	10,542	10,504	10,487	10,467	10,387	10,164	10,191
New Connections	23	18	38	38	16	35	54	175	278	265
Sewer Resources										
New Connections	19	11	26	26	8	30	42	162	261	214
Average daily consumption - mgd	1,264	1	1	1.179	1.324	1.523	1.225	1.070	1.180	1.090
Number of customers	9,869	9,850	9,823	9,823	9,797	9,784	9,761	9,626	9,394	9,214
Refuse Collection										
Number of Customers	9,451	9,403	9,378	9,378	9,356	9,326	9,272	9,205	8,977	8,809

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

* Information not available.

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

Function/program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	27	28	30	30	30	24	26	30	24	24
Patrol Zones	2	2	2	2	2	2	2	2	2	2
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Vehicles	17	17	18	15	15	13	13	15	11	11
Public Works										
Streets (miles)	124	124	124	124	124	124	124	124	123	123
Number of street lights	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068
Number of traffic signals	3	3	3	3	3	3	3	3	3	3
Vehicles	9	8	5	5	5	5	5	5	4	4
Leisure Services										
Vehicles	12	12	12	12	12	9	9	10	10	9
Parks Acreage	151	151	151	151	151	151	151	143	150	151
Parks	28	28	28	28	28	28	28	28	28	28
Baseball Fields	7	7	7	7	7	7	7	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4	5
Basketball Courts	2	2	2	2	2	2	2	2	2	2
Racquetball Courts	4	4	4	4	4	4	4	4	4	6
Community Center	0	0	1	1	1	1	1	1	1	1
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Water Resources										
Water mains (miles)	275	275	274	274	274	274	274	194	186	186
Fire hydrants	701	700	700	700	695	694	694	691	686	670
Vehicles	24	24	23	23	23	23	23	14	13	13
Sewer mains (miles)	189	189	189	189	189	189	189	189	180	180
Reclaim Water (miles)	72	71	71	71	71	71	71	71	71	69
Stormwater Utility										
Storm Sewers (miles)	36	36	35	35	35	35	35	35	35	35
Vehicles	16	15	7	7	10	10	10	10	7	7
Solid Waste										
Garbage Trucks	10	9	7	7	8	7	10	10	7	5
Other Vehicles	13	13	12	12	14	14	15	15	12	10

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

CITY OF EDGEWATER, FLORIDA
 Schedule of State Financial Assistance
 For the Fiscal Year Ended September 30, 2013

<u>State Agency / Pass-Through Entity/ State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>
State Agency			
<u>Department of Environmental Protection</u>			
Direct			
Wastewater Treatment Facility Construction	37.077	WW64052	\$ 4,403,042
Total Department of Environmental Protection			<u>4,403,042</u>
Total State Financial Assistance			<u>\$ 4,403,042</u>

Notes:

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

**CITY OF EDGEWATER, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

A. Summary of Auditors' Results:

Financial Statements:

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

Internal control over financial reporting:

- There were no significant deficiencies or material weaknesses related to internal control over financial reporting disclosed by the audit.
- The audit did not disclose any noncompliance, which was material to the basic financial statements.

State Financial Assistance:

Internal control over major State projects:

- There were no significant deficiencies or material weaknesses related to internal control over major State projects disclosed by the audit.
- Type of report issued on compliance for each major program: *Unmodified*.
- The audit disclosed one audit finding, which is required to be reported under Chapter 10.550, Rules of the Auditor General and is included in this schedule.
- Major project identification:
 - CFDA No. 37.077 – Wastewater Treatment Facility Construction
- Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

B. Financial Statement Findings

None.

C. State Financial Assistance Findings and Questioned Costs:

2013-001 – CSFA 37.077 – Wastewater Treatment Facility Construction: Retainage Withheld

Condition: On one owner direct vendor they provider two style of invoices. One style withheld retainage, while the other style did not. This resulted in excess of ten percent of retainage being withheld on several invoices received.

Criteria: Florida Statute, 218.735, indicates the maximum allowable retainage is ten percent of the invoiced amount related to construction by a local municipality.

Cause: The City withheld retainage on the invoiced amount and did not notice the vendor had already reduced the invoice amount due for retainage.

Effect: The grantor agency could withhold funding or require reimbursement from the grantee.

Context: This incident was isolated to one vendor due to an oversight related specifically to the vendor invoice and was not found to be the case on any other vendors selected for testing.

Recommendation: Review invoices more carefully to ensure retainage is not already subtracted from the amount due by the vendor.

D. **Prior Audit Findings:**

2011-002 Information Technology: Corrective action taken.

2012-001 Accounts and Retainage Payable: Corrective action taken.

E. **Corrective Action Plan:**

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

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

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

Report on Compliance for Each Major State Project

We have audited the City of Edgewater, Florida's (the City) compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major State projects for the year ended September 30, 2013. The City's major State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2013.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Chapter 10.550, Rules of the Auditor General, and which are described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major State project is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Reply to the Independent Auditors' Reports. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

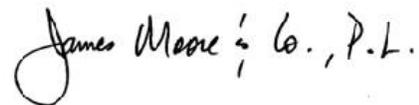
Report on Internal Control over Compliance

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

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

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

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



Daytona Beach, Florida
March 13, 2014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edgewater, Florida (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2014.

Internal Control over Financial Reporting

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

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

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

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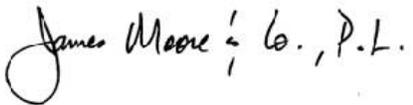
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Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 13, 2014

**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, 2013, and have issued our report thereon dated March 13, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 13, 2014, 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 or schedule:

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

2011-008 Deficit Fund Equity – Corrective action taken.

2012-002 Signatures on Checks over \$50,000 – Corrective action taken.

2013-003 Accounts Receivable – Corrective action taken.

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

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, we determined that the City of Edgewater, Florida 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 the following recommendations:

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Daytona Beach, FL 32114-1180
Telephone: 386/257-4100
Fax: 386/255-3261
dab@jmco.com

5931 NW 1st Place
Gainesville, FL 32607-2063
Telephone: 352/378-1331
Fax: 352/372-3741
gnv@jmco.com

2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850/386-6184
Fax: 850/422-2074
tlh@jmco.com

2013-002 Fully Insured and Workers Comp Deficit Net Position – At September 30, 2013, the Fully Insured and Workers Comp internal service funds have a deficit net position of \$84,492 and \$1,471, respectively. We recommend the City develop a plan to eliminate these deficits in net position.

2013-003 City's Police Pension Contribution – Our initial testing of the City's Police Pension contribution indicated the City did not contribute the annual required contribution. We discussed with the City and the City's actuary and it was determined an error had occurred in the information and instructions provided to the actuary, and therefore, the required city contribution was not calculated corrected. The actuary upon receipt of the revised information and instructions provided a corrected actuarial valuation. We recommend the City in conjunction with the Police Pension board and other pension boards more closely monitor the information provided to the actuaries is carefully analyzed to be complete and accurate per Board actions an intent.

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 occurred, or are likely to have occurred, 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, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The official title and legal authority for the primary government are discussed in note 1 to the financial statements. The City does not report any component units.

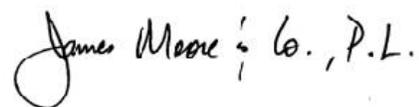
Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with 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)6.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, 2013, 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, 2013. 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.

The City's response to the findings identified in our audit is described in the accompanying response to management comments. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



Daytona Beach, Florida
March 13, 2014



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

THRU: Tracey T. Barlow, City Manager

FROM: Jonathan C. McKinney, Finance Director

DATE: March 26, 2013

SUBJECT: Reply to the Independent Auditor's Report on Internal Control and Management
Letter Comments for Fiscal Year Ended September 30, 2013

FINANCIAL STATEMENT FINDINGS

Retainage Withheld

Management concurs with this comment and recommendation to review more carefully invoices withholding retainage

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Deficit Net Position

Management concurs with this comment and implemented the necessary changes in the FY 2013 – 2014 budgets.

Pension Contributions

Management concurs with this comment and recommendation to monitor the information provided to the actuaries and Boards per actions taken.



AFFIDAVIT OF IMPACT FEE COMPLIANCE

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

Tracey T. Barlow
City Manager

Jonathan C. McKinney
Finance Director

**STATE OF FLORIDA
COUNTY OF VOLUSIA**

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

WITNESS my hand and official seal in the County and State last aforesaid this 26th day of March 2013.



(Seal/Stamp)
(Commission Expiration Date)

Notary Public
State of Florida at Large



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