

# CITY OF EDGEWATER, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2015





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# CITY OF EDGEWATER, FLORIDA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2015

*Prepared by: The Finance Department*



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March 31, 2016

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

City Charter and State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with the generally accepted accounting principles in the United States of America (GAAP) and that they be audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, it is with great pleasure that we present to the City of Edgewater, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30<sup>th</sup>, 2015.

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, 2015. 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 20,958.

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

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

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

### **Local economy**

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

The City of Edgewater currently has a 5.8 percent unemployment rate (in line with the state average of 5.1 percent). During the last year, taxable assessment values of property in Edgewater increased 5.96 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 received approval from Volusia County to create a Community Redevelopment 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 2016 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 grants to fund sidewalks, bicycle trails along our major corridors. The US 1. Sidewalks were 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 FY2016 General Fund budget. The City ad valorem millage rate for FY2016 was 6.70, which was 5.74% more than the rolled-back rate. The millage rate of 6.70, resulted in property tax collections increase of 7.3% due to an increase in property assessments and annexations.

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, 2015 was 21.81% which is within the range of 15-25% per the charter. For Fiscal Year 2016 operating expenditures showed modest increases to offset increasing operating cost while still maintaining our capital improvements.

### **Budgeting Controls**

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

### **Certificate of Achievement Award**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edgewater for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the thirty-first consecutive year that the City of Edgewater has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### **Acknowledgements**

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

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

Respectfully submitted,



Tracey T. Barlow  
City Manager



Jonathan C. McKinney  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Edgewater  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

**CITY OF EDGEWATER FLORIDA**

List of Elected and Appointed Officials

September 30, 2015

**CITY COUNCIL**

**Michael Ignasiak, Mayor**

**Christine Power,  
District 1**

**Dan Blazi,  
District 3**

**Gigi Bennington,  
District 2**

**Gary Conroy,  
District 4**

**ADMINISTRATION**

**CITY MANAGER**

Tracey T. Barlow

**FINANCE DIRECTOR**

Jonathan McKinney

**CITY ATTORNEY**

Aaron R. Wolfe

**FIRE CHIEF**

Stephen Cousins

**CITY CLERK**

Bonnie Brown

**POLICE CHIEF**

David J. Arcieri

**PERSONNEL  
DIRECTOR**

Donna Looney

**DEVELOPMENT SERVICES  
DIRECTOR**

Darren Lear

**ENVIRONMENTAL SERVICES  
DIRECTOR**

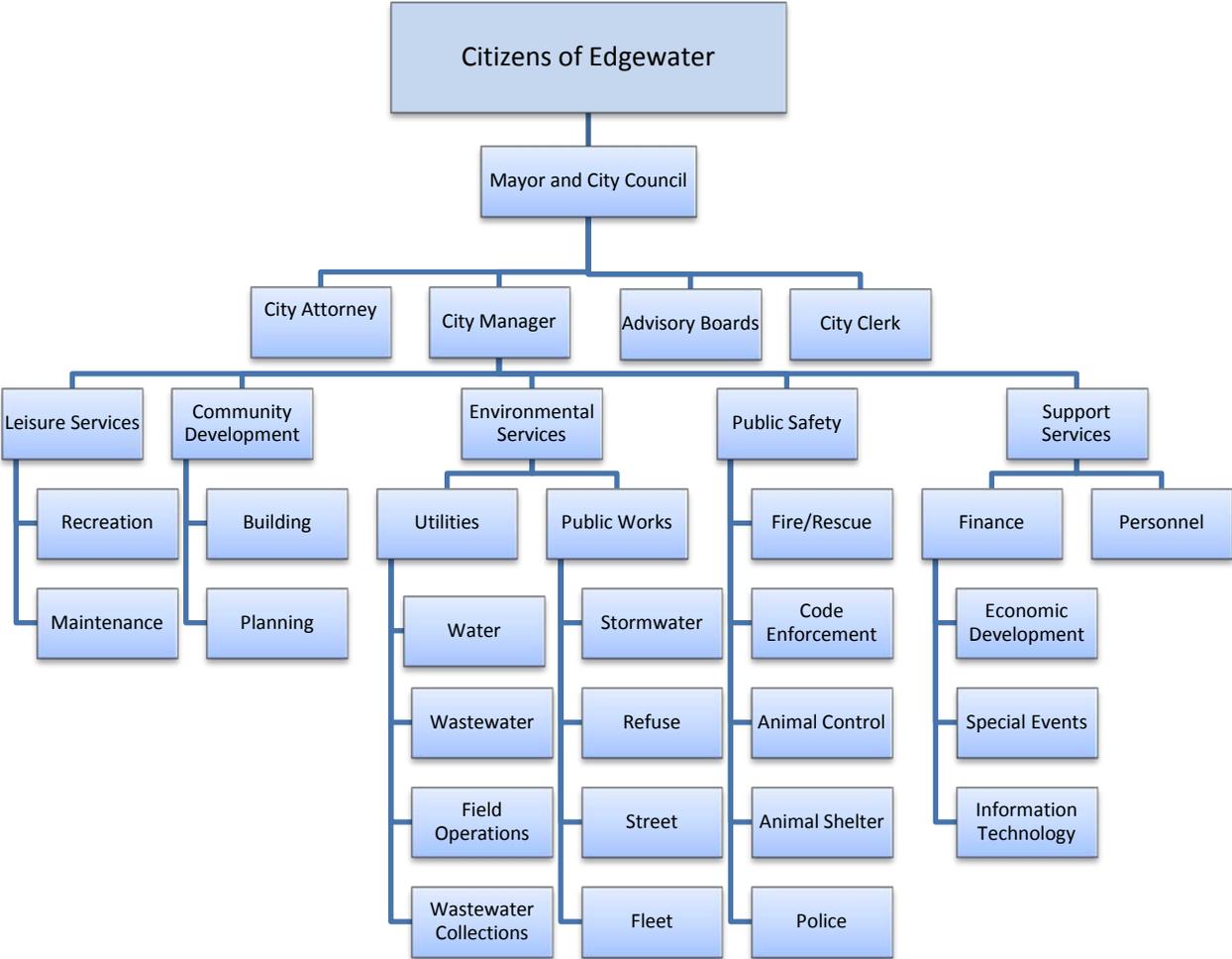
Brenda Dewees

**LEISURE SERVICES  
DIRECTOR**

Jack Corder

**CITY OF EDGEWATER FLORIDA**

City Organization Chart  
 September 30, 2015



## 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, 2015, 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*

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Change in Accounting Principle*

As discussed in Note V(H) to the financial statements, in 2015, the entity adopted Governmental Accounting Standards Board (GASB) *Statement No. 68, Accounting and Financial Reporting for Pensions*. See Note V(H) for the effect of GASB 68 on beginning net position. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, and the schedule of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, introductory section and statistical section and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

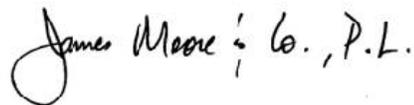
The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic 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 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Daytona Beach, Florida  
March 29, 2016

James Moore & Co., P.L.

## Management's Discussion and Analysis

As management of the City of Edgewater, Florida we offer readers of the City of Edgewater's financial statements this narrative overview and analysis of the financial activities of the City of Edgewater for the fiscal year ended September 30, 2015. 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 2014-15 by \$73,213,231, which represents a decrease in net assets of \$7,349,451 or 9.12% from the prior fiscal year.
- The City's governmental funds reported combined ending fund balance of \$4,713,401, a decrease of \$132,059 from the prior fiscal year.
- At the end of FY 2014-15, the General Fund unassigned fund balance was \$2,808,975 or 22.24% of the budgeted FY 2016 General Fund expenditures, excluding transfers. This represents an increase of \$38,343 from the prior fiscal year.
- During the fiscal year, the City's total debt decreased by \$1,215,753. Governmental debt increased by \$250,777 and business-type debt reflected a decrease of \$1,466,530.

### Overview of the Financial Statements

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

### Government-Wide Financial Statements

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Notes to the Financial Statements**

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

## **Other Information**

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

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Edgewater, assets exceeded liabilities by \$73,213,231 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	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$6,598,006	\$6,237,617	\$9,872,715	\$10,934,724	\$16,470,721	\$17,172,341
Capital Assets	43,323,485	42,267,444	50,681,937	51,461,167	94,005,422	93,728,611
Total Assets	49,921,491	48,505,061	60,554,652	62,395,891	110,476,143	110,900,952
Total deferred outflows of resources	1,574,814	-	448,151	90,997	2,022,965	90,997
<b>Liabilities:</b>						
Long term liabilities	9,811,830	3,788,164	25,461,895	24,431,577	35,273,725	28,219,741
Other liabilities	1,079,457	817,083	1,473,375	1,392,443	2,552,832	2,209,526
Total Liabilities	10,891,287	4,605,247	26,935,270	25,824,020	37,826,557	30,429,267
Total deferred inflows of resources	1,138,286	-	321,034	-	1,459,320	-
<b>Net Position:</b>						
Net investment in capital assets	41,696,833	40,480,601	29,142,964	27,962,252	70,839,797	68,442,853
Restricted	1,325,008	1,255,664	1,900,301	1,694,339	3,225,309	2,950,003
Unrestricted	(3,555,109)	2,163,549	2,703,234	7,006,277	(851,875)	9,169,826
Total Net Position	\$39,466,732	\$43,899,814	\$33,746,499	\$36,662,868	\$73,213,231	\$80,562,682

At the end of the current fiscal year, the government's liabilities increased by \$7,397,290 which is mainly attributed to the inclusion for FY 2015 of the City's net pension liability of \$8,057,718. Total long-term debt decreased \$1,215,753 due to scheduled principal payments of \$2,226,648 with \$1,010,894 in new debt being issued. Accounts payable increased \$349,227 mainly from a road improvement contribution to the County of \$309,500.

Ninety-seven percent (97%) of the City's net position reflect its investment in capital assets (e.g., land, buildings, improvements, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Edgewater's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Edgewater's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of Net Position is unrestricted and 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 except for Governmental unrestricted which is due to the City's net pension liability being reflected on the statements.

The government's net position decreased by \$7,349,451 in the current fiscal year. The government's restricted net position increased by \$275,306 in the current fiscal year. This was

mainly attributed to increases in net position being restricted for use in public safety of \$642,900. Further explanations of the decrease 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 increased the City of Edgewater's net position by \$1,249,147 which is \$3,139,523 more than the previous year's decrease of \$1,890,376. Key elements of this increase are as follows:

- Capital grants increased by \$1,383,414 due to increased sidewalk construction activity and Brownfield identification activity.
- Expenses decreased by \$1,492,524 in Public Works due to capitalized road infrastructure being fully depreciated during the year.
- Public Safety expenses decreased \$399,944 from the prior year due mainly to the recording of net pension liability in the current year.

*Business-Type Activities* - Business-type activities decreased the City of Edgewater's net position by \$253,452 as compared to a decrease of \$546,443 in the prior year. Key elements of this change are as follows:

- Charges for services reflect a 2.58% increase this year as compared to a 1.47% increase last year.
- Capital grants and contributions increased \$170,232 due to increased impact fees from new residential construction.
- Refuse expenses decreased by \$109,262 and Stormwater expenses decreased \$27,603.

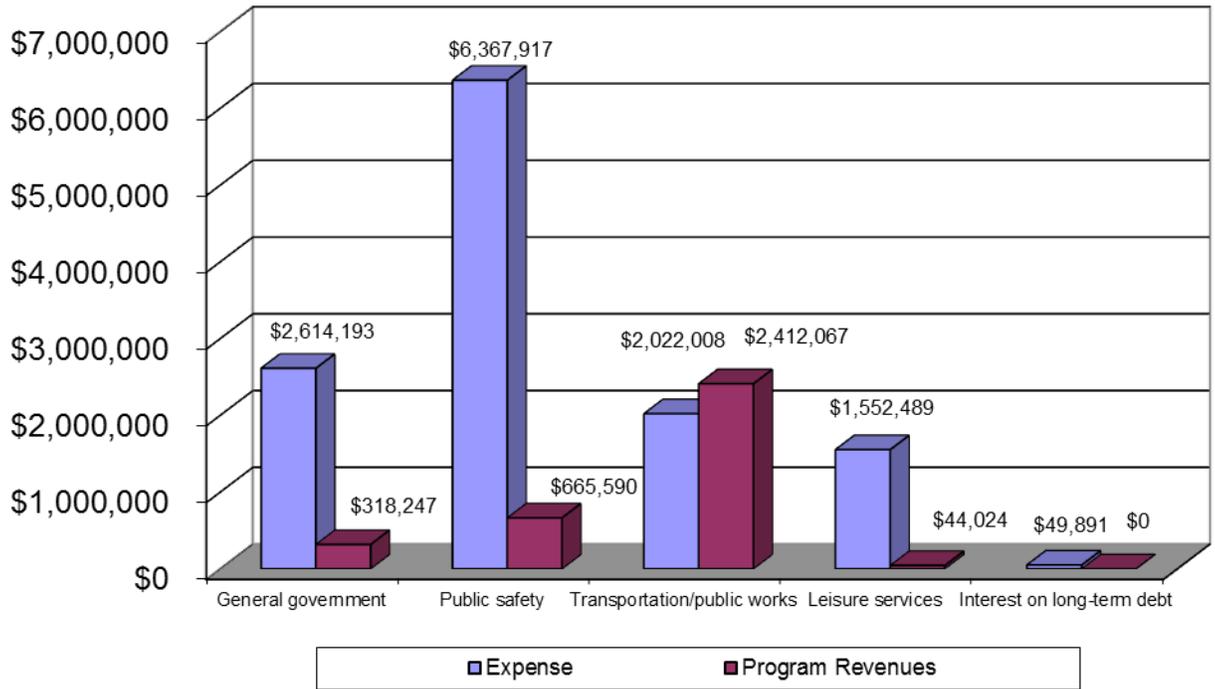
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## City of Edgewater's Changes in Revenues, Expenses and Net Position (in whole dollars)

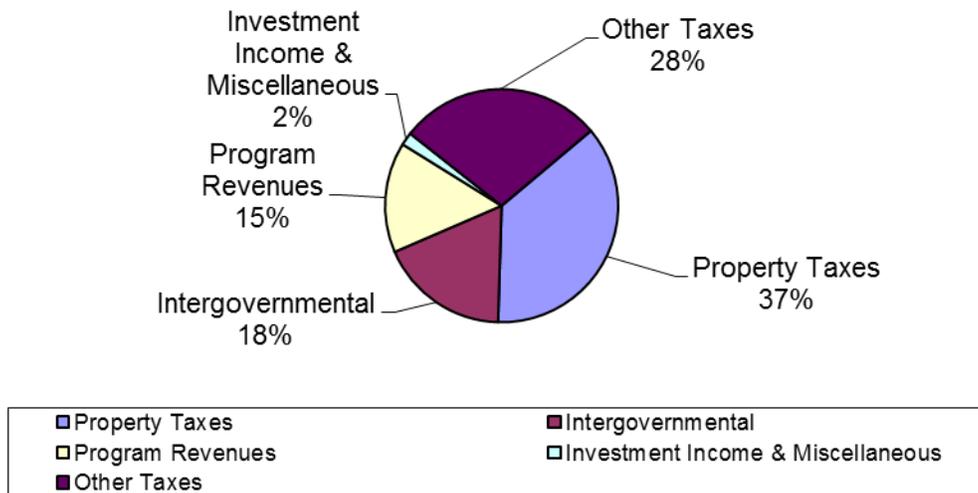
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues -						
Charges for services	\$ 1,107,392	\$ 949,596	\$12,697,500	\$12,378,319	\$ 13,804,892	\$ 13,327,915
Operating grants and contributions	643,363	442,201	-	-	643,363	442,201
Capital grants and contributions	1,689,173	333,284	281,527	111,295	1,970,700	444,579
General revenues -						
Property taxes	4,282,331	4,120,260	-	-	4,282,331	4,120,260
Franchise and utility taxes	3,249,749	3,182,716	-	-	3,249,749	3,182,716
Intergovernmental	1,967,348	2,030,522	-	-	1,967,348	2,030,522
Investment income and miscellaneous	188,798	201,203	139,219	105,540	328,017	306,743
<b>Total revenues</b>	<b>13,128,154</b>	<b>11,259,782</b>	<b>13,118,246</b>	<b>12,595,154</b>	<b>26,246,400</b>	<b>23,854,936</b>
<b>Expenses:</b>						
General government	2,614,193	2,060,966	-	-	2,614,193	2,060,966
Public safety	6,367,917	6,767,861	-	-	6,367,917	6,767,861
Transportation/public works	2,022,008	3,514,532	-	-	2,022,008	3,514,532
Leisure services	1,552,489	1,464,164	-	-	1,552,489	1,464,164
Interest on long-term debt	49,891	60,282	-	-	49,891	60,282
Water and sewer	-	-	8,816,554	8,459,432	8,816,554	8,459,432
Refuse collection	-	-	2,588,581	2,697,843	2,588,581	2,697,843
Stormwater management	-	-	1,239,072	1,266,675	1,239,072	1,266,675
<b>Total expenses</b>	<b>12,606,498</b>	<b>13,867,805</b>	<b>12,644,207</b>	<b>12,423,950</b>	<b>25,250,705</b>	<b>26,291,755</b>
<b>Excess (deficiency) before transfers</b>	<b>521,656</b>	<b>(2,608,023)</b>	<b>474,039</b>	<b>171,204</b>	<b>995,695</b>	<b>(2,436,819)</b>
<b>Transfers in / (out)</b>	<b>727,491</b>	<b>717,647</b>	<b>(727,491)</b>	<b>(717,647)</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in net position</b>	<b>1,249,147</b>	<b>(1,890,376)</b>	<b>(253,452)</b>	<b>(546,443)</b>	<b>995,695</b>	<b>(2,436,819)</b>
<b>Net Position - Beginning</b>	<b>38,217,585</b>	<b>45,790,190</b>	<b>33,999,951</b>	<b>37,209,311</b>	<b>72,217,536</b>	<b>82,999,501</b>
<b>Net Position - Ending</b>	<b>\$39,466,732</b>	<b>\$43,899,814</b>	<b>\$33,746,499</b>	<b>\$36,662,868</b>	<b>\$ 73,213,231</b>	<b>\$ 80,562,682</b>

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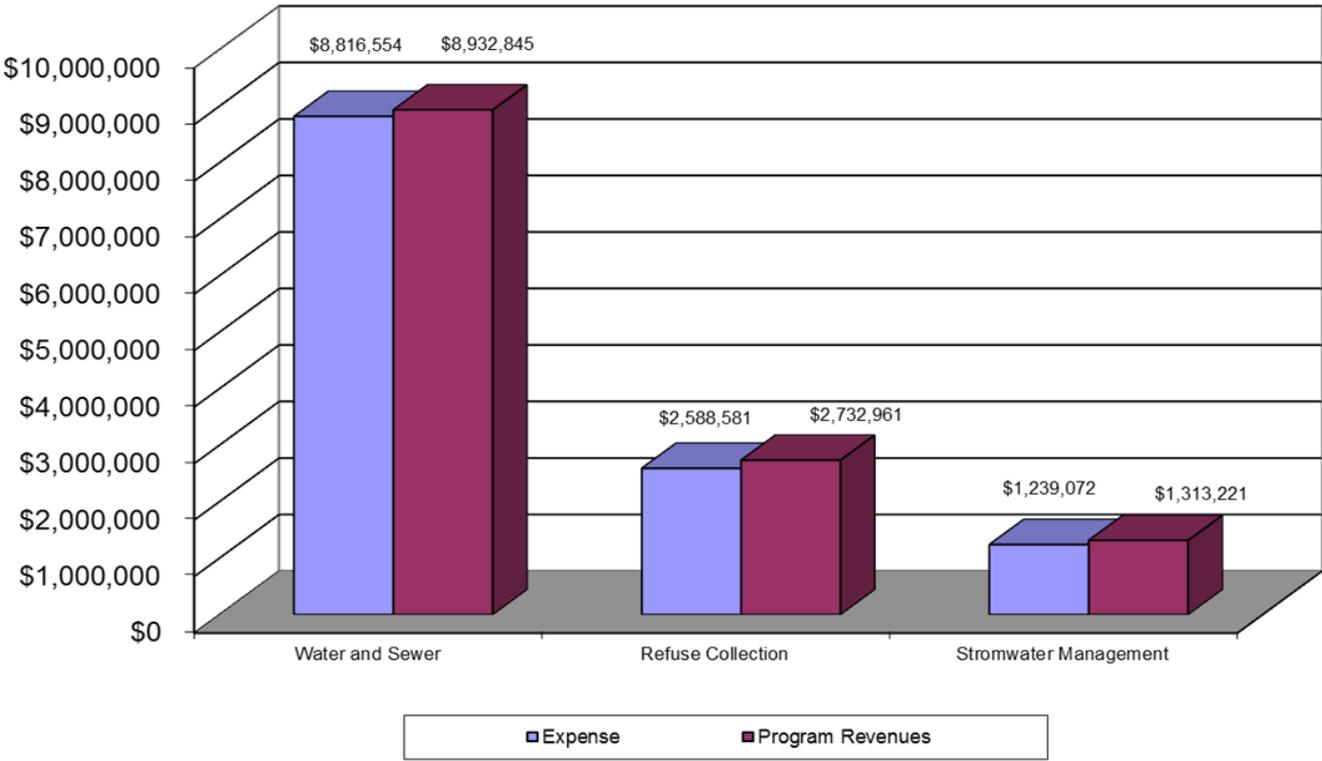
### Expenses and Program Revenues - Governmental Activities



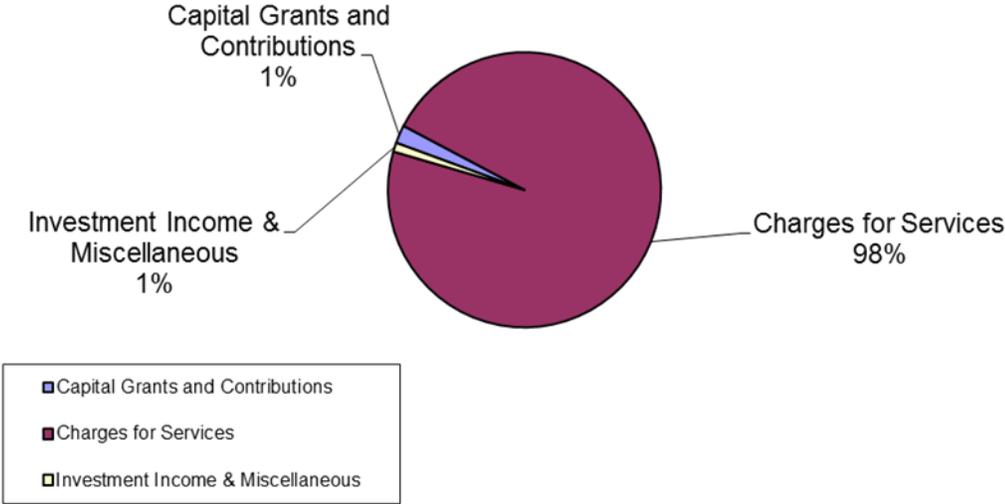
### Revenues by Source – Governmental Activities



### Expenses and Program Revenues - Business-Type Activities



### Revenues by Source - Business-Type Activities



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Edgewater's governmental funds reported combined ending fund balances of \$4,713,401, an decrease of \$132,059 in comparison with the prior year. Approximately 60% of this amount or \$2,808,975 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 \$630,323, and \$150,000 for the subsequent year's budget appropriation. Restricted fund balance of \$1,122,905 is for scholarships, public safety, debt service, and capital projects. Nonspendable fund balance of \$1,198 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 \$2,808,975, while total fund balance was \$4,047,305. 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 21% of the total General Fund expenditures, while total fund balance represents 30% of that same amount.

During the current fiscal year, the fund balance of the General Fund increased by \$100,814. This increase was attributed to increased ad valorem revenues and grant revenues in the current year.

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

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

Unrestricted net position of the proprietary funds at the year-end amounted to \$2,703,234. The total decrease in net position for these funds was \$2,916,369. 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 \$13,624 less than budgeted revenues primarily due to lesser than anticipated intergovernmental revenues.

Actual expenditures were \$114,501 less than budgeted expenditures primarily due to less salary & benefit costs and operating supply costs.

The final revenue budget was increased from the original budget by \$381,201 primarily due to increased Fire Department emergency transports of (\$200K). Increases in number of transports, collection rate, and the addition of another rescue in July resulted in this. The expenditures budget was increased by \$617,325 primarily for a new rescue vehicle (\$248K), a new slope mower (\$163K), and other vehicle purchases (\$200K). The Capital Lease proceeds budget of \$411K was added by amendment due to the financing of the rescue vehicle and slope mower.

## 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, 2015, amounts to \$94,005,422 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 0.3%.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 23,164,264	\$ 23,094,587	\$ 2,455,915	\$ 1,235,467	\$ 25,620,179	\$ 24,330,054
Buildings	4,649,274	4,106,830	8,010,646	8,590,331	12,659,920	12,697,161
Improvements	7,652,314	8,237,968	36,189,338	37,153,221	43,841,652	45,391,189
Machinery and equipment	1,517,452	1,120,052	3,832,436	4,261,030	5,349,888	5,381,082
Infrastructure	3,422,467	3,727,924	-	-	3,422,467	3,727,924
Construction in progress	2,917,714	1,980,083	193,602	221,118	3,111,316	2,201,201
Total	\$ 43,323,485	\$ 42,267,444	\$ 50,681,937	\$ 51,461,167	\$ 94,005,422	\$ 93,728,611

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 \$24,070,006. This debt includes bonds payable, notes payable, state revolving loan and capital leases. In FY 2015, the City borrowed under its Suntrust Equipment Finance & Leasing Corp. Master Lease Agreement funds to purchase an AEBI slope mower and funds to purchase a cab ambulance. Also in FY 2015 the City issued the City of Edgewater, Florida Capital Improvement Revenue Note, Series 2015 to finance a portion of land acquired for a new Public Works complex. 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	
	2015	2014	2015	2014	2015	2014
Bonds payable	\$ -	\$ -	\$ 11,439,000	\$ 12,753,000	\$ 11,439,000	\$ 12,753,000
Notes payable	1,462,674	1,560,000	4,454,327	4,455,000	5,917,001	6,015,000
loan	-	-	6,139,058	6,290,915	6,139,058	6,290,915
Capital leases	574,947	226,844	-	-	574,947	226,844
	\$ 2,037,621	\$ 1,786,844	\$ 22,032,385	\$ 23,498,915	\$ 24,070,006	\$ 25,285,759

During the current fiscal year, the City's total debt decreased by \$1,215,753 (5%).

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

### **Reserve Policy**

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

The Reserve amount per Charter is currently set at \$2,334,572 (17%) of the FY2015 – 2016 General Fund Budget. The City Council has designated \$630,323 towards the future replacement of City Hall and \$150,000 for subsequent year's budget appropriation. The nonspendable balance is \$1,198 with restricted balances of \$456,809. The amount available for capital or other lawful purposes less any reserves or set asides is \$2,808,975 at September 30, 2015. 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 2016. 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 2016 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 2016 includes the following assumptions:

- Realization of increased revenues as a result of the current economic conditions.
- Modest increases 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.
- On March 15, 2016, the voters approved the issuance of a GO Bond for parks improvements.

### **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, 2015

	<u>Governmental - type Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,456,415	\$ 5,630,289	\$ 7,086,704
Investments	2,865,510	-	2,865,510
Receivables, net	373,189	1,611,818	1,985,007
Special assessment receivable, net	-	88,371	88,371
Due from other governments	1,062,207	4,323	1,066,530
Inventories and prepaids	51,870	12,674	64,544
Net pension asset	625,606	-	625,606
Restricted assets:			
Cash and cash equivalents	-	2,525,240	2,525,240
Investment in joint venture	163,209	-	163,209
Capital Assets			
Nondepreciable assets	26,081,978	2,649,517	28,731,495
Depreciable assets, net	17,241,507	48,032,420	65,273,927
Total assets	<u>49,921,491</u>	<u>60,554,652</u>	<u>110,476,143</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	1,574,814	385,846	1,960,660
Deferred Loss on Refunding	-	62,305	62,305
Total deferred outflows of resources	<u>1,574,814</u>	<u>448,151</u>	<u>2,022,965</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	997,277	383,785	1,381,062
Accrued interest payable	17,456	197,071	214,527
Unearned revenue	63,114	-	63,114
Due to other governments	1,610	-	1,610
Customer deposits	-	892,519	892,519
Noncurrent liabilities			
Due within one year			
Bonds, notes, and capital leases payable	223,170	2,383,521	2,606,691
Compensated absences	905,530	432,333	1,337,863
Due in more than one year			
Bonds, notes, and capital leases payable	1,814,451	19,648,864	21,463,315
Compensated absences	803,122	237,028	1,040,150
OPEB obligation	510,063	257,925	767,988
Net pension liability	5,555,494	2,502,224	8,057,718
Total liabilities	<u>10,891,287</u>	<u>26,935,270</u>	<u>37,826,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,138,286	321,034	1,459,320
<b>NET POSITION</b>			
Net investment in capital assets	41,696,833	29,142,964	70,839,797
Restricted for:			
Debt service	35,000	1,293,793	1,328,793
Public safety	642,900	-	642,900
Capital projects	645,434	606,508	1,251,942
Scholarships	1,674	-	1,674
Unrestricted	(3,555,109)	2,703,234	(851,875)
Total net position	<u>\$ 39,466,732</u>	<u>\$ 33,746,499</u>	<u>\$ 73,213,231</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, 2015

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General administrative	\$ 2,614,193	\$ 208,769	\$ -	\$ 385,621
Public works	2,022,008	306,981	608,023	1,220,920
Public safety	6,367,917	591,642	35,340	38,608
Culture and recreation	1,552,489	-	-	44,024
Interest on long-term debt	49,891	-	-	-
Total governmental activities	<u>12,606,498</u>	<u>1,107,392</u>	<u>643,363</u>	<u>1,689,173</u>
Business-type activities:				
Water / Sewer	8,816,554	8,651,318	-	281,527
Refuse	2,588,581	2,732,961	-	-
Stormwater	1,239,072	1,313,221	-	-
Total business-type activities	<u>12,644,207</u>	<u>12,697,500</u>	<u>-</u>	<u>281,527</u>
Total primary government	<u>\$ 25,250,705</u>	<u>\$ 13,804,892</u>	<u>\$ 643,363</u>	<u>\$ 1,970,700</u>

General revenues:  
Property taxes  
Utility and franchise taxes  
Intergovernmental shared revenue - non-program  
Investment earnings  
Miscellaneous revenue  
Transfers  
Total general revenues and transfers  
Change in net position

Net position - beginning, as restated  
Net position - ending

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,019,803)	\$ -	\$ (2,019,803)
113,916	-	113,916
(5,702,327)	-	(5,702,327)
(1,508,465)	-	(1,508,465)
(49,891)	-	(49,891)
<u>(9,166,570)</u>	<u>-</u>	<u>(9,166,570)</u>
-	116,291	116,291
-	144,380	144,380
-	74,149	74,149
<u>-</u>	<u>334,820</u>	<u>334,820</u>
(9,166,570)	334,820	(8,831,750)
4,282,331	-	4,282,331
3,249,749	-	3,249,749
1,967,348	-	1,967,348
48,705	6,796	55,501
140,093	132,423	272,516
727,491	(727,491)	-
<u>10,415,717</u>	<u>(588,272)</u>	<u>9,827,445</u>
1,249,147	(253,452)	995,695
38,217,585	33,999,951	72,217,536
<u>\$ 39,466,732</u>	<u>\$ 33,746,499</u>	<u>\$ 73,213,231</u>

**CITY OF EDGEWATER, FLORIDA**

Balance Sheet  
 Governmental Funds  
 September 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 598,764	\$ 377,542	\$ 262,668	\$ 1,238,974
Investments	2,864,340	1,170	-	2,865,510
Receivables--net of allowance for uncollectibles	367,391	-	-	367,391
Due from other governments	443,319	618,846	42	1,062,207
Inventories and prepaids	1,198	-	-	1,198
Total assets	<u>\$ 4,275,012</u>	<u>\$ 997,558</u>	<u>\$ 262,710</u>	<u>\$ 5,535,280</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 76,419	\$ 594,172	\$ -	\$ 670,591
Accrued liabilities	86,564	-	-	86,564
Due to other governments	1,610	-	-	1,610
Unearned revenues	63,114	-	-	63,114
Total liabilities	<u>227,707</u>	<u>594,172</u>	<u>-</u>	<u>821,879</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventories and prepaids	1,198	-	-	1,198
Restricted for:				
Scholarships	1,674	-	-	1,674
Public safety	-	-	17,294	17,294
Debt service	44,166	-	3,368	47,534
Capital projects	410,969	403,386	242,048	1,056,403
Assigned to:				
Subsequent year's budget appropriation of fund balance	150,000	-	-	150,000
City Hall	630,323	-	-	630,323
Unassigned	2,808,975	-	-	2,808,975
Total fund balances	<u>4,047,305</u>	<u>403,386</u>	<u>262,710</u>	<u>4,713,401</u>
Total liabilities and fund balances	<u>\$ 4,275,012</u>	<u>\$ 997,558</u>	<u>\$ 262,710</u>	<u>\$ 5,535,280</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, 2015

Total governmental funds fund balance \$4,713,401

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	\$ 23,164,264	
Buildings and improvements	26,944,906	
Infrastructure	56,434,524	
Furniture and equipment	4,393,238	
Construction in progress	2,818,214	
Accumulated depreciation	<u>(70,624,176)</u>	
		43,130,970

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. 47,682

On the governmental fund statements, a net pension liability/asset is not recorded until an amount is due and payable and the pension plan's fiduciary net position is not sufficient for payment of those benefits (no such liability exists at the end of the current fiscal year). On the Statement of Net Position, the City's net pension liability/asset of the defined benefit pension plans is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.

Net pension liability	\$ (5,555,494)	
Net pension asset	625,606	
Deferred outflows related to pensions	1,574,814	
Deferred inflows related to pensions	<u>(1,138,286)</u>	
		(4,493,360)

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

Compensated absences	\$ 1,643,416	
OPEB	490,752	
Long-term debt	<u>1,943,732</u>	
		(4,077,900)

Accrued interest payable on bonds that is not recognized on the fund statements. (17,270)

Net position of governmental activities \$39,466,732

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, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 4,248,706	\$ -	\$ 33,625	\$ 4,282,331
Utility and franchise taxes	3,249,749	-	-	3,249,749
Intergovernmental	2,861,372	1,378,748	3,985	4,244,105
Licenses and permits	320,954	-	-	320,954
Charges for services	1,560,007	-	-	1,560,007
Fines and forfeitures	158,898	-	13,100	171,998
Investment earnings	47,251	1,170	191	48,612
Impact fees	-	-	183,385	183,385
Miscellaneous revenue	137,793	128	-	137,921
	<u>12,584,730</u>	<u>1,380,046</u>	<u>234,286</u>	<u>14,199,062</u>
<b>EXPENDITURES</b>				
Current:				
Legislative	91,954	-	-	91,954
Executive	614,357	-	-	614,357
Legal counsel	89,589	-	-	89,589
Community development	774,022	-	-	774,022
Public works	658,475	469,515	-	1,127,990
Public safety:				
Law enforcement	3,252,286	-	32,858	3,285,144
Fire and emergency services	3,103,765	-	-	3,103,765
Code enforcement	103,301	-	-	103,301
Animal services	107,507	-	-	107,507
Culture and recreation	1,289,790	-	-	1,289,790
General administrative services	2,198,362	-	-	2,198,362
Debt Service:				
Principal	131,007	-	20,000	151,007
Interest	34,661	-	12,881	47,542
Capital outlay	934,465	1,566,951	-	2,501,416
	<u>13,383,541</u>	<u>2,036,466</u>	<u>65,739</u>	<u>15,485,746</u>
Total expenditures	<u>13,383,541</u>	<u>2,036,466</u>	<u>65,739</u>	<u>15,485,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(798,811)</u>	<u>(656,420)</u>	<u>168,547</u>	<u>(1,286,684)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	727,491	615,000	-	1,342,491
Transfers out	(255,000)	-	(360,000)	(615,000)
Capital lease proceeds	410,894	-	-	410,894
Sale of capital assets	16,240	-	-	16,240
Total other financing sources (uses)	<u>899,625</u>	<u>615,000</u>	<u>(360,000)</u>	<u>1,154,625</u>
Net change in fund balances	100,814	(41,420)	(191,453)	(132,059)
Beginning fund balances	<u>3,946,491</u>	<u>444,806</u>	<u>454,163</u>	<u>4,845,460</u>
Ending fund balances	<u>\$ 4,047,305</u>	<u>\$ 403,386</u>	<u>\$ 262,710</u>	<u>\$ 4,713,401</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, 2015

Net change in fund balances - total governmental funds \$ (132,059)

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	\$ 2,501,416	
Current year depreciation	<u>(1,499,556)</u>	1,001,860

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, CIP project abandoned) is to decrease net position. (14,198)

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	\$ (135,685)	
Changes in OPEB obligation	(68,817)	
Changes in interest payable	<u>4</u>	(204,498)

The net revenue of certain activities of internal service funds is reported with governmental activities. 25,382

Governmental funds report contributions to defined benefit pension plans as expenditures.

However, in the Statement of Activities, the amount contributed to defined benefit pension plans reduces future the net pension liability/asset. Also included in pension expense in the Statement of Activities are deferred inflow and deferred outflow amounts required to be amortized.

Change in net pension liability/asset and deferred inflows/outflows related to pensions 832,547

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	\$ 151,007	
Debt issued	<u>(410,894)</u>	<u>(259,887)</u>

Change in net position of governmental activities \$ 1,249,147

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 4,177,051	\$ 4,248,623	\$ 4,248,706	\$ 83
Utility and franchise taxes	3,179,274	3,249,749	3,249,749	-
Intergovernmental	2,895,640	2,895,405	2,861,372	(34,033)
Licenses and permits	254,800	305,971	320,954	14,983
Charges for services	1,376,788	1,568,580	1,560,007	(8,573)
Fines and forfeitures	189,300	163,780	158,898	(4,882)
Investment earnings	37,800	25,530	47,251	21,721
Miscellaneous revenue	106,500	140,716	137,793	(2,923)
Total revenues	12,217,153	12,598,354	12,584,730	(13,624)
<b>EXPENDITURES</b>				
Current:				
Legislative	104,003	123,781	91,954	31,827
Executive	635,066	655,301	614,357	40,944
Legal counsel	94,000	94,000	89,589	4,411
Community development	935,560	855,687	774,022	81,665
Public works	600,111	687,498	658,475	29,023
Public safety:				
Law enforcement	3,383,955	3,375,369	3,252,286	123,083
Fire and emergency services	3,111,352	3,112,112	3,103,765	8,347
Code enforcement	110,558	105,558	103,301	2,257
Animal services	119,215	111,125	107,507	3,618
Culture and recreation	1,308,557	1,318,757	1,289,790	28,967
General administrative services	2,074,995	2,059,282	2,198,362	(139,080)
Debt service:				
Principal	131,007	131,007	131,007	-
Interest	34,461	34,461	34,661	(200)
Capital outlay	237,877	834,104	934,465	(100,361)
Total expenditures	12,880,717	13,498,042	13,383,541	114,501
Excess (deficiency) of revenues over (under) expenditures	(663,564)	(899,688)	(798,811)	100,877
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	727,492	727,491	727,491	-
Transfers out	(255,000)	(255,000)	(255,000)	-
Capital lease proceeds	-	410,894	410,894	-
Sale of capital assets	10,000	16,240	16,240	-
Total other financing sources (uses)	482,492	899,625	899,625	-
Net change in fund balances	(181,072)	(63)	100,814	100,877
Beginning fund balances	3,946,491	3,946,491	3,946,491	-
Ending fund balances	\$ 3,765,419	\$ 3,946,428	\$ 4,047,305	\$ 100,877

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, 2015

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major Funds</b>				
	<b>Water/ Sewer Utility</b>	<b>Refuse Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 4,447,970	\$ 131,341	\$ 1,050,978	\$ 5,630,289	\$ 117,451
Receivables, net	1,085,504	356,351	169,963	1,611,818	5,798
Due from other governments	4,323	-	-	4,323	-
Due from other funds	106,496	-	40,000	146,496	-
Inventories	-	-	-	-	27,458
Prepaid items	7,674	2,500	2,500	12,674	23,214
Special assessments receivable	31,698	-	-	31,698	-
Total current assets	<u>5,683,665</u>	<u>490,192</u>	<u>1,263,441</u>	<u>7,437,298</u>	<u>173,921</u>
Noncurrent assets:					
Advances to other funds	-	-	-	-	-
Restricted cash and cash equivalents:					
Debt service	1,487,625	-	-	1,487,625	-
Capital projects	610,475	-	427,140	1,037,615	99,990
Total restricted cash and cash equivalents	<u>2,098,100</u>	<u>-</u>	<u>427,140</u>	<u>2,525,240</u>	<u>99,990</u>
Capital assets:					
Land and land rights	966,228	1,220,448	269,239	2,455,915	-
Buildings and improvements	73,646,765	69,075	8,850,816	82,566,656	60,684
Machinery and equipment	8,377,806	2,343,240	1,063,835	11,784,881	128,909
Construction in progress	5,750	120,490	67,362	193,602	99,500
Less accumulated depreciation	(40,408,637)	(1,690,131)	(4,220,349)	(46,319,117)	(96,578)
Total capital assets (net of accumulated depreciation)	<u>42,587,912</u>	<u>2,063,122</u>	<u>6,030,903</u>	<u>50,681,937</u>	<u>192,515</u>
Special assessment receivable	56,673	-	-	56,673	-
Total noncurrent assets	<u>44,742,685</u>	<u>2,063,122</u>	<u>6,458,043</u>	<u>53,263,850</u>	<u>292,505</u>
Total assets	<u>50,426,350</u>	<u>2,553,314</u>	<u>7,721,484</u>	<u>60,701,148</u>	<u>466,426</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	275,908	88,660	21,278	385,846	-
Deferred loss on refunding	62,305	-	-	62,305	-
Total deferred outflows of resources	<u>338,213</u>	<u>88,660</u>	<u>21,278</u>	<u>448,151</u>	<u>-</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	76,389	87,054	141,562	305,005	236,487
Accrued liabilities	63,742	9,315	5,723	78,780	3,635
Due to other funds	-	146,496	-	146,496	-
Compensated absences	280,622	92,499	59,212	432,333	31,812
Customer deposits	892,519	-	-	892,519	-
Accrued interest payable	193,832	2,442	797	197,071	186
Notes payable - current	606,000	-	40,615	646,615	9,508
Revenue bonds payable - current	1,621,906	115,000	-	1,736,906	-
Total current liabilities	<u>3,735,010</u>	<u>452,806</u>	<u>247,909</u>	<u>4,435,725</u>	<u>281,628</u>
Noncurrent liabilities:					
Compensated absences	192,057	27,808	17,163	237,028	33,424
OPEB obligation	159,840	68,359	29,726	257,925	19,311
Bonds, notes, and capital leases payable	18,803,402	485,000	360,462	19,648,864	84,381
Net pension liability	1,789,274	574,960	137,990	2,502,224	-
Total noncurrent liabilities	<u>20,944,573</u>	<u>1,156,127</u>	<u>545,341</u>	<u>22,646,041</u>	<u>137,116</u>
Total liabilities	<u>24,679,583</u>	<u>1,608,933</u>	<u>793,250</u>	<u>27,081,766</u>	<u>418,744</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	229,563	73,767	17,704	321,034	-
<b>NET POSITION</b>					
Net investment in capital assets	21,622,876	1,463,122	6,056,966	29,142,964	192,515
Restricted:					
Capital projects	606,508	-	-	606,508	6,101
Debt service	1,293,793	-	-	1,293,793	-
Unrestricted	2,332,240	(503,848)	874,842	2,703,234	(150,934)
Total net position	<u>\$ 25,855,417</u>	<u>\$ 959,274</u>	<u>\$ 6,931,808</u>	<u>\$ 33,746,499</u>	<u>\$ 47,682</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, 2015

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major Funds</b>				
	<b>Water/ Sewer Utility</b>	<b>Refuse Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>	
Operating revenues:					
Charges for sales and services	\$ 8,651,318	\$ 2,732,961	\$ 1,313,221	\$ 12,697,500	\$ 4,227,408
Operating expenses:					
Salaries and employee benefits	2,629,257	1,010,115	607,115	4,246,487	2,859,668
Supplies and materials	602,494	126,958	32,802	762,254	444,852
Contract services	367,205	836,534	21,175	1,224,914	181,930
Other services and charges	1,689,329	475,085	243,206	2,407,620	685,511
Depreciation and amortization	2,744,482	131,719	324,721	3,200,922	27,805
Total operating expenses	8,032,767	2,580,411	1,229,019	11,842,197	4,199,766
Operating income (loss)	618,551	152,550	84,202	855,303	27,642
Nonoperating revenues (expenses):					
Investment earnings	6,216	154	426	6,796	93
Miscellaneous revenues	116,235	11,674	4,514	132,423	-
Gain (Loss) on disposition of capital assets	(101,140)	-	-	(101,140)	-
Interest expense	(682,647)	(8,170)	(10,053)	(700,870)	(2,353)
Total nonoperating revenues (expenses)	(661,336)	3,658	(5,113)	(662,791)	(2,260)
Income (loss) before capital contributions and transfers	(42,785)	156,208	79,089	192,512	25,382
Transfers in	-	-	-	-	117,591
Transfers out	(494,315)	(157,656)	(75,520)	(727,491)	(117,591)
Capital contributions and grants	281,527	-	-	281,527	-
Change in net position	(255,573)	(1,448)	3,569	(253,452)	25,382
Total net position - beginning, as restated	26,110,990	960,722	6,928,239	33,999,951	22,300
Total net position - ending	\$ 25,855,417	\$ 959,274	\$ 6,931,808	\$ 33,746,499	\$ 47,682

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, 2015

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Major Funds</b>				
	<b>Water/ Sewer Utility</b>	<b>Refuse Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>					
Receipts-customers and users	\$ 8,621,195	\$ 2,738,470	\$ 1,312,735	\$ 12,672,400	\$ 4,227,668
Payments-suppliers	(2,651,881)	(1,424,169)	(164,562)	(4,240,612)	(3,743,967)
Payments-employees	(2,818,277)	(1,100,848)	(637,937)	(4,557,062)	(384,994)
Net cash provided (used) by operating activities	<u>3,151,037</u>	<u>213,453</u>	<u>510,236</u>	<u>3,874,726</u>	<u>98,707</u>
<b>Cash flows from noncapital financing activities:</b>					
Cash paid to other funds	(494,315)	(11,160)	286,805	(218,670)	-
Cash received from other funds	(106,496)	-	(40,000)	(146,496)	-
Net cash provided (used) by noncapital financing activities	<u>(600,811)</u>	<u>(11,160)</u>	<u>246,805</u>	<u>(365,166)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition and construction of capital assets	(573,587)	(1,361,303)	(587,942)	(2,522,832)	(96,181)
Interest payments on debt	(639,862)	(5,728)	(10,135)	(655,725)	(2,373)
Capital contributions and fees	434,748	11,674	4,514	450,936	-
Proceeds from issuance of debt	297,037	600,000	-	897,037	-
Principal paid on debt	(2,027,607)	-	(38,923)	(2,066,530)	(9,111)
Net cash provided (used) by capital and related financing activities	<u>(2,509,271)</u>	<u>(755,357)</u>	<u>(632,486)</u>	<u>(3,897,114)</u>	<u>(107,665)</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	6,216	154	426	6,796	93
Net cash provided (used) by investing activities	<u>6,216</u>	<u>154</u>	<u>426</u>	<u>6,796</u>	<u>93</u>
Net increase (decrease) in cash and cash equivalents	47,171	(552,910)	124,981	(380,758)	(8,865)
Beginning cash and cash equivalents	6,498,899	684,251	1,353,137	8,536,287	226,306
Ending cash and cash equivalents	<u>\$ 6,546,070</u>	<u>\$ 131,341</u>	<u>\$ 1,478,118</u>	<u>\$ 8,155,529</u>	<u>\$ 217,441</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used) by operating activities:</b>					
Operating income	\$ 618,551	\$ 152,550	\$ 84,202	\$ 855,303	\$ 27,642
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	2,744,482	131,719	324,721	3,200,922	27,805
(Increase) decrease in assets:					
Accounts receivable	(7,446)	5,509	(486)	(2,423)	260
Inventories	(7,674)	(2,500)	(2,500)	(12,674)	(4,961)
Prepaid items	-	-	-	-	(23,214)
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(30,206)	(4,733)	122,095	87,156	58,283
Compensated absences	(4,894)	(25,522)	(9,680)	(40,096)	9,439
Net pension liability	(161,252)	(51,817)	(12,436)	(225,505)	-
OPEB obligation	22,153	8,247	4,320	34,720	3,453
Customer deposits	(22,677)	-	-	(22,677)	-
Total adjustments	<u>2,532,486</u>	<u>60,903</u>	<u>426,034</u>	<u>3,019,423</u>	<u>71,065</u>
Net cash provided (used) by operating activities	<u>\$ 3,151,037</u>	<u>\$ 213,453</u>	<u>\$ 510,236</u>	<u>\$ 3,874,726</u>	<u>\$ 98,707</u>
<b>Classified As:</b>					
Cash and cash equivalents	\$ 4,447,970	\$ 131,341	\$ 1,050,978	\$ 5,630,289	\$ 117,451
Restricted cash and cash equivalents	2,098,100	-	427,140	2,525,240	99,990
Total	<u>\$ 6,546,070</u>	<u>\$ 131,341</u>	<u>\$ 1,478,118</u>	<u>\$ 8,155,529</u>	<u>\$ 217,441</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, 2015

	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Accrued interest	\$ 81,738
Money market funds	1,519,120
Certificates of deposit	50,078
Bonds	
US Treasury notes	582,859
GNMA/FMNA	2,157,927
Municipal bonds	824,555
Corporate bonds	5,726,716
Equities	9,396,654
Mutual fund - equities	<u>9,365,022</u>
Total assets	<u>29,704,669</u>
<b>LIABILITIES</b>	
Accounts payable	18,398
Unearned contributions	<u>33,756</u>
Total liabilities	<u>52,154</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 29,652,515</u></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, 2015

	<b>Pension Trust Funds</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,681,260
Employee	182,095
State of Florida	<u>278,432</u>
Total contributions	<u>2,141,787</u>
Investment earnings (loss):	
Interest and dividends	854,482
Net increase (decrease) in the fair value of investments	<u>(1,321,910)</u>
Total investment earnings (loss)	<u>(467,428)</u>
Less investment expenses	<u>(135,573)</u>
Net investment earnings (loss)	<u>(603,001)</u>
Total Additions	<u>1,538,786</u>
<b>DEDUCTIONS</b>	
Pension benefits	2,280,488
Administrative expenses	<u>135,610</u>
Total deductions	<u>2,416,098</u>
Change in net position	(877,312)
Net position - beginning of year	<u>30,529,827</u>
Net position - end of year	<u><u>\$ 29,652,515</u></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 20,958 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 there is one component unit to be included within the reporting entity.

The City of Edgewater, Florida, Edgewater Community Redevelopment Agency (CRA) was created by Ordinance No. 2015-O-04 to account for the receipt and expenditure of property tax revenues from the tax increment financing district to support City redevelopment in the designated community redevelopment area. The CRA's focus is mitigation or correction of infrastructure and utilities deficiencies, revitalization of the Ridgewood Avenue (US-1) corridor, various transportation and urban design improvements, and pedestrian safety issues. Although legally separate the City Council declared itself to be the CRA Board, and provided for the appointment of two additional members. Since the City is financially accountable for the activities of the CRA, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund. There was no activity in the CRA Fund during the fiscal year ended September 30, 2015.

**B. Government-wide and Fund Financial Statements:**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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- The *Capital Projects Fund* is used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

The City reports the following major proprietary funds:

- The *Water and Sewer Utility Fund* is used to account for the activities of the City's water and wastewater systems, which are financed similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on an ongoing basis are financed through user charges.
- The *Refuse Utility Fund* accounts for the activities of the City's refuse collection and recycling services.
- The *Stormwater Management Utility Fund* accounts for the activities of the City's stormwater management, conservation, protection, control, use and enhancement of stormwater.

Additionally, the City reports the following fund types:

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

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

Amounts reported as *program revenues include*:

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

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

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

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

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

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

### **1. Deposits and investments**

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

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

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

Investments are stated at fair value (generally based on quoted market prices). Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. 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. The LGSF is not a registrant with the Securities and Exchange Commission; however, the Board has adopted operating procedures consistent with the requirements for a 2a-7-like fund. The LGSF Pool's investments are recorded at amortized cost.

### **2. Receivables and payables**

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

balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

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

### **3. Inventories and prepaid items**

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

### **4. Restricted assets**

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

### **5. Capital assets**

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

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

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

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

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

## **6. Deferred outflows of resources**

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

## **7. Compensated absences**

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

## **8. Long-term obligations**

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

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

## **9. Deferred inflows of resources**

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

## **10. Fund balance**

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

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

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

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

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

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

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

## **11. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit retirement plans, as described in Note C of the Other Matters section, and additions to / deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

## **12. Implementation of New Accounting Standards**

At September 30, 2015 and for the year then ended, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*. See Note V. C. for the effect of GASB 68 on pension disclosures and Note V. H. for the related impacts on beginning equity amounts.

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

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

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

### **III. Stewardship, Compliance and Accountability**

#### **A. Budgetary Information:**

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

- Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are carried forward in subsequent annual budgets.
- Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.
- Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Council. The recommended budget includes proposed expenditures and the source of receipts to finance them.
- City Council holds a series of budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.
- The budget, as adopted, may only be amended through formal approval by City Council. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budget at the fund level. Therefore, the City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Council.

#### **B. Deficit Net Position:**

At September 30, 2015, the Fully Insured internal service fund reported a \$133,496 deficit net position and the Workers comp fund reported a \$40,535 deficit net position.

#### **C. Ad Valorem Property Taxes:**

Under Florida law, the assessment of all properties and the collections of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector. Florida Statutes regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. For the fiscal year ended September 30, 2015, the millage rate in effect was \$6.7000 and the Edgewater I&S 2005 voted debt millage was \$.0530 for a total millage of \$6.7530.

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

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

**D. Connection Fees and Impact Fees:**

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

**E. Reserve Policy**

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

**IV. Detailed Notes on All Funds**

**A. Deposits:**

At September 30, 2015, the carrying amount of the City's bank deposits was \$9,611,944. The bank balance at September 30, 2015 was \$9,730,524, 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, 2015.

**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.

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As of September 30, 2015, the City had the following investments and effective duration presented in terms of years:

Investment Type	Fair Value	Less Than 1	Investment Maturities (in Years)			Credit Rating
			1-5	6-10	More Than 10	
<b>Government-wide</b>						
Investments Subject to Rate Risk:						
SBA LGIP	\$ 864,367	\$ 864,367	\$ -	\$ -	\$ -	AAAm
Certificates of deposit	500,000	500,000	-	-	-	N/A
FHLM	1,501,143	1,501,143	-	-	-	Aaa
<b>Total government-wide investments</b>	<b>\$ 2,865,510</b>	<b>\$ 2,865,510</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Fiduciary Funds</b>						
Investments Subject to Rate Risk:						
Money market funds	\$ 1,519,120	\$ 1,519,120	\$ -	\$ -	\$ -	N/A
Certificates of deposit	50,078	50,078	-	-	-	N/A
Bonds:						
US treasury notes	582,859	-	49,977	193,553	339,329	Aaa
GNMA	2,157,927	-	488,674	454,515	1,214,738	*
Municipal obligations	824,555	127,368	589,770	107,417	-	**
Corporate bonds	5,726,716	873,014	2,956,547	494,600	1,402,555	***
	<u>\$ 10,861,255</u>	<u>\$ 2,569,580</u>	<u>\$ 4,084,968</u>	<u>\$ 1,250,085</u>	<u>\$ 2,956,622</u>	
Other Investments:						
Corporate equities	9,396,654					
Mutual funds – equity	9,365,022					
<b>Total other investments</b>	<u>18,761,676</u>					
<b>Total fiduciary fund investments</b>	<u>29,622,931</u>					
<b>Total City Investments</b>	<u>\$ 32,488,441</u>					

\* - The Standard and Poor's credit ratings range from BBB to A and Moody's credit ratings range from Baa2 to A3 for the GNMA securities.

\*\* - The Standard and Poor's credit ratings range from BBB to AA and Moody's credit ratings range from Baa1 to Aa1 for the Municipal obligations.

\*\*\* - The Standard and Poor's credit ratings range from B- to Aaa and Moody's credit ratings range from B3 to Aaa for the Corporate bonds.

### Credit Risk

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

### Custodial Credit Risk

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

As of September 30, 2015, 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.

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**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	\$ 414,878	-	\$ -	\$ 414,878
Intergovernmental	443,319	618,846	42	1,062,207
Gross receivables	858,197	618,846	-	1,477,085
Less: allowance for uncollectible	(47,487)	-	-	(47,487)
Net total receivables	810,710	\$ 618,846	\$ 42	\$ 1,429,598

Proprietary Funds	Water/ Sewer Utility	Refuse Utility	Stormwater Utility	Internal Service	Total
Receivables:					
Accounts	\$ 1,502,314	\$ 479,313	\$ 235,670	\$ 5,798	\$ 2,223,095
Intergovernmental	4,323	-	-	-	4,323
Special Assessments	88,371	-	-	-	88,371
Gross receivables	1,595,008	479,313	235,670	5,798	2,315,789
Less: allowance for uncollectible	(416,810)	(122,962)	(65,707)	-	(605,479)
Net total receivables	\$ 1,178,198	\$ 356,351	\$ 169,963	\$ 5,798	\$ 1,710,310

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. No deferred inflows are reported as of September 30, 2015. 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 \$63,114, reported in the major and non-major governmental funds was deferred business tax receipts. Such amounts have also been included as current liabilities on the government-wide financial statements.

**D. Interfund Receivables, Payables, and Transfers:**

The composition of Interfund balances as of September 30, 2015, is as follows:

Due from / to other funds:

Receivable Funds	Payable Funds	Amount
Water/Sewer	Refuse Utility	\$ 106,496
Stormwater Utility	Refuse Utility	40,000
Total		<u>\$ 146,496</u>

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The composition of Interfund transfers for the year ended September 30, 2015, is as follows:

	Transfers In				Total
	General Fund	Capital Projects	Internal Service MIS	Internal Service WC	
Transfers Out:					
General Fund	\$ -	\$ 255,000	\$ -	\$ -	\$ 255,000
Recreation Impact	-	360,000	-	-	360,000
Enterprise:					
Water Sewer	494,315	-	-	-	494,315
Refuse	157,656	-	-	-	157,656
Stormwater	75,520	-	-	-	75,520
Internal Service:					
Fleet	-	-	70,000	-	70,000
Loss	-	-	5,000	-	5,000
Fully Insured	-	-	40,000	2,591	42,591
<b>Total</b>	<b>\$ 727,491</b>	<b>\$ 615,000</b>	<b>\$ 115,000</b>	<b>\$ 2,591</b>	<b>\$ 1,460,082</b>

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. Transfers from the enterprise funds to the general fund are in lieu of franchisee fees.

**E. Capital Assets:**

Capital asset activity for the year ended September 30, 2015, was as follows:

**Governmental activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 23,094,587	\$ 69,677	\$ -	\$ 23,164,264
Construction in progress	1,980,083	1,738,448	(800,817)	2,917,714
Total assets not being depreciated	25,074,670	1,808,125	(800,817)	26,081,978
Capital assets being depreciated:				
Buildings	6,993,315	794,219	-	7,787,534
Improvement other than buildings	19,179,767	40,848	(2,559)	19,218,056
Machinery and equipment	4,161,310	741,573	(380,736)	4,522,147
Infrastructure	56,434,524	-	-	56,434,524
Total assets being depreciated	86,768,916	1,576,640	(383,295)	87,962,261
Less accumulated depreciation for:				
Buildings	(2,886,485)	(251,775)	-	(3,138,260)
Improvement other than buildings	(10,941,799)	(626,503)	2,560	(11,565,742)
Machinery and equipment	(3,041,258)	(343,626)	380,189	(3,004,695)
Infrastructure	(52,706,600)	(305,457)	-	(53,012,057)
Total accumulated depreciation	(69,576,142)	(1,527,361)	382,749	(70,720,754)
Total capital assets, being depreciated, net	17,192,774	49,279	(546)	17,241,507
Governmental activities capital assets, net	\$ 42,267,444	\$ 1,857,404	\$ (801,363)	\$ 43,323,485

**City of Edgewater, Florida**  
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**Business-type activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,235,467	\$ 1,220,448	\$ -	\$ 2,455,915
Construction in progress	221,118	1,931,819	(1,959,335)	193,602
Total assets not being depreciated	<u>1,456,585</u>	<u>3,152,267</u>	<u>(1,959,335)</u>	<u>2,649,517</u>
Capital assets being depreciated:				
Buildings	24,386,769	285,675	(173,486)	24,498,958
Improvement other than buildings	57,586,948	748,175	(267,425)	58,067,698
Machinery and equipment	11,587,801	305,749	(108,669)	11,784,881
Total assets being depreciated	<u>93,561,518</u>	<u>1,339,599</u>	<u>(549,580)</u>	<u>94,351,537</u>
Less accumulated depreciation for:				
Buildings	(15,796,438)	(840,210)	148,336	(16,488,312)
Improvement other than buildings	(20,433,727)	(1,628,649)	184,016	(21,878,360)
Machinery and equipment	(7,326,771)	(732,063)	106,389	(7,952,445)
Total accumulated depreciation	<u>(43,556,936)</u>	<u>(3,200,922)</u>	<u>438,741</u>	<u>(46,319,117)</u>
Total capital assets, being depreciated, net	<u>50,004,582</u>	<u>(1,861,323)</u>	<u>(110,839)</u>	<u>48,032,420</u>
Business-type activities capital assets, net	<u>\$ 51,461,167</u>	<u>\$ 1,290,944</u>	<u>\$ (2,070,174)</u>	<u>\$ 50,681,937</u>

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

Governmental activities:	
General government	\$ 119,558
Public safety	368,434
Transportation / public works	756,743
Leisure services	254,821
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	27,805
Total depreciation expense - governmental activities	<u>\$ 1,527,361</u>
Business-type activities:	
Water Sewer Utility	\$ 2,744,482
Refuse collection	131,719
Stormwater System	324,721
Total depreciation expense - business-type activities	<u>\$ 3,200,922</u>

**F. Leases:**

**Operating Leases** – On March 3, 2014, the City entered into an operating lease agreement with the Volusia/Flagler Family Young Men's Christian Association, Inc. (the "YMCA") for the leasing and reimbursement for the expansion of, certain buildings and facilities located at Hawks Park Recreational Complex, which may be renegotiated and renewed at the request of the City Council or the YMCA Board at any time, provided any amendments are in writing and executed by both parties. Based on the terms of the agreement, the initial ten year lease began on April 1, 2014 and is scheduled to expire on March 31, 2024, with an option to renew for two additional ten year periods provided the parties mutually agree on the terms at the time of renewal. Annual rentals under the lease agreement include minimum monthly payments of \$3,779. During the year ended September 30, 2015, amounts received totaled \$45,350.

**Capital Leases** - The City has lease agreements for financing the acquisition of rescue vehicles, other vehicles, and equipment. 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.

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During the year the City obtained \$410,894 of financing proceeds for two new leases. However, as of September 30, 2015, the vehicle and ambulance have not been purchased. The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>
Assets - Machinery and equipment	\$ 366,069
Less: accumulated depreciation	<u>(207,804)</u>
Total	<u>\$ 158,265</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 were as follows:

<b>Year Ending September 30</b>	<b>Governmental Activities</b>
2016	\$ 133,861
2017	133,861
2018	98,620
2019	65,054
2020	65,054
2021-2025	<u>130,107</u>
Total minimum lease payments	626,557
Less: amount representing interest	<u>(51,610)</u>
	<u>\$ 574,947</u>

**G. Long-term Debt:**

**Revenue Bonds**

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

<b><u>Business-Type Activities</u></b>	<b><u>Interest Rates and Dates</u></b>	<b><u>Maturity</u></b>	<b><u>Original Amount</u></b>	<b><u>Balance September 30, 2015</u></b>
Water and Sewer Revenue Refunding Bonds - Series 2009	3.40% (4/1 & 10/1)	10/1/2016	\$7,945,000	\$5,040,000
Water and Sewer Revenue Refunding Bonds- Series 2012	2.18% (4/1 & 10/1)	10/1/2023	8,310,000	<u>6,399,000</u>
Total Revenue Bonds Outstanding				<u>\$11,439,000</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.

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The Water and Sewer Revenue Bond resolution provides for:

- (1) Establishment and maintenance of various funds and accounts
- (2) Restrictions on the use of cash from operations in order of priority
  - (a) Deposits are made to the operations and maintenance fund each month in an amount which will pay the costs of operation and maintenance for the next month;
  - (b) Deposits to the sinking fund are made monthly in an amount equal to one-sixth (1/6) of the interest coming due on the next semi-annual interest payment date and one-twelfth (1/12) of the bond amortization installment coming due during the next year:
  - (c) Deposits to the reserve fund are required to make up any deficiency in its balance as compared to the reserve equipment;
  - (d) Deposits to the Renewal and Replacement Fund are required each month in an amount equal to one-twelfth (1/12) of five per centum (5%) of the gross revenues of the system for the previous fiscal year; provided, however, that so long as there shall be on deposit in the renewal and replacement fund a balance of at least five per centum (5%) of the value of the fixed assets of the system, no additional deposits shall be required;
  - (e) Deposits will next be made into the rate stabilization fund for the amount budgeted for the then current period; and
  - (f) Thereafter for any lawful purposes.
- (3) Early redemption:

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

Annual requirements to amortize water and sewer revenue bonds outstanding as of September 30, 2015, are as follows:

<b>Year Ending</b> <b>September 30</b>	<b>Business -Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 1,349,000	\$ 295,985
2017	5,093,000	195,099
2018	724,000	105,032
2019	740,000	89,162
2020	756,000	72,943
2020-2024	2,777,000	122,407
Total	\$ 11,439,000	\$ 880,628

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

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

**Notes Payable**

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

<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.

Debt service requirements for this revenue note using interest rate of 2.77% at September 30, 2015 are:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 35,000	\$ 17,846
2017	35,000	16,829
2018	35,000	15,860
2019	35,000	14,890
2020	35,000	13,957
2021-2025	205,000	53,286
2026-2030	230,000	23,149
2031	50,000	694
Total	\$ 660,000	\$ 156,511

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 20,000	\$ 12,112
2017	25,000	11,343
2018	25,000	10,381
2019	25,000	9,420
2020	25,000	8,459
2021-2025	160,000	25,762
2026	35,000	1,346
Total	\$ 315,000	\$ 78,823

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

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Revolving Fund loan program, for the purpose of wastewater treatment replacement and renewal. Capitalized interest added to the loan was \$89,773. Repayment commences on December 15, 2014, and 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:

<b>Year Ending</b> <b>September 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 272,906	\$ 111,063
2017	277,921	106,048
2018	283,029	100,941
2019	288,230	95,740
2020	293,526	90,443
2020-2024	1,550,551	369,294
2025-2029	1,698,359	221,487
2030-2034	1,474,536	61,340
<b>Total</b>	<b>\$ 6,139,058</b>	<b>\$ 1,156,356</b>

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:

<b>Year Ending</b> <b>September 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 576,000	\$ 52,917
2017	622,000	42,266
2018	657,000	30,832
2019	674,000	18,878
2020	613,000	7,458
2021	115,000	517
<b>Total</b>	<b>\$ 3,157,000</b>	<b>\$ 152,868</b>

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

<b>Year Ending</b> <b>September 30</b>	<b>Business-Type Activities</b>		<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2016	\$ 70,615	\$ 15,955	\$ 49,386	\$ 11,158
2017	72,381	14,230	50,619	9,953
2018	72,969	12,481	51,031	8,728
2019	74,735	10,700	52,265	7,483
2020	77,677	8,864	54,323	6,199
2021-2024	328,950	16,047	230,050	11,222
<b>Total</b>	<b>\$ 697,327</b>	<b>\$ 78,277</b>	<b>\$ 487,674</b>	<b>\$ 54,743</b>

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During the year ended September 30, 2015, the City executed an agreement with a financial institution to borrow \$600,000 at an interest rate of 1.920%, for the purpose of capital improvements. Interest only payments are due on July 15<sup>th</sup>, while interest and principal payments are due on January 15<sup>th</sup>. Debt service requirements are as follows:

Year Ending	Business-Type Activities	
	Principal	Interest
September 30		
2016	\$ 115,000	\$ 10,416
2017	118,000	8,179
2018	120,000	5,894
2019	122,000	3,571
2020	125,000	1,200
Total	\$ 600,000	\$ 29,260

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2015 was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
<b>Governmental Activities:</b>					
Notes payable					
Guaranteed Entitlement Note, Series 2010	\$ 690,000	\$ -	\$ (30,000)	\$ 660,000	\$ 35,000
General Obligation note	335,000	-	(20,000)	315,000	20,000
Capital Improvement Revenue Note	535,000	-	(47,326)	487,674	49,385
Capital leases					
Ambulance	97,435	-	(31,153)	66,282	32,460
Vehicles	129,409	-	(31,638)	97,771	32,110
Rescue	-	248,310	-	248,310	32,751
AEBI	-	162,584	-	162,584	32,110
Other post-employment benefits	437,793	72,270	-	510,063	-
Compensated absences	1,563,528	905,530	(760,406)	1,708,652	905,530
Total governmental activities long term liabilities	\$3,788,165	\$1,388,694	\$ (920,523)	\$ 4,256,336	\$ 1,139,346
<b>Business-type Activities</b>					
Bonds payable					
Revenue Bonds	\$12,753,000	\$ -	\$ (1,314,000)	\$11,439,000	1,349,000
Notes payable					
State revolving loan	6,290,915	-	(151,857)	6,139,058	272,906
Lease refunding note	3,690,000	-	(533,000)	3,157,000	576,000
Capital Improvement note 2014	765,000	-	(67,673)	697,327	70,615
Capital Improvement note 2015	-	600,000	-	600,000	115,000
Other post-employment benefits	223,205	34,720	-	257,925	-
Compensated absences	709,457	432,333	(472,429)	669,361	432,333
Total business-type activities long term debt	\$24,431,577	\$ 1,067,053	\$ (2,538,959)	\$ 22,959,671	\$2,815,854

Internal service funds predominately serve the governmental funds. Accordingly, \$65,236 of compensated absences and \$19,311 of Net OPEB liability are included in the above governmental activities amounts. Also, for the governmental activities, compensated absences and the net pension obligation are generally liquidated by the General Fund.

**H. Other Commitments and Contingencies**

The City has entered into several agreements that are outstanding at September 30, 2015, which will result in future financial obligation as follows:

<u>Description</u>	<u>Amount</u>
General Fund commitments	\$ 650,001
Capital Projects Fund commitments	394,990
Water and Sewer Utility Fund commitments	184,520
Stormwater Utility Fund commitments	292,111
	<u>\$ 1,521,622</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 2015, 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, 2014, the Plan had approximately 164 active participants, 1 spouse, and 3 retirees receiving benefits. The plan does not issue a separate publicly available financial report.

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

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

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

**Annual OPEB Cost and Net OPEB Obligation** - The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the Entry Age Normal actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability (or funding excess) using a level percentage of payroll method and closed amortization over a period not to exceed 30 years. Annual

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requirements include a 4% 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% in 2015 to an ultimate rate of 4.5% on and after 2020. 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, 2015, based on the above assumptions and cost method, and applied to member data current at October 1, 2014. Liabilities were developed based on age adjusted costs for retirees currently receiving plan benefits as of October 1, 2014, with an AAL calculated to be \$1,403,933, which is unfunded (or 0% funded). The annual covered payroll is \$7.3 million, resulting in a ratio of unfunded AAL to covered payroll of 19.1%. 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, 2014.

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

	<b>2015 Fiscal Year Valuation as of 10/1/2014</b>
Annual Required Contribution (ARC)	\$ 194,628
Interest on Net OPEB Obligation	26,439
Adjustment to ARC	<u>(35,493)</u>
Annual OPEB Cost (Expense)	185,574
Less: Employer Contributions Made	<u>(78,584)</u>
Increase in Net OPEB Obligation	106,990
Net OPEB Obligation at beginning of year	660,998
Net OPEB Obligation at end of year	<u><u>\$ 767,988</u></u>

In the Statement of Net Position, as of September 30, 2015, the City reports a Net OPEB obligation of \$510,063 in governmental activities and \$257,925 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:

<u>Year Ended September 30,</u>	<u>Annual OPEB Cost</u>	<u>City Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 185,575	\$ 78,584	41.3%	\$ 767,988
2014	\$ 226,804	\$ 126,896	55.9%	\$ 660,998
2013	\$ 217,722	\$ 117,354	53.9%	\$ 561,090

**C. Employee Defined Benefit Retirement Pension Plans:**

**Plan Description and Administration**

The City maintains three separate single-employer, defined benefit pension plans for full-time general employees, police officers and firefighters, which are administered by and maintained as the respective Pension Trust Funds and included as part of the City's reporting entity. The General Employees Retirement Trust Fund was established by Chapter 13 of the City's Code of Ordinances. The Police

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Officers' Retirement Trust Fund was established pursuant with Chapter 185, Florida Statutes. The Firefighters' Pension Fund was established pursuant with Chapter 175, Florida Statutes. The applicable Ordinances or Statutes grant the authority to establish and amend the benefit terms to the Boards of Trustees.

Separate boards of trustees independently govern each system. The General Employees' Pension Fund is Board of Trustees is comprised of two legal residents of the City, who are appointed by the City Council; two members of the Plan employed by the City and elected by the plan members; one member as a union representative, as appointed by the union. Both the Police Officers' Retirement Trust Fund and the Firefighters' Pension Fund are comprised of two Council appointees; two members of the department elected by the membership; one member elected by the other four members and appointed by the Council. The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, the respective board of trustees and the City Council.

**Benefits Provided**

Each system provides retirement, disability and death benefits. All employees vest for full benefits after five years of service. Retirement benefits for general employees are based on the three consecutive years which give the highest average out of the last ten years. General employees will receive a benefit amount equal to 2% of that average multiplied by years of accrued service. Retirement benefits for police officers are based on the three years which give the highest average out of the last five years. Police officers will receive a benefit amount equal to 2% of that average multiplied by years of accrued service up to October 1, 1987, and 3% of that average multiplied by years of accrued service after October 1, 1987. Retirement benefits for firefighters are based on the five years, which give the highest average out of the last ten years. Firefighters will receive a benefit amount equal to 3% of that average multiplied by years of accrued service. All employees with 5 years of accrued service are eligible to retire at age 55. General employees may retire at any age after 25 years of service. Police officers and Firefighters may retire at any age after 20 years of service. All employees are eligible for non-service disability benefits after 5 years of service and for service-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits for vested general employees prior to retirement and with a 50% qualified joint survivor annuity will be paid monthly. Death benefits are paid for vested police officers, prior to retirement and with a 100% qualified joint survivor annuity. Death benefits for firefighters are paid for 10 years. All nonvested employees do not receive a death benefit and the Plan refunds accumulated contributions without interest. An employee, that leaves the City prior to reaching 5 years of service, may withdraw his or her contributions, without interest. After 5 years, the employee may elect to receive the accrued benefit payable at retirement age. There are no annual cost of living adjustments.

**Employees Covered by Benefit Terms**

As of the latest actuarial valuation report, the following employees were covered by the benefit terms:

Group	General Employees	Police Officers'	Fire Fighters'
Inactive plan members and beneficiaries currently receiving benefits	79	24	6
Inactive plan members entitled to but not receiving benefits	29	9	-
Active plan members	11	23	26
Totals	119	56	32

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.

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With the October 1, 2013 valuation, the General Employees Board of Trustees adopted changes to years of service, and the benefit limitation. Starting for the year ending September 30, 2014, funding requirements are now based on a dollar funding methodology as compared to the percentage of payroll methodology.

**Contributions**

Legislature grants the authority to establish and amend the contribution requirements of the City and active employees to the respective Boards of Trustees. The Boards establish rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the year ended September 30, 2015, the average active employee contribution was 2.5% of annual pay for general employees and 6% of annual pay for both police officers and firefighters. The general employee pension fund requires a contribution from City based on a dollar funding methodology. For the year ended September 30, 2015, the total required contribution from the City was \$717,345 for the general employees' pension fund. The City's average contribution rate was 57.9% and 25.8% of annual payroll for the police officers and firefighters pension funds, respectively.

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the respective Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except the liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of September 30, 2015:

<b>Asset Class</b>	<b>General Employees Target Allocation</b>	<b>Police Officers Target Allocation</b>	<b>Firefighters Target Allocation</b>
Domestic equity	45%	45%	50%
International equity	15%	15%	15%
Broad market fixed income	25%	25%	35%
TIPS	5%	5%	-
Real Estate	10%	10%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Concentrations**

The plans did not hold investments in any one organization that represent 5% or more of the Pension Plan's fiduciary net position.

**Reserves**

As of September 30, 2015, there are no amounts legally required to be reserved for the general, police and firefighter pension funds, respectively.

**Financial Statements**

The financial statements of the Employee Retirement plans are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. These plans do not issue stand-alone financial reports.

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2015

**Individual Fiduciary Fund Statements**

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

**Combining Statement of Fiduciary Net Position**

Pension Trust Funds

September 30, 2015

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
<b>ASSETS</b>			
Investments, at fair value:			
Accrued income	\$ 36,939	\$ 31,654	\$ 13,145
Investments, at fair value			
Money market funds	848,231	366,109	304,780
Certificates of deposit	-	-	50,078
Bonds	3,661,731	2,880,164	2,750,162
Equities	-	2,757,841	6,638,813
Mutual fund – equities	<u>7,242,383</u>	<u>2,122,639</u>	<u>-</u>
Total assets	11,789,284	8,158,407	9,756,978
<b>LIABILITIES</b>			
Accounts payable	6,720	10,402	1,276
Unearned Contributions	-	-	33,756
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 11,782,564</u>	<u>\$ 8,148,005</u>	<u>\$ 9,721,946</u>

**Combining Statement of Changes in Fiduciary Net Position**

Pension Trust Funds

For the fiscal year ended September 30, 2015

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 717,345	\$ 618,054	\$ 345,861
Employee	8,535	79,610	93,950
State of Florida	<u>-</u>	<u>127,669</u>	<u>150,763</u>
Total contributions	725,880	825,333	590,574
Investment earnings:			
Interest and dividends	468,783	226,134	159,565
Net increase/ (decrease) in the fair value of investments	(502,365)	(193,535)	(626,010)
Less investment expenses	<u>(26,037)</u>	<u>(42,173)</u>	<u>(67,363)</u>
Net investment earnings	<u>(59,619)</u>	<u>(9,574)</u>	<u>(533,808)</u>
Total Additions	666,261	815,759	56,766
<b>DEDUCTIONS</b>			
Pension benefits	1,373,228	697,208	210,052
Administrative expenses	<u>44,772</u>	<u>46,909</u>	<u>43,929</u>
Total deductions	1,418,000	744,117	253,981
Change in net position	(751,739)	71,642	(197,215)
Net position - beginning of year	<u>12,534,303</u>	<u>8,076,363</u>	<u>9,919,161</u>
Net position - end of Year	<u>\$ 11,782,564</u>	<u>\$ 8,148,005</u>	<u>\$ 9,721,946</u>

**Net Pension Liability**

*Actuarial Assumptions:*

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

	General Employees	Police Officers	Firefighters
Inflation	3.00%	3.00%	3.00%
Salary increases	4.00%	4.20% - 7.50%	5.00% - 6.50%
Investment rate of return	7.50%	7.50%	7.50%

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

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major class as of September 30, 2014 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	General Employees	Police Officers	Firefighters
Domestic equity	7.80%	7.50%	7.50%
International equity	2.20%	8.50%	8.50%
Broad Market Fixed income	3.70%	2.50%	2.50%
TIPS	5.30%	2.50%	-
Real estate	4.90%	4.50%	-

*Discount rate:*

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

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2015

The components of the net pension liability of the pension plans at September 30, 2015, were as follows:

	General Employees	Police Officers	Firefighters
Total pension liability	\$ 17,144,907	\$ 11,544,809	\$ 9,324,244
Plan fiduciary net position	(12,545,231)	(8,086,767)	(9,949,850)
Net pension liability (asset)	<u>\$ 4,599,676</u>	<u>\$ 3,458,042</u>	<u>\$ (625,606)</u>
 Plan fiduciary net position as percentage of total pension liability	 73.17%	 70.05%	 106.71%

**Changes in the Net Pension Liability**

	<b>General Employee's Retirement Trust Fund</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a – b)</b>
Beginning Balance	\$ 17,101,117	\$ 12,030,936	\$ 5,070,181
Changes for year:			
Service cost	91,269	-	91,269
Interest	1,241,107	-	1,241,107
Contributions – employer	-	772,605	(772,605)
Contributions – employee	-	13,178	(13,178)
Net investment income	-	1,059,400	(1,059,400)
Benefit payments, including refunds	(1,288,586)	(1,288,586)	-
Administrative expenses	-	(42,302)	42,302
New changes	<u>43,790</u>	<u>514,295</u>	<u>(470,505)</u>
Ending Balance	<u>\$ 17,144,907</u>	<u>\$ 12,545,231</u>	<u>\$ 4,599,676</u>

	<b>Police Officer's Retirement Trust Fund</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a – b)</b>
Beginning Balance	\$ 11,638,599	\$ 7,401,395	\$ 4,237,204
Changes for year:			
Service cost	206,976	-	206,976
Interest	859,397	-	859,397
Change In Funding Standard Account	(386,259)	-	(386,259)
Contributions – employer	-	534,795	(534,795)
Contributions – State	-	125,387	(125,387)
Contributions – employee	-	76,054	(76,054)
Net investment income	-	759,444	(759,444)
Benefit payments, including refunds	(773,904)	(773,904)	-
Administrative expenses	-	(36,404)	36,404
New changes	<u>(93,790)</u>	<u>685,372</u>	<u>(392,903)</u>
Ending Balance	<u>\$ 11,544,809</u>	<u>\$ 8,086,767</u>	<u>\$ 3,458,042</u>

	<b>Firefighter's Retirement Trust Fund</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a – b)</b>
Beginning Balance	\$ 8,481,797	\$ 8,418,701	\$ 63,096
Changes for year:			
Service cost	323,511	-	323,511
Interest	652,070	-	652,070
Share Plan Allocation	88,962	-	88,962
Contributions – employer	-	392,863	(392,863)
Contributions – State	-	155,382	(155,382)
Contributions – employee	-	88,869	(88,869)
Net investment income	-	1,160,776	(1,160,776)
Benefit payments, including refunds	(222,096)	(222,096)	-
Administrative expenses	-	(44,645)	44,645
New changes	<u>842,447</u>	<u>1,531,149</u>	<u>(688,702)</u>
Ending Balance	<u>\$ 9,324,244</u>	<u>\$ 9,949,850</u>	<u>\$ (625,606)</u>

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2015

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

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

City's Net Pension Liability (Asset)	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
General Employees Retirement Trust Fund	\$ 6,267,419	\$ 4,599,676	\$ 3,177,287
Police Officers Retirement Trust Fund	5,177,547	3,458,042	2,732,045
Firefighters Retirement Trust Fund	530,806	(625,606)	(1,583,725)

For the year ended September 30, 2014, the annual-money weighted rate of return on each pension plan investments, net of pension plan investment expense was as follows:

	General Employees Retirement Trust Fund	Police Officers Retirement Trust Fund	Firefighters Retirement Trust Fund
Annual money-weighted rate of return	8.94%	10.40%	13.59%

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

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the City recognized pension expense of \$294,936, \$251,869, and \$76,876 in the General Employees, Police Officers, and Firefighters pension plans, respectively.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	General Employees' Retirement Trust Fund		Police Officers' Retirement Trust Fund		Firefighters' Retirement Trust Fund	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-	-	-
Net difference between projected and actual investment earnings	-	(590,135)	-	(332,841)	-	(536,345)
Contributions made subsequent to measurement date	709,276	-	-	-	-	-
	<u>\$ 709,276</u>	<u>\$ (590,135)</u>	<u>\$ -</u>	<u>\$(332,841)</u>	<u>\$ -</u>	<u>\$ (526,345)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>September 30:</u>	General Employees	Police Officers	Firefighters
2016	\$ (184,877)	\$ (97,140)	\$ (144,416)
2017	(184,877)	(97,139)	(144,416)
2018	(184,877)	(97,139)	(144,416)
2019	(35,503)	(41,423)	(103,097)

**D. Employee Defined Contribution Retirement Pension Plans:**

**General Employees** - The City adopted a defined contribution plan effective October 1, 1996. The plan is a money purchase plan administered for the City by the Salem Trust. Eligible employees are employees hired effective October 1, 1996, or thereafter that would otherwise qualify for the General Employees' Pension Plan. Employees hired prior to October 1, 1996, and not vested in the General Employees' Pension Plan may also elect, instead, to participate in the defined contribution plan. Employee participation is immediate upon hiring and are 100% vested after five years of employment. Employees direct the investment of funds contributed to the plan on their behalf. Employer contributions made during the year amounted to \$572,648. The City Council has the authority to amend the Plan's provisions including amending contribution requirements.

**E. Deferred Compensation Plans:**

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

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

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

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

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

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

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

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2015

Summarized audited information of the Communications Interlocal Agency for the year ended September 30, 2015 is as follows:

Operating revenues	\$ -
Operating expenses	-
Non-operating revenues	<u>1,549</u>
Net income	<u>\$ 1,549</u>
Total assets	<u>\$ 307,005</u>
Total liabilities	<u>\$ -</u>
Total net position	<u>\$ 307,005</u>

A summary of the changes in the City's investment in the Communications Interlocal Agency for the year ended September 30, 2015 is as follows:

September 30, 2014, balance	\$ 305,456
Fiscal year 2015 activity	<u>1,549</u>
September 30, 2015, balance	<u>\$ 307,005</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 assets were distributed to the three entities on March 22, 2016.

**G. Contingencies:**

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

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

**H. Restatement of Net Position:**

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 68 changes the treatment of defined benefit pension plan accounting by employers whereby the City is now required to record the net pension liability and related deferred outflows of resources and deferred inflows of resources for each of the City's three defined benefit pension plans on its financial statements.

The requirements of GASB 68 are effective for fiscal year 2015 and have been implemented as of and for the year ended September 30, 2015. The implementation of GASB 68 resulted in effectively recording of the net pension liability and deferred outflows of resources at September 30, 2014, and in the reduction of beginning unrestricted net position in the proprietary funds and government-wide statements of net position by the same amount.

Also, it was determined during the year ended September 30, 2015, that prior year items related to the City's fiscal year 2015 pension contributions for two of the City's defined benefit pension plans which had been recorded on an accrual basis no longer should be accrued, as the City is reporting all amounts relating to GASB 68 based on a measurement date of September 30, 2014, and the accrual of these contributions payable would result in a deferred outflow of resources for contributions. These items have also been reflected as a reduction in the corresponding liability at September 30, 2014, and increase to beginning net position.

**City of Edgewater, Florida**  
Notes to the Financial Statements  
September 30, 2015

The cumulative effect on beginning net position in the affected reporting units related to these adjustments is as follows:

	<u>Governmental Activities</u>	<u>Water/Sewer Utility</u>	<u>Refuse Utility</u>	<u>Stormwater Utility</u>	<u>Business-type Activities</u>
Net position, 9/30/2014	\$ 43,899,814	\$ 28,015,171	\$ 1,572,606	\$ 7,075,091	\$ 36,662,868
Less: Net pension liability, 9/30/2014	(6,226,044)	(1,972,300)	(633,733)	(152,105)	(2,758,178)
Add: Deferred outflows for contributions, 9/30/2014	900,137	68,119	21,899	5,253	95,261
Less: net pension asset, 9/30/2014	(356,322)	-	-	-	-
Restated net position, 9/30/2014	<u>\$ 38,217,585</u>	<u>\$ 26,110,990</u>	<u>\$ 960,722</u>	<u>\$ 6,928,239</u>	<u>\$ 33,999,951</u>

**I. Subsequent Events:**

The 2009 and 2012 water and sewer refunding bonds were refinanced and combined into one issue on February 29, 2016.

On March 15, 2016 voters approved the issuance of general obligation bonds for parks improvements in the amounts of \$3.5 Million.

On November 13, 2014, a City contractor drilled through a City power line and the City received \$205,300 in damages on February 29, 2016.

**J. Recently Issued Pronouncements:**

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

- (a) GASB issued Statement No. 72, *Fair Value Measurement and Application*, in February 2015, which addresses accounting and financial reporting issues related to fair value measurements, specifically that the definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investment and disclosures related to all fair value measurements. The provisions in GASB 72 are effective for fiscal years beginning after June 15, 2015.
- (b) GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015, which establishes standards for recognizing and measuring liabilities, deferred outflows or resources, deferred inflows of resources, and expense/expenditures. GASB 75 seeks to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions in GASB 75 are effective for fiscal years beginning after June 15, 2017.
- (c) GASB issued Statement No. 77, *Tax Abatement Disclosures*, in August 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients; (2) the gross dollar amount of taxes abated during the period; and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The provisions in GASB 77 are effective for periods beginning after December 15, 2015.

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)

Schedules of changes in the City's Net Pension Liability and Related Ratios

	General Employees' Retirement Trust		Police Officers' Pension Trust		Firefighters' Pension Trust	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013	9/30/2014	9/30/2013
<b>For the year ended:</b>						
<b>Total pension liability</b>						
Service cost	\$ 91,269	\$ 84,901	\$ 206,976	\$ 192,536	\$ 323,511	\$ 300,940
Interest	1,241,107	1,237,145	859,397	836,080	652,070	601,821
Change in Funding Standard Account	-	-	(386,259)	-	-	-
Share Plan Allocation	-	-	-	-	88,962	-
Benefit payments, including refunds of employee contributions	(1,288,586)	(1,262,597)	(773,904)	(690,444)	(222,096)	(288,611)
<b>Net change in total pension liability</b>	<b>43,790</b>	<b>59,449</b>	<b>(93,790)</b>	<b>338,172</b>	<b>842,447</b>	<b>614,150</b>
<b>Total pension liability, beginning</b>	<b>17,101,117</b>	<b>17,041,668</b>	<b>11,638,599</b>	<b>11,300,427</b>	<b>8,481,797</b>	<b>7,867,647</b>
<b>Total pension liability, ending (a)</b>	<b>\$ 17,144,907</b>	<b>\$ 17,101,117</b>	<b>\$ 11,544,809</b>	<b>\$ 11,638,599</b>	<b>\$ 9,324,244</b>	<b>\$ 8,481,797</b>
<b>Plan Fiduciary net position</b>						
Contributions--employer	772,605	475,794	534,795	768,448	392,863	469,302
Contributions -- state	-	-	125,387	121,375	155,382	129,103
Contributions--employee	13,178	15,348	76,054	70,431	88,869	87,309
Net Investment income	1,059,400	1,563,721	759,444	769,004	1,160,776	766,338
Benefit payments, including refunds of employee contributions	(1,288,586)	(1,262,597)	(773,904)	(690,444)	(222,096)	(288,611)
Administrative expense	(42,302)	(76,889)	(36,404)	(82,988)	(44,645)	(18,869)
<b>Net change in plan fiduciary net position</b>	<b>514,295</b>	<b>715,377</b>	<b>685,372</b>	<b>955,826</b>	<b>1,531,149</b>	<b>1,144,572</b>
<b>Plan fiduciary net position, beginning</b>	<b>12,030,936</b>	<b>11,315,559</b>	<b>7,401,394</b>	<b>6,445,568</b>	<b>8,418,701</b>	<b>7,274,129</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>\$ 12,545,231</b>	<b>\$ 12,030,936</b>	<b>\$ 8,086,766</b>	<b>\$ 7,401,394</b>	<b>\$ 9,949,850</b>	<b>\$ 8,418,701</b>
<b>Net pension liability – ending (a) - (b)</b>	<b>\$ 4,599,676</b>	<b>\$ 5,070,181</b>	<b>\$ 3,458,043</b>	<b>\$ 4,237,205</b>	<b>\$ (625,606)</b>	<b>\$ 63,096</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>73.17%</b>	<b>70.35%</b>	<b>70.05%</b>	<b>63.59%</b>	<b>106.71%</b>	<b>99.26%</b>
<b>Covered employee payroll</b>	<b>\$ 567,030</b>	<b>\$ 613,927</b>	<b>\$ 1,267,568</b>	<b>\$ 1,173,844</b>	<b>\$ 1,467,330</b>	<b>\$ 1,455,154</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>811.19%</b>	<b>825.86%</b>	<b>272.81%</b>	<b>360.97%</b>	<b>-42.64%</b>	<b>4.34%</b>
<b>Annual Money-Weighted Rate of Return</b>	<b>8.94%</b>	<b>13.50%</b>	<b>10.40%</b>	<b>10.40%</b>	<b>13.59%</b>	<b>10.25%</b>

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)  
Schedules of General Employees' Contributions

Reporting Period Ending Measurement Date	September 30, 2015 <u>September 30, 2014</u>	September 30, 2014 <u>September 30, 2013</u>
Actuarially Determined Contribution (ADC)	\$ 766,179	\$ 475,794
Contributions in Relation to ADC	772,605	475,794
Contribution Deficiency (Excess)	<u>\$ (6,426)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 567,030	\$ 613,927
Contributions as a Percentage of Covered Employee Payroll	136.25%	77.50%

**Notes to Schedule:**

Valuation Date: 10/01/2012 as revised 9/12/2013  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Funding Method: Entry Age Normal Actuarial Cost Method (previously the Aggregate Actuarial Cost Method).  
Interest - A half year, based on the current 7.5% assumption.  
Salary - A full year, based on the current average assumption of 4.0%.

Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

Inflation: 3.0% per year.

Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Normal Retirement:

<u>Age</u>	<u>Retirement Probability</u>
55	50%
56-59	0%
60 and older	100%

In addition to the above table, 100% Retirement is assumed upon the completion of 25 years of Credited Service.  
Valuations prior to October 1, 2012 - 100% assumed retirement at age 60.

Early Retirement: None assumed.

Salary Increases: 4% per year. See table on following page for a sample of prior rates.

Termination Rates: None assumed.

Disability Rates: 0.30% - 1.55% with salary increases of 4%.

Mortality: RP2000 Combined Healthy projected to the valuation date with schedule AA - Sex Distinct. Prior valuations utilized the RP2000 Combined Healthy Projected to 2005.

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)  
Schedules of Police Officers' Contributions

Reporting Period Ending Measurement Date	September 30, 2015 September 30, 2014	September 30, 2014 September 30, 2013
Actuarially Determined Contribution (ADC)	\$ 766,878	\$ 874,513
Contributions in Relation to ADC	766,878	874,513
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 1,267,568	\$ 1,173,844
Contributions as a Percentage of Covered Employee Payroll	60.50%	74.50%

**Notes to Schedule:**

Valuation Date: 10/01/2012  
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Funding Method: Entry Age Normal Actuarial Cost Method.  
Amortization Method: Level dollar.  
Remaining Amortization Period: 21 Years (as of 10/01/2012).  
Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a four-year period.

Inflation: 3.0% per year.  
Salary Increases: 7.5% for less than 10 years credited service.  
4.2% for 10 years or greater of credited service.  
Interest Rate: 7.5% per year compounded annually, net of investment related expenses.

Retirement Age:	<u>Years Eligible for Normal Retirement</u>	<u>Retirement Probability</u>
	0	50%
	1	0%
	2-5	33%
	6 and greater	100%

Early Retirement: None assumed.  
Salary Increases: 4% per year. See table on following page for a sample of prior rates.  
Termination Rates: 18% for less than 5 years credited service.  
14% for 5-9 years credited service.  
0% for 10 years or greater of credited service.  
Disability Rates: 0.30% - 1.55%  
Mortality: RP-2000 Combined Healthy Mortality, projected to 2005 using scale AA. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)  
Schedules of Firefighters' Contributions

Reporting Period Ending Measurement Date	September 30, 2015 September 30, 2014	September 30, 2014 September 30, 2013
Actuarially Determined Contribution (ADC)	\$ 432,862	\$ 534,041
Contributions in Relation to ADC	459,283	534,041
Contribution Deficiency (Excess)	<u>\$ (26,421)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,467,330	\$ 1,455,154
Contributions as a Percentage of Covered Employee Payroll	31.30%	36.70%

**Notes to Schedule:**

Valuation Date: 10/01/2012 as revised 9/12/2013

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Funding Method:	Entry Age Normal Actuarial Cost Method.	
Amortization Method:	Level Percentage of Pay, Closed.	
Remaining Amortization Period:	22 Years (as of 10/01/2012).	
Asset Smoothing Methodology:	The Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in a de minimis bias that is above or below the Market Value of Assets.	
Inflation:	3.0% per year.	
Salary Increases:	6.5% for less than 10 years credited service. 6.0% for 10-15 years credited service. 5.0% for 10 years or greater of credited service.	
Final Salary Load:	Projected salary in the year of retirement is increased by 20% to account for non-regular compensation.	
Interest Rate:	7.5% per year compounded annually, net of investment related expenses.	
Payroll Growth:	5.0% per year.	
Normal Retirement:	<u>Years Eligible for Normal Retirement</u>	<u>Retirement Probability</u>
	0	60%
	1-4	0%
	5 and greater	100%
Early Retirement:	Commencing at eligibility for Early Retirement, Members are assumed to retire with an immediate benefit at the rate of 5% per year.	
Salary Increases:	4% per year. See table on following page for a sample of prior rates.	
Termination Rates:	7.5% for less than 5 years credited service. 4.0% for 5 years or greater of credited service.	
Disability Rates:	0.06% - .36%	
Mortality:	RP-2000 Combined Healthy Mortality, projected to 2005 using scale AA. Based on a study of over 650 public safety funds, the RP-2000 table (with no projection) reflects a 10% margin for future mortality improvements.	

**CITY OF EDGEWATER, FLORIDA**

Required Supplementary Information (unaudited)

Other Post Employment Benefit Plan

**Schedules of Contributions from the Employer**

Year Ended Sept 30,	Annual Required City Contribution	City Contribution	Percentage Contribution
2015	\$ 194,628	\$ 78,584	40.4%
2014	226,496	126,896	56.0%
2013	217,079	117,354	54.1%
2012	194,676	80,788	41.5%
2011	187,837	72,926	38.8%
2010	236,130	116,928	49.5%

**Schedule of Funding Progress**

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)
10/1/2014	\$ -	\$ 1,403,933	\$ 1,403,933	0.00%	\$ 7,349,769	19.1%
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%

## **CITY OF EDGEWATER, FLORIDA**

Nonmajor Governmental Funds

September 30, 2015

**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 various grants such as JAG.

**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 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, 2015

	<b>Special Revenue</b>			
	<b>Justice</b>			
	<b>Assistance Grants</b>	<b>SLETF</b>	<b>Transportation Impact</b>	<b>Police Impact</b>
<b>ASSETS</b>				
Cash	\$ 2,376	\$ 14,918	\$ 83,231	\$ 55,358
Due from other governments	-	-	-	-
Total assets	<u>\$ 2,376</u>	<u>\$ 14,918</u>	<u>\$ 83,231</u>	<u>\$ 55,358</u>
<b>FUND BALANCES</b>				
Spendable:				
Restricted for:				
Public safety	\$ 2,376	\$ 14,918	\$ -	\$ -
Debt service	-	-	-	-
Capital projects	-	-	83,231	55,358
Total fund balances	<u>2,376</u>	<u>14,918</u>	<u>83,231</u>	<u>55,358</u>
Total liabilities and fund balance	<u>\$ 2,376</u>	<u>\$ 14,918</u>	<u>\$ 83,231</u>	<u>\$ 55,358</u>

<b>Fire Impact</b>	<b>Recreation Impact</b>	<b>Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 49,542	\$ 53,917	\$ 3,326	\$ 262,668
-	-	42	42
<u>\$ 49,542</u>	<u>\$ 53,917</u>	<u>\$ 3,368</u>	<u>\$ 262,710</u>

\$ -	\$ -	\$ -	\$ 17,294
-	-	3,368	3,368
49,542	53,917	-	242,048
<u>49,542</u>	<u>53,917</u>	<u>3,368</u>	<u>262,710</u>
<u>\$ 49,542</u>	<u>\$ 53,917</u>	<u>\$ 3,368</u>	<u>\$ 262,710</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, 2015

	<b>Special Revenue</b>			
	<b>Justice Assistance Grants</b>	<b>SLETF</b>	<b>Transportation Impact</b>	<b>Police Impact</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,985	-	-	-
Fines and forfeitures	-	13,100	-	-
Investment earnings	-	-	136	24
Impact fees	-	-	104,738	12,532
Total revenues	<u>3,985</u>	<u>13,100</u>	<u>104,874</u>	<u>12,556</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	4,358	-	-	28,500
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>4,358</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(373)</u>	<u>13,100</u>	<u>104,874</u>	<u>(15,944)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(360,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>
Net change in fund balances	<u>(373)</u>	<u>13,100</u>	<u>(255,126)</u>	<u>(15,944)</u>
Beginning fund balances	<u>2,749</u>	<u>1,818</u>	<u>338,357</u>	<u>71,302</u>
Ending fund balances (deficit)	<u>\$ 2,376</u>	<u>\$ 14,918</u>	<u>\$ 83,231</u>	<u>\$ 55,358</u>

<b>Fire Impact</b>	<b>Recreation Impact</b>	<b>Debt Service</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ 33,625	\$ 33,625
-	-	-	3,985
-	-	-	13,100
13	11	7	191
<u>22,091</u>	<u>44,024</u>	<u>-</u>	<u>183,385</u>
<u>22,104</u>	<u>44,035</u>	<u>33,632</u>	<u>234,286</u>
-	-	-	32,858
-	-	20,000	20,000
-	-	12,881	12,881
-	-	32,881	65,739
<u>22,104</u>	<u>44,035</u>	<u>751</u>	<u>168,547</u>
-	-	-	(360,000)
-	-	-	(360,000)
<u>22,104</u>	<u>44,035</u>	<u>751</u>	<u>(191,453)</u>
<u>27,438</u>	<u>9,882</u>	<u>2,617</u>	<u>454,163</u>
<u>\$ 49,542</u>	<u>\$ 53,917</u>	<u>\$ 3,368</u>	<u>\$ 262,710</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, 2015

	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		
<b>REVENUES</b>								
Intergovernmental	\$ 10,800	\$ 10,800	\$ 3,985	\$ (6,815)	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	3,000	10,751	13,100	2,349
Investment earnings	-	-	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-	-
Total revenues	10,800	10,800	3,985	(6,815)	3,000	10,751	13,100	2,349
<b>EXPENDITURES</b>								
Current:								
Public Safety	10,800	10,800	4,358	6,442	5,000	13,500	-	13,500
Total expenditures	10,800	10,800	4,358	6,442	5,000	13,500	-	13,500
Excess (deficiency) of revenues over (under) expenditures	-	-	(373)	(373)	(2,000)	(2,749)	13,100	15,849
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	(373)	(373)	(2,000)	(2,749)	13,100	15,849
Beginning fund balances	2,749	2,749	2,749	-	1,818	1,818	1,818	-
Ending fund balances (deficit)	\$ 2,749	\$ 2,749	\$ 2,376	\$ (373)	\$ (182)	\$ (931)	\$ 14,918	\$ 15,849

**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, 2015

	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		
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	100	136	36	-	20	24	4
Impact fees	35,000	35,000	104,738	69,738	4,000	12,000	12,532	532
Total revenues	35,000	35,100	104,874	69,774	4,000	12,020	12,556	536
<b>EXPENDITURES</b>								
Current:								
Public Safety	-	-	-	-	-	60,000	28,500	31,500
Total expenditures	-	-	-	-	-	60,000	28,500	31,500
Excess (deficiency) of revenues over (under) expenditures	35,000	35,100	104,874	69,774	4,000	(47,980)	(15,944)	32,036
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	(160,000)	(360,000)	(360,000)	-	-	-	-	-
Total other financing sources (uses)	(160,000)	(360,000)	(360,000)	-	-	-	-	-
Net change in fund balances	(125,000)	(324,900)	(255,126)	69,774	4,000	(47,980)	(15,944)	32,036
Beginning fund balances	338,357	338,357	338,357	-	71,302	71,302	71,302	-
Ending fund balances (deficit)	\$ 213,357	\$ 13,457	\$ 83,231	\$ 69,774	\$ 75,302	\$ 23,322	\$ 55,358	\$ 32,036

**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, 2015

	Special Revenue							
	Fire Impact				Recreation Impact			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts		Original	Final	Actual Amounts	
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment earnings	-	10	13	3	-	10	11	1
Impact fees	5,000	7,500	22,091	14,591	10,000	35,108	44,024	8,916
Total revenues	5,000	7,510	22,104	14,594	10,000	35,118	44,035	8,917
<b>EXPENDITURES</b>								
Current:								
Public Safety	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,000	7,510	22,104	14,594	10,000	35,118	44,035	8,917
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	5,000	7,510	22,104	14,594	10,000	35,118	44,035	8,917
Beginning fund balances	27,438	27,438	27,438	-	9,882	9,882	9,882	-
Ending fund balances (deficit)	\$ 32,438	\$ 34,948	\$ 49,542	\$ 14,594	\$ 19,882	\$ 45,000	\$ 53,917	\$ 8,917

**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, 2015

	<b>Total</b>			Variance with Final Budget- Positive (Negative)
	<u>Budgeted Amounts</u>		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,800	\$ 10,800	\$ 3,985	\$ (6,815)
Fines and forfeitures	3,000	10,751	13,100	2,349
Investment earnings	-	140	184	44
Impact fees	54,000	89,608	183,385	93,777
Total revenues	<u>67,800</u>	<u>111,299</u>	<u>200,654</u>	<u>89,355</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	15,800	84,300	32,858	51,442
Total expenditures	<u>15,800</u>	<u>84,300</u>	<u>32,858</u>	<u>51,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,000</u>	<u>26,999</u>	<u>167,796</u>	<u>140,797</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(160,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(160,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
Net change in fund balances	(108,000)	(333,001)	(192,204)	140,797
Beginning fund balances	<u>451,546</u>	<u>451,546</u>	<u>451,546</u>	<u>-</u>
Ending fund balances (deficit)	<u>\$ 343,546</u>	<u>\$ 118,545</u>	<u>\$ 259,342</u>	<u>\$ 140,797</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 32,896	\$ 32,896	\$ 33,625	\$ 729
Investment earnings	-	5	7	2
Total revenues	32,896	32,901	33,632	731
<b>EXPENDITURES</b>				
Debt Service:				
Principal	20,000	20,000	20,000	-
Interest	12,881	12,881	12,881	-
Total expenditures	32,881	32,881	32,881	-
Excess (deficiency) of revenues over (under) expenditures	15	20	751	731
Beginning fund balances	2,617	2,617	2,617	-
Ending fund balances	\$ 2,632	\$ 2,637	\$ 3,368	\$ 731

**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, 2015

	<b>General Construction</b>			Variance with Final Budget- Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,228,498	\$ 1,454,744	\$ 1,378,748	\$ (75,996)
Investment earnings	-	-	1,170	1,170
Miscellaneous revenue	-	-	128	128
Total revenues	<u>2,228,498</u>	<u>1,454,744</u>	<u>1,380,046</u>	<u>(74,698)</u>
<b>EXPENDITURES</b>				
Capital outlay	2,497,652	1,641,152	1,566,951	74,201
Other Services & Charges	400,000	469,515	469,515	-
Total expenditures	<u>2,897,652</u>	<u>2,110,667</u>	<u>2,036,466</u>	<u>74,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(669,154)</u>	<u>(655,923)</u>	<u>(656,420)</u>	<u>(497)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>340,000</u>	<u>615,000</u>	<u>615,000</u>	<u>-</u>
Total other financing sources (uses)	<u>340,000</u>	<u>615,000</u>	<u>615,000</u>	<u>-</u>
Net change in fund balance	(329,154)	(40,923)	(41,420)	(497)
Beginning fund balances	<u>444,806</u>	<u>444,806</u>	<u>444,806</u>	<u>-</u>
Ending fund balances	<u>\$ 115,652</u>	<u>\$ 403,883</u>	<u>\$ 403,386</u>	<u>\$ (497)</u>



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## **CITY OF EDGEWATER, FLORIDA**

Internal Service Funds

September 30, 2015

**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, 2015

	<b>MIS</b>	<b>FLEET</b>	<b>Loss Fund</b>	<b>Fully Insured</b>	<b>Workers Comp</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Cash	\$ 2,029	\$ 63,655	\$ 6,065	\$ 45,702	\$ -	\$ 117,451
Receivables--net	-	5,798	-	-	-	5,798
Inventories	-	27,458	-	-	-	27,458
Prepaid items	12,901	-	2,783	7,530	-	23,214
Total current assets	14,930	96,911	8,848	53,232	-	173,921
Noncurrent assets:						
Restricted cash - capital project	99,990	-	-	-	-	99,990
Capital assets:						
Buildings and improvements	60,684	-	-	-	-	60,684
Machinery and equipment	70,711	58,198	-	-	-	128,909
Construction in progress	99,500	-	-	-	-	99,500
Less accumulated depreciation	(61,201)	(35,377)	-	-	-	(96,578)
Total capital assets (net of accumulated depreciation)	169,694	22,821	-	-	-	192,515
Total noncurrent assets	269,684	22,821	-	-	-	292,505
Total assets	284,614	119,732	8,848	53,232	-	466,426
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	5,136	4,088	-	186,728	40,535	236,487
Accrued liabilities	2,132	1,503	-	-	-	3,635
Compensated absences	17,848	13,964	-	-	-	31,812
Accrued interest payable	186	-	-	-	-	186
Notes payable - current	9,508	-	-	-	-	9,508
Total current liabilities	34,810	19,555	-	186,728	40,535	281,628
Noncurrent liabilities:						
Compensated absences	13,787	19,637	-	-	-	33,424
OPEB obligation	9,866	9,445	-	-	-	19,311
Long-term debt payable after one year	84,381	-	-	-	-	84,381
Total noncurrent liabilities	108,034	29,082	-	-	-	137,116
Total liabilities	142,844	48,637	-	186,728	40,535	418,744
<b>NET POSITION</b>						
Net investment in capital assets	169,694	22,821	-	-	-	192,515
Restricted for capital projects	6,101	-	-	-	-	6,101
Unrestricted	(34,025)	48,274	8,848	(133,496)	(40,535)	(150,934)
Total net position	\$ 141,770	\$ 71,095	\$ 8,848	\$ (133,496)	\$ (40,535)	\$ 47,682

**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, 2015

	<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	\$ 551,463	\$ 854,329	\$ 332,884	\$ 2,240,345	\$ 248,387	\$ 4,227,408
Operating expenses:						
Salaries and employee benefits	224,030	168,545	-	2,169,522	297,571	2,859,668
Supplies and materials	80,350	364,502	-	-	-	444,852
Contract services	181,752	178	-	-	-	181,930
Other services and charges	85,880	265,576	334,055	-	-	685,511
Depreciation	22,819	4,986	-	-	-	27,805
Total operating expenses	594,831	803,787	334,055	2,169,522	297,571	4,199,766
Operating income (loss)	(43,368)	50,542	(1,171)	70,823	(49,184)	27,642
Nonoperating revenues (expenses)						
Investment earnings	10	36	9	38	-	93
Interest expense	(2,353)	-	-	-	-	(2,353)
Total nonoperating revenues	(2,343)	36	9	38	-	(2,260)
Income (loss) before contributions and transfers						
	(45,711)	50,578	(1,162)	70,861	(49,184)	25,382
Transfers in						
	115,000	-	-	-	2,591	117,591
Transfers out						
	-	(70,000)	(5,000)	(42,591)	-	(117,591)
Change in net position						
	69,289	(19,422)	(6,162)	28,270	(46,593)	25,382
Total net position - beginning	72,481	90,517	15,010	(161,766)	6,058	22,300
Total net position - ending	\$ 141,770	\$ 71,095	\$ 8,848	\$ (133,496)	\$ (40,535)	\$ 47,682

**CITY OF EDGEWATER, FLORIDA**

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended September 30, 2015

	<b>MIS</b>	<b>FLEET</b>	<b>Loss Fund</b>	<b>Fully Insured</b>	<b>Workers Comp</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>						
Receipts-customers and users	\$ 551,463	\$ 848,531	\$ 332,884	\$ 2,240,345	\$ 254,445	\$ 4,227,668
Payments-suppliers	(357,616)	(636,427)	(336,838)	(2,156,050)	(257,036)	(3,743,967)
Payments-employees	(218,161)	(166,833)	-	-	-	(384,994)
Net cash provided (used) by operating activities	(24,314)	45,271	(3,954)	84,295	(2,591)	98,707
<b>Cash flows from noncapital financing activities:</b>						
Cash received from (paid to) other funds	115,000	(70,000)	(5,000)	(42,591)	2,591	-
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(80,806)	(15,375)	-	-	-	(96,181)
Interest payments on debt	(2,373)	-	-	-	-	(2,373)
Principal paid on debt	(9,111)	-	-	-	-	(9,111)
Net cash provided (used) by capital and related financing activities	(92,290)	(15,375)	-	-	-	(107,665)
<b>Cash flows from investing activities:</b>						
Interest on investments	10	36	9	38	-	93
Net cash provided (used) by investing activities	10	36	9	38	-	93
Net increase (decrease) in cash and cash equivalents	(1,594)	(40,068)	(8,945)	41,742	-	(8,865)
Beginning cash and cash equivalents	103,613	103,723	15,010	3,960	-	226,306
Ending cash and cash equivalents	\$ 102,019	\$ 63,655	\$ 6,065	\$ 45,702	\$ -	\$ 217,441
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (43,368)	\$ 50,542	\$ (1,171)	\$ 70,823	\$ (49,184)	\$ 27,642
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	22,819	4,986	-	-	-	27,805
(Increase) decrease in assets:						
Receivables - net	-	(5,798)	-	-	6,058	260
Inventories	1,855	(6,816)	-	-	-	(4,961)
Prepaid Items	(12,901)	-	(2,783)	(7,530)	-	(23,214)
Increase (decrease) in liabilities:						
Accounts payable	1,412	645	-	21,002	40,535	63,594
Accrued liabilities	(2,976)	(2,335)	-	-	-	(5,311)
OPEB obligation	2,021	1,432	-	-	-	3,453
Compensated absences	6,824	2,615	-	-	-	9,439
Total adjustments	19,054	(5,271)	(2,783)	13,472	46,593	71,065
Net cash provided (used) by operating activities	\$ (24,314)	\$ 45,271	\$ (3,954)	\$ 84,295	\$ (2,591)	\$ 98,707

## **CITY OF EDGEWATER, FLORIDA**

Other Supplemental Schedules

September 30, 2015

### **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, 2015

	<u>General Employees</u>	<u>Police Officers</u>	<u>Firefighters</u>	<u>Total</u>
<b>ASSETS</b>				
Accrued income	\$ 36,939	\$ 31,654	\$ 13,145	\$ 81,738
Investments, at fair value:				
Money market funds	848,231	366,109	304,780	1,519,120
Certificates of deposit	-	-	50,078	50,078
Bonds				
US Treasury notes	217,276	277,440	88,143	582,859
GNMA	1,182,653	827,610	147,664	2,157,927
Municipal bonds	335,154	282,794	206,607	824,555
Corporate bonds	1,926,648	1,492,320	2,307,748	5,726,716
Equities	-	2,757,841	6,638,813	9,396,654
Mutual fund - equities	7,242,383	2,122,639	-	9,365,022
Total assets	<u>11,789,284</u>	<u>8,158,407</u>	<u>9,756,978</u>	<u>29,704,669</u>
<b>LIABILITIES</b>				
Accounts payable	6,720	10,402	1,276	18,398
Unearned contributions	-	-	33,756	33,756
Total liabilities	<u>6,720</u>	<u>10,402</u>	<u>35,032</u>	<u>52,154</u>
<b>NET POSITION</b>				
Held in trust for pension benefits	<u>\$ 11,782,564</u>	<u>\$ 8,148,005</u>	<u>\$ 9,721,946</u>	<u>\$ 29,652,515</u>

**CITY OF EDGEWATER, FLORIDA**

Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Fiscal Year Ended September 30, 2015

	<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 717,345	\$ 618,054	\$ 345,861	\$ 1,681,260
Employee	8,535	79,610	93,950	182,095
State of Florida	-	127,669	150,763	278,432
Total contributions	<u>725,880</u>	<u>825,333</u>	<u>590,574</u>	<u>2,141,787</u>
Investment earnings (loss):				
Interest and dividends	468,783	226,134	159,565	854,482
Net decrease in the fair value of investments	(502,365)	(193,535)	(626,010)	(1,321,910)
Total investment earnings	<u>(33,582)</u>	<u>32,599</u>	<u>(466,445)</u>	<u>(467,428)</u>
Less investment expenses	(26,037)	(42,173)	(67,363)	(135,573)
Net investment earnings (loss)	<u>(59,619)</u>	<u>(9,574)</u>	<u>(533,808)</u>	<u>(603,001)</u>
Total Additions	<u>666,261</u>	<u>815,759</u>	<u>56,766</u>	<u>1,538,786</u>
<b>DEDUCTIONS</b>				
Pension benefits	1,373,228	697,208	210,052	2,280,488
Administrative expenses	44,772	46,909	43,929	135,610
Total deductions	<u>1,418,000</u>	<u>744,117</u>	<u>253,981</u>	<u>2,416,098</u>
Change in net position	(751,739)	71,642	(197,215)	(877,312)
Net position - beginning	<u>12,534,303</u>	<u>8,076,363</u>	<u>9,919,161</u>	<u>30,529,827</u>
Net position - ending	<u>\$ 11,782,564</u>	<u>\$ 8,148,005</u>	<u>\$ 9,721,946</u>	<u>\$ 29,652,515</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.

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

**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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 41,696,833	\$ 40,480,601	\$ 43,278,270	\$ 45,488,481	\$ 45,286,948	\$ 47,510,167	\$ 48,282,223	\$ 49,083,883	\$ 47,677,631	\$ 10,790,015
Restricted	1,325,008	1,255,664	1,000,424	1,063,323	1,867,693	1,568,645	2,224,684	1,575,186	3,204,310	3,547,595
Unrestricted	(3,555,109)	2,163,549	1,511,496	2,939,453	4,696,621	5,310,937	5,718,964	6,126,300	8,896,934	2,109,332
<b>Total Governmental Activities Net Position</b>	<b>\$ 39,466,732</b>	<b>\$ 43,899,814</b>	<b>\$ 45,790,190</b>	<b>\$ 49,491,257</b>	<b>\$ 51,851,262</b>	<b>\$ 54,389,749</b>	<b>\$ 56,225,871</b>	<b>\$ 56,785,369</b>	<b>\$ 59,778,875</b>	<b>\$ 16,446,942</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 29,142,964	\$ 27,962,252	\$ 30,199,966	\$ 29,330,978	\$ 29,408,827	\$ 28,325,668	\$ 25,052,445	\$ 24,260,590	\$ 23,558,802	\$ 23,188,819
Restricted	1,900,301	1,694,339	1,860,458	2,250,279	1,879,888	892,784	2,078,126	3,614,794	4,787,027	4,344,362
Unrestricted	2,703,234	7,006,277	5,239,348	5,314,263	5,586,070	6,303,962	6,408,077	6,398,470	5,322,505	6,732,197
<b>Total Business-Type Activities Net Position</b>	<b>\$ 33,746,499</b>	<b>\$ 36,662,868</b>	<b>\$ 37,299,772</b>	<b>\$ 36,895,520</b>	<b>\$ 36,874,785</b>	<b>\$ 35,522,414</b>	<b>\$ 33,538,648</b>	<b>\$ 34,273,854</b>	<b>\$ 33,668,334</b>	<b>\$ 34,265,378</b>
<b>Total</b>										
Invested in Capital Assets, Net of Related Debt	\$ 70,839,797	\$ 68,442,853	\$ 73,478,236	\$ 74,819,459	\$ 74,695,775	\$ 75,835,835	\$ 73,334,668	\$ 73,344,473	\$ 71,236,433	\$ 33,978,834
Restricted	3,225,309	2,950,003	2,860,882	3,313,602	3,747,581	2,461,429	4,302,810	5,189,980	7,991,337	7,891,957
Unrestricted	(851,875)	9,169,826	6,750,844	8,253,716	10,282,691	11,614,899	12,127,041	12,524,770	14,219,439	8,841,529
<b>Total Net Position</b>	<b>\$ 73,213,231</b>	<b>\$ 80,562,682</b>	<b>\$ 83,089,962</b>	<b>\$ 86,386,777</b>	<b>\$ 88,726,047</b>	<b>\$ 89,912,163</b>	<b>\$ 89,764,519</b>	<b>\$ 91,059,223</b>	<b>\$ 93,447,209</b>	<b>\$ 50,712,320</b>

**CITY OF EDGEWATER, FLORIDA**

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Administrative	\$ 208,769	\$ 178,890	\$ 165,479	\$ 141,724	\$ 185,511	\$ 326,863	\$ 288,180	\$ 248,113	\$ 268,546	\$ 327,113
Public Safety	591,642	507,279	439,680	277,806	502,893	478,001	429,232	457,791	461,116	583,840
Public Works	306,981	248,531	169,864	147,040	156,857	173,895	200,101	317,602	408,345	731,819
Culture and recreation	-	14,896	13,162	12,520	-	6,245	12,785	11,814	25,982	137,053
Operating Grants and Contributions	643,363	442,201	586,345	591,002	594,849	634,000	593,635	384,417	485,854	505,161
Capital Grants and Contributions	1,689,173	333,284	515,775	1,466,668	1,187,088	266,779	424,997	127,030	260,884	845,639
<i>Total Governmental Activities Program Revenues</i>	<u>\$ 3,439,928</u>	<u>\$ 1,725,081</u>	<u>\$ 1,890,305</u>	<u>\$ 2,636,760</u>	<u>\$ 2,627,198</u>	<u>\$ 1,885,783</u>	<u>\$ 1,948,930</u>	<u>\$ 1,546,767</u>	<u>\$ 1,910,727</u>	<u>\$ 3,130,625</u>
Business-Type Activities:										
Charges for Services:										
Water / Sewer Utility	\$ 8,651,318	\$ 8,383,806	\$ 8,238,099	\$ 7,634,056	\$ 7,474,168	\$ 7,085,984	\$ 6,907,413	\$ 6,914,844	\$ 6,743,708	\$ 6,597,883
Refuse collection	2,732,961	2,693,938	2,673,005	2,638,024	2,661,778	2,670,316	2,704,541	2,538,797	2,393,425	2,242,197
Stormwater Utility	1,313,221	1,300,575	1,287,833	1,271,620	1,291,687	1,288,132	1,164,331	957,348	1,042,592	917,703
Operating Grants and Contributions	-	-	-	-	-	-	-	55,823	130,400	272,580
Capital Grants and Contributions	281,527	111,295	83,417	86,937	1,300,823	2,222,112	221,108	570,208	300,107	2,438,556
<i>Total Business-Type Activities Program Revenues</i>	<u>\$ 12,979,027</u>	<u>\$ 12,489,614</u>	<u>\$ 12,282,354</u>	<u>\$ 11,630,637</u>	<u>\$ 12,728,456</u>	<u>\$ 13,266,544</u>	<u>\$ 10,997,393</u>	<u>\$ 11,037,020</u>	<u>\$ 10,610,232</u>	<u>\$ 12,468,919</u>
<i>Total Government Program Revenues</i>	<u>\$ 16,418,955</u>	<u>\$ 14,214,695</u>	<u>\$ 14,172,659</u>	<u>\$ 14,267,397</u>	<u>\$ 15,355,654</u>	<u>\$ 15,152,327</u>	<u>\$ 12,946,323</u>	<u>\$ 12,583,787</u>	<u>\$ 12,520,959</u>	<u>\$ 15,599,544</u>
<b>Expenses</b>										
Governmental Activities:										
General administrative	\$ 2,345,704	\$ 2,060,966	\$ 2,098,288	\$ 1,869,872	\$ 2,030,426	\$ 2,120,727	\$ 2,437,060	\$ 3,368,997	\$ 3,268,496	\$ 3,338,289
Culture and recreation	1,552,489	1,464,164	1,490,505	1,388,241	1,415,197	1,392,047	1,400,669	1,417,080	1,495,209	1,511,621
Public Works	2,022,008	3,514,532	3,719,716	3,542,650	3,847,458	3,315,340	3,207,832	3,182,898	3,418,018	643,943
Public Safety	6,636,406	6,767,861	7,094,211	6,587,921	7,141,391	6,676,065	6,455,618	5,893,950	6,522,598	6,259,632
Interest on long-term debt	49,891	60,282	45,094	36,397	61,554	77,845	211,630	315,637	196,466	291,830
<i>Total Governmental Activities Expenses</i>	<u>\$ 12,606,498</u>	<u>\$ 13,867,805</u>	<u>\$ 14,447,814</u>	<u>\$ 13,425,081</u>	<u>\$ 14,496,026</u>	<u>\$ 13,582,024</u>	<u>\$ 13,712,809</u>	<u>\$ 14,178,562</u>	<u>\$ 14,900,787</u>	<u>\$ 12,045,315</u>
Business-Type Activities:										
Water / Sewer Utility	\$ 8,816,554	\$ 8,459,432	\$ 8,086,388	\$ 8,020,597	\$ 7,931,996	\$ 8,246,448	\$ 8,684,972	\$ 8,463,439	\$ 8,479,766	\$ 8,053,623
Refuse collection	2,588,581	2,697,843	2,558,753	2,604,683	2,628,227	2,497,362	2,405,870	2,447,631	2,226,068	2,067,329
Stormwater Utility	1,239,072	1,266,675	1,157,256	1,025,943	1,027,605	808,413	926,393	1,016,948	1,003,143	1,017,118
<i>Total Business-Type Activities Expenses</i>	<u>\$ 12,644,207</u>	<u>\$ 12,423,950</u>	<u>\$ 11,802,397</u>	<u>\$ 11,651,223</u>	<u>\$ 11,587,828</u>	<u>\$ 11,552,223</u>	<u>\$ 12,017,235</u>	<u>\$ 11,928,018</u>	<u>\$ 11,708,977</u>	<u>\$ 11,138,070</u>
<i>Total Government Expenses</i>	<u>\$ 25,250,705</u>	<u>\$ 26,291,755</u>	<u>\$ 26,250,211</u>	<u>\$ 25,076,304</u>	<u>\$ 26,083,854</u>	<u>\$ 25,134,247</u>	<u>\$ 25,730,044</u>	<u>\$ 26,106,580</u>	<u>\$ 26,609,764</u>	<u>\$ 23,183,385</u>

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (9,166,570)	\$ (12,142,724)	\$ (12,557,509)	\$ (10,788,321)	\$ (11,868,828)	\$ (11,696,241)	\$ (11,763,879)	\$ (12,631,795)	\$ (12,990,060)	\$ (8,914,690)
Business-Type Activities	334,820	65,664	479,957	(20,586)	1,140,628	1,714,321	(1,019,842)	(890,998)	(1,098,745)	1,330,849
<i>Total Government Net Expense</i>	<u>\$ (8,831,750)</u>	<u>\$ (12,077,060)</u>	<u>\$ (12,077,552)</u>	<u>\$ (10,808,907)</u>	<u>\$ (10,728,200)</u>	<u>\$ (9,981,920)</u>	<u>\$ (12,783,721)</u>	<u>\$ (13,522,793)</u>	<u>\$ (14,088,805)</u>	<u>\$ (7,583,841)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property taxes	\$ 4,282,331	\$ 4,120,260	\$ 3,763,456	\$ 3,669,228	\$ 4,459,591	\$ 5,083,616	\$ 5,638,194	\$ 6,053,965	\$ 5,983,622	\$ 5,045,677
Utility and franchise taxes	3,249,749	3,182,716	3,051,649	2,947,266	3,047,731	3,051,595	3,164,803	2,822,644	3,134,569	3,098,230
Intergovernmental shared revenue	1,967,348	2,030,522	1,814,689	1,680,896	1,618,530	1,574,091	1,673,522	1,842,215	1,956,463	1,952,077
Investment earnings	48,705	52,399	25,339	36,148	32,274	79,230	6,019	173,233	173,234	1,734,431
Gain on sale of assets	-	14,500	11,855	11,029	8,008	7,308	9,533	9,228	4,767,674	-
Miscellaneous revenue	140,093	134,304	38,888	43,699	42,117	64,279	55,163	53,686	116,255	-
Transfers	727,491	717,647	150,566	40,050	122,090	-	(215,517)	(1,316,682)	-	(679,119)
<i>Total Governmental Activities</i>	<u>\$ 10,415,717</u>	<u>\$ 10,252,348</u>	<u>\$ 8,856,442</u>	<u>\$ 8,428,316</u>	<u>\$ 9,330,341</u>	<u>\$ 9,860,119</u>	<u>\$ 10,331,717</u>	<u>\$ 9,638,289</u>	<u>\$ 16,131,817</u>	<u>\$ 11,151,296</u>
Business-Type Activities:										
Investment earnings	\$ 6,796	\$ 6,517	\$ 3,879	\$ 37,510	\$ 92,243	\$ 161,505	\$ (3,450)	\$ 108,935	\$ 501,098	\$ 714,244
Miscellaneous revenue	132,423	99,023	70,982	43,861	241,590	107,940	89,522	70,901	603	-
Transfers	(727,491)	(717,647)	(150,566)	(40,050)	(122,090)	-	215,517	1,316,682	-	679,119
<i>Total Business-Type Activities</i>	<u>\$ (588,272)</u>	<u>\$ (612,107)</u>	<u>\$ (75,705)</u>	<u>\$ 41,321</u>	<u>\$ 211,743</u>	<u>\$ 269,445</u>	<u>\$ 301,589</u>	<u>\$ 1,496,518</u>	<u>\$ 501,701</u>	<u>\$ 1,393,363</u>
<i>Total Government</i>	<u>\$ 9,827,445</u>	<u>\$ 9,640,241</u>	<u>\$ 8,780,737</u>	<u>\$ 8,469,637</u>	<u>\$ 9,542,084</u>	<u>\$ 10,129,564</u>	<u>\$ 10,633,306</u>	<u>\$ 11,134,807</u>	<u>\$ 16,633,518</u>	<u>\$ 12,544,659</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 1,249,147	\$ (1,890,376)	\$ (3,701,067)	\$ (2,360,005)	\$ (2,538,487)	\$ (1,836,122)	\$ (1,432,162)	\$ (2,993,506)	\$ 3,141,757	\$ 2,236,606
Business-Type Activities	(253,452)	(546,443)	404,252	20,735	1,352,371	1,983,766	(718,253)	605,520	(597,044)	2,724,212
<i>Total Government Change in Net Position</i>	<u>\$ 995,695</u>	<u>\$ (2,436,819)</u>	<u>\$ (3,296,815)</u>	<u>\$ (2,339,270)</u>	<u>\$ (1,186,116)</u>	<u>\$ 147,644</u>	<u>\$ (2,150,415)</u>	<u>\$ (2,387,986)</u>	<u>\$ 2,544,713</u>	<u>\$ 4,960,818</u>

**CITY OF EDGEWATER, FLORIDA**

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,131	\$ 234,084	\$ 135,287	\$ 1,387,418	\$ 41,532
Unreserved	-	-	-	-	-	5,974,500	5,826,394	3,223,169	1,990,994	2,257,987
Nonspendable	1,198	422,120	22,170	436	138,459	-	-	-	-	-
Restricted	456,809	2,990	4,028	3,408	448	-	-	-	-	-
Assigned	780,323	750,749	500,000	1,872,129	1,565,639	-	-	-	-	-
Unassigned	2,808,975	2,770,632	2,744,608	2,452,923	3,702,417	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 4,047,305</b>	<b>\$ 3,946,491</b>	<b>\$ 3,270,806</b>	<b>\$ 4,328,896</b>	<b>\$ 5,406,963</b>	<b>\$ 6,219,631</b>	<b>\$ 6,060,478</b>	<b>\$ 3,358,456</b>	<b>\$ 3,378,412</b>	<b>\$ 2,299,519</b>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,596	\$ 352,214	\$ 351,462	\$ 259,967
Unreserved, Reported in:										
Debt service funds	-	-	-	-	-	(176,200)	-	-	-	-
Special revenue funds	-	-	-	-	-	908,339	879,195	936,772	1,671,241	1,380,331
Capital projects funds	-	-	-	-	-	422,132	335,093	1,209,193	2,852,848	978,087
Restricted	666,096	898,969	649,231	712,080	1,221,758	-	-	-	-	-
Committed	-	-	-	-	542,510	-	-	-	-	-
Unassigned	-	-	-	-	(2,119)	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 666,096</b>	<b>\$ 898,969</b>	<b>\$ 649,231</b>	<b>\$ 712,080</b>	<b>\$ 1,762,149</b>	<b>\$ 1,154,271</b>	<b>\$ 2,050,884</b>	<b>\$ 2,498,179</b>	<b>\$ 4,875,551</b>	<b>\$ 2,618,385</b>
<b>Total Governmental Funds</b>	<b>\$ 4,713,401</b>	<b>\$ 4,845,460</b>	<b>\$ 3,920,037</b>	<b>\$ 5,040,976</b>	<b>\$ 7,169,112</b>	<b>\$ 7,373,902</b>	<b>\$ 8,111,362</b>	<b>\$ 5,856,635</b>	<b>\$ 8,253,963</b>	<b>\$ 4,917,904</b>

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

**CITY OF EDGEWATER, FLORIDA**

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes	\$ 7,532,080	\$ 7,302,976	\$ 6,815,105	\$ 6,616,494	\$ 7,507,322	\$ 8,159,811	\$ 8,747,647	\$ 8,876,609	\$ 9,118,191	\$ 8,143,907
Intergovernmental	4,244,105	2,812,565	2,933,095	3,758,487	3,400,644	2,436,438	2,724,831	2,353,662	2,703,201	3,302,877
Licenses and permits	320,954	263,641	236,820	217,715	227,703	237,714	231,006	258,106	415,394	500,588
Charges for services	1,560,007	1,319,396	1,132,520	1,038,741	1,024,644	1,156,279	1,098,013	474,457	490,255	547,221
Fines and forfeitures	171,998	240,149	195,851	166,133	150,569	164,897	128,806	113,893	124,903	142,880
Investment Earnings	48,612	52,399	25,338	36,148	37,379	79,230	6,019	173,233	173,235	244,972
Impact fees	183,385	102,105	44,136	34,067	68,405	97,734	551,218	652,905	574,621	1,022,485
Miscellaneous	137,921	134,461	38,539	50,669	56,869	102,790	55,163	53,685	115,757	240,012
<b>Total Revenues</b>	<b>\$ 14,199,062</b>	<b>\$ 12,227,692</b>	<b>\$ 11,421,404</b>	<b>\$ 11,918,454</b>	<b>\$ 12,473,535</b>	<b>\$ 12,434,893</b>	<b>\$ 13,542,703</b>	<b>\$ 12,956,550</b>	<b>\$ 13,715,557</b>	<b>\$ 14,144,942</b>
<b>Expenditures</b>										
Current:										
General administrative services	\$ 2,198,362	\$ 1,680,375	\$ 1,590,455	\$ 1,439,252	\$ 1,478,452	\$ 1,409,242	\$ 1,561,882	\$ 1,858,728	\$ 1,567,721	\$ 1,538,323
Legislative	91,954	96,597	93,377	92,592	100,154	85,046	74,448	69,197	55,983	54,449
Executive	614,357	567,755	558,357	534,199	454,905	463,127	422,097	619,654	697,137	535,630
Legal Counsel	89,589	101,398	89,195	87,075	120,685	211,232	230,049	214,133	189,116	181,314
Community Development	774,022	459,651	419,476	473,381	529,275	567,519	515,719	577,151	659,811	588,846
Cultural and recreation	1,289,790	1,198,951	1,237,586	1,151,797	1,159,916	1,153,785	1,146,168	1,213,046	1,306,084	1,844,753
Public works	1,127,990	588,415	562,286	469,592	356,739	325,752	311,807	347,303	348,985	546,555
Public safety										
Law enforcement	3,285,144	3,262,859	3,232,114	2,827,511	3,507,483	3,197,903	3,159,454	3,452,532	2,942,506	3,321,219
Fire and emergency services	3,103,765	2,942,624	2,942,859	2,765,756	2,826,861	2,745,411	2,634,957	2,601,973	2,376,721	2,974,519
Code enforcement	103,301	75,725	144,716	95,488	166,253	212,418	205,836	211,019	189,997	216,457
Animal services	107,507	110,809	132,794	269,712	227,600	230,974	205,996	200,864	229,057	162,299
Debt service:										
Principal	151,007	418,092	445,714	892,559	810,871	1,903,462	1,548,714	1,691,776	1,277,575	1,670,146
Interest and Fiscal Charges	47,542	47,644	52,715	38,876	57,789	155,287	166,127	315,637	195,971	291,830
Capital outlay	2,501,416	889,268	1,320,804	2,984,879	1,745,612	728,503	1,659,313	2,004,164	747,534	304,532
<b>Total Expenditures</b>	<b>\$ 15,485,746</b>	<b>\$ 12,440,163</b>	<b>\$ 12,822,448</b>	<b>\$ 14,122,669</b>	<b>\$ 13,542,595</b>	<b>\$ 13,389,661</b>	<b>\$ 13,842,567</b>	<b>\$ 15,377,177</b>	<b>\$ 12,784,198</b>	<b>\$ 14,230,872</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,286,684)</i>	<i>(212,471)</i>	<i>(1,401,044)</i>	<i>(2,204,215)</i>	<i>(1,069,060)</i>	<i>(954,768)</i>	<i>(299,864)</i>	<i>(2,420,627)</i>	<i>931,359</i>	<i>(85,930)</i>
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 1,342,491	\$ 1,078,168	\$ 676,660	\$ 626,332	\$ 846,702	\$ 757,345	\$ 975,601	\$ 1,941,890	\$ 1,881,908	\$ 1,097,713
Transfers Out	(615,000)	(379,271)	(568,994)	(561,282)	(740,440)	(757,345)	(1,168,748)	(3,258,572)	(1,881,908)	(1,776,832)
Capital lease	410,894	-	-	-	-	-	144,998	143,016	-	196,899
Debt Issued	-	432,000	160,583	-	750,000	210,000	-	-	12,500	-
General obligation note	-	-	-	-	-	-	-	-	-	500,000
Sale of capital assets	16,240	6,997	11,856	11,029	8,008	7,308	1,194,770	1,196,965	2,392,200	1,249,447
<b>Total Other Financing Sources (Uses)</b>	<b>1,154,625</b>	<b>1,137,894</b>	<b>280,105</b>	<b>76,079</b>	<b>864,270</b>	<b>217,308</b>	<b>1,146,621</b>	<b>23,299</b>	<b>2,404,700</b>	<b>1,267,227</b>
<b>Net Change in Fund Balances</b>	<b>\$ (132,059)</b>	<b>\$ 925,423</b>	<b>\$ (1,120,939)</b>	<b>\$ (2,128,136)</b>	<b>\$ (204,790)</b>	<b>\$ (737,460)</b>	<b>\$ 846,757</b>	<b>\$ (2,397,328)</b>	<b>\$ 3,336,059</b>	<b>\$ 1,181,297</b>
Debt Service as a Percentage of Noncapital Expenditures	1.53%	4.03%	4.33%	8.25%	7.20%	16.26%	13.88%	15.24%	11.68%	14.32%

**CITY OF EDGEWATER, FLORIDA**

Tax Revenues by Source of Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

Fiscal Year Ended September 30	Property Taxes	Utility and franchise taxes	Intergovernmental Revenue	Total
2006	\$ 5,045,677	\$ 3,098,230	\$ 3,302,877	\$ 11,446,784
2007	5,983,622	3,134,569	2,703,201	11,821,392
2008	6,053,935	2,822,644	2,353,662	11,230,241
2009	5,638,194	3,109,453	2,724,831	11,472,478
2010	5,083,616	3,076,195	2,436,438	10,596,249
2011	4,459,591	3,047,731	3,400,644	10,907,966
2012	3,669,228	2,947,266	3,758,487	10,374,981
2013	3,763,456	3,051,649	2,933,095	9,748,200
2014	4,120,260	3,182,716	2,812,565	10,115,541
2015	4,282,331	3,249,749	4,244,105	11,776,185

## 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
2006	\$ 1,219,005,146	\$ 40,150,036	\$ 2,247,029	\$ 1,261,402,211	\$ 448,458,761	\$ 812,943,450	6.5100
2007	1,715,797,872	42,021,446	2,506,641	1,760,325,959	670,906,020	1,089,419,939	5.7317
2008	1,816,484,284	44,912,803	1,824,075	1,863,221,162	667,246,620	1,195,974,542	5.2271
2009	1,567,728,018	46,686,002	3,852,385	1,618,266,405	636,648,753	981,617,652	5.9330
2010	1,239,413,071	47,937,851	2,789,838	1,290,140,760	467,797,506	822,343,254	6.3982
2011	1,014,902,147	46,368,404	2,452,717	1,063,723,268	374,884,311	688,838,957	6.6385
2012	859,937,271	44,818,406	2,847,810	907,603,487	327,571,414	580,032,073	6.5304
2013	869,698,616	44,709,946	2,419,118	916,827,680	326,361,580	590,466,100	6.5612
2014	893,847,254	46,863,494	2,615,633	943,326,381	330,091,016	613,235,365	6.9340
2015	934,739,055	49,197,000	3,085,203	987,021,258	334,889,928	652,131,330	6.7530

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 <sup>(1)</sup> Millage	School District Millage	Other <sup>(2)</sup>	Grand Total
2006	6.4500	0.0600	6.5100	7.7210	8.2590	0.5910	23.0810
2007	5.7000	0.0317	5.7317	5.3235	7.6850	2.7886	21.5288
2008	5.2000	0.0271	5.2271	4.8819	7.4670	2.6866	20.2626
2009	5.9000	0.0330	5.9330	5.4037	7.4590	3.5865	22.3823
2010	6.3600	0.0382	6.3982	6.4233	8.2370	3.7932	24.8517
2011	6.5910	0.0475	6.6385	6.3025	8.2370	4.0012	25.1792
2012	6.4700	0.0604	6.5304	6.7791	8.0630	3.9682	25.3407
2013	6.5000	0.0612	6.5612	6.8809	7.8880	3.6967	25.0268
2014	6.8760	0.0580	6.9340	7.2709	7.3580	3.6028	25.1657
2015	6.7000	0.0530	6.7530	7.2709	7.3360	3.4160	24.7759

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

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

## CITY OF EDGEWATER, FLORIDA

Principal Taxpayers

Current year and ten years ago

Taxpayer	2015			2006		
	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Real Property Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Florida Power & Light Company	\$ 16,172,684	1	2.31%	\$ 12,106,829	1	1.11%
RJ Dougherty Associates Inc.	\$ 7,073,602	2	1.01%			
3050 Holdings, LLC	\$ 3,729,178	3	0.53%	\$ 4,580,852	5	0.42%
Revenue Properties Florida	\$ 3,628,275	4	0.52%			
Florida East Coast Railway Company	\$ 3,241,347	5	0.46%			
Bright House Networks	\$ 3,158,683	6	0.45%	\$ 4,489,634	6	0.41%
Carder, James C TR	\$ 3,096,744	7	0.44%	\$ 4,362,111	9	
Edgewater Power Boats, LLC	\$ 2,860,187	8	0.41%			
Holly Investments, LTD	\$ 2,797,787	9	0.40%			
2015-3 IH2 Borrower LP	\$ 2,774,764	10	0.40%			
Worthington Creek Invest, LLC	-	-	-	\$ 8,815,520	2	0.81%
Edgewater Harbor, LLC	-	-	-	\$ 5,372,617	3	0.49%
Adams Homes of NW FL Inc.	-	-	-	\$ 5,304,000	4	0.49%
Spishores, LLC	-	-	-	\$ 4,466,897	7	0.41%
308 Realty, LLC	-	-	-	\$ 4,453,986	8	0.41%
GDP Development	-	-	-	\$ 4,079,866	10	0.37%
	<u>\$ 48,533,251</u>		<u>6.93%</u>	<u>\$ 58,032,312</u>		<u>4.92%</u>
Total Assessed Valuation	<u>\$ 699,538,868</u>			<u>\$ 1,089,419,000</u>		

Source: Volusia County Property Appraiser's Office & 2006 City of Edgewater CAFR

## CITY OF EDGEWATER, FLORIDA

### Property Tax Levies And Collections

Last Ten Fiscal Years

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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
2006	\$ 5,243,485	\$ 5,040,537	96.13 %	\$ 17,219	\$ 5,057,756	96.46 %
2007	6,209,694	5,933,287	95.55 %	218,300	6,151,587	99.06 %
2008	6,219,068	5,835,665	93.84 %	-	5,835,665	93.84 %
2009	5,822,971	5,611,299	96.36 %	26,895	5,638,194	96.83 %
2010	5,230,103	5,035,560	96.28 %	17,704	5,053,264	96.62 %
2011	4,515,489	4,343,936	96.20 %	83,812	4,427,748	98.06 %
2012	3,752,808	3,625,224	96.60 %	10,100	3,635,324	96.87 %
2013	3,836,165	3,558,179	92.75 %	170,189	3,728,368	97.19 %
2014	4,216,606	4,072,002	96.57 %	13,726	4,085,728	96.90 %
2015	4,365,036	4,219,641	96.67 %	29,065	4,248,706	97.33 %

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 Leases	Line of Credit	
2006	\$ 4,811,939	\$ 3,244,502	\$ 470,000	\$ 357,544	\$ -	\$ 5,239,457
2007	4,052,282	2,874,549	455,000	224,579	12,500	4,472,504
2008	3,292,112	2,106,625	440,000	181,415	50,000	3,541,000
2009	2,701,092	1,297,442	425,000	225,466	-	2,592,437
2010	2,110,073	-	410,000	388,424	-	1,542,000
2011	2,269,055	-	395,000	183,569	-	1,028,000
2012	1,424,037	-	375,000	156,029	-	-
2013	1,027,019	-	355,000	287,916	-	4,142,717
2014	1,225,000	-	335,000	226,843	-	4,455,000
2015	1,147,674	-	315,000	574,947	-	4,454,327

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

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

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

Business-Type Activities						
Capital Leases	State Revolving Loan	Revenue Bonds	Line of Credit	Total	Percentage of Personal Income (1)	Per Capita (1)
\$ 6,750,820	\$ 11,975,560	\$ 10,660,000	\$ -	\$ 43,509,822	6.91%	2,017
6,391,335	10,604,143	10,215,000	37,500	39,339,392	6.00%	1,825
5,971,878	9,182,304	10,146,086	-	34,911,420	5.04%	1,604
5,548,388	8,137,963	9,679,987	-	30,607,775	5.70%	1,431
5,258,430	8,388,828	7,814,973	-	25,912,728	4.72%	1,233
4,881,594	8,582,920	7,331,611	-	24,671,749	5.70%	1,181
4,527,471	-	15,077,524	-	21,560,061	5.10%	1,038
-	4,403,042	13,946,595	-	24,162,289	5.45%	1,165
-	6,290,915	12,753,000	-	25,285,758	5.53%	1,219
-	6,139,058	11,439,000	-	24,070,006	4.69%	1,148

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

Fiscal Year	General Bonded Debt Outstanding				
	Population (1)	Estimated Actual Taxable Value	General Obligation Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2006	21,572	\$ 812,943,450	\$ 470,000	0.058%	21.79
2007	21,558	1,089,419,939	455,000	0.042%	21.11
2008	21,770	1,195,974,542	440,000	0.037%	20.21
2009	21,394	981,617,652	425,000	0.043%	19.87
2010	21,017	822,343,254	410,000	0.050%	19.51
2011	20,885	688,838,957	395,000	0.057%	18.91
2012	20,775	580,032,073	375,000	0.065%	18.05
2013	20,737	590,466,100	355,000	0.060%	17.12
2014	20,748	613,235,365	335,000	0.055%	16.15
2015	20,958	652,131,330	315,000	0.048%	15.03

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

## CITY OF EDGEWATER, FLORIDA

### Direct and Overlapping Debt

<u>Governmental Unit</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to the City of Edgewater</u>	<u>City of Edgewater Share of Debt</u>
Volusia County	\$ 21,295,000	2.54%	\$ 540,893
Volusia County School District	-	0%	-
Subtotal Overlapping Debt	21,295,000	2.54%	540,893
City Direct Debt	2,037,621	100%	2,037,621
Total Direct and Overlapping Debt	<u>\$ 23,332,621</u>		<u>\$ 2,578,514</u>

Note: The county-wide debt amount is comprised of \$21,295,000 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**

Legal Debt Margin Information

Last Ten Fiscal Years

Assessed Valuation	Legal Debt Margin Calculation for Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed taxable real property value	\$ 607,562,754	\$ 571,414,914	\$ 550,695,413	\$ 540,185,717	\$ 640,017,836	\$ 771,615,565	\$ 931,079,265	\$ 1,149,237,664	\$ 1,044,891,852	\$ 770,546,385
Add back: exempt real property	327,176,301	322,432,340	319,003,203	319,751,554	374,884,311	467,797,506	636,648,753	667,246,620	670,906,020	448,458,761
Total assessed value of real property	<u>\$ 934,739,055</u>	<u>\$ 893,847,254</u>	<u>\$ 869,698,616</u>	<u>\$ 859,937,271</u>	<u>\$ 1,014,902,147</u>	<u>\$ 1,239,413,071</u>	<u>\$ 1,567,728,018</u>	<u>\$ 1,816,484,284</u>	<u>\$ 1,715,797,872</u>	<u>\$ 1,219,005,146</u>
Legal debt margin:										
Debt limit	\$ 7,010,543	\$ 6,703,854	\$ 6,522,740	\$ 6,449,530	\$ 7,611,766	\$ 9,295,598	\$ 11,757,960	\$ 13,623,632	\$ 12,868,484	\$ 9,142,539
Total net debt applicable to limit	<u>2,037,621</u>	<u>1,786,843</u>	<u>1,669,935</u>	<u>1,955,066</u>	<u>2,847,624</u>	<u>2,908,497</u>	<u>4,649,000</u>	<u>6,070,152</u>	<u>7,618,910</u>	<u>8,883,985</u>
Legal debt margin	<u>\$ 4,972,922</u>	<u>\$ 4,917,011</u>	<u>\$ 4,852,805</u>	<u>\$ 4,494,464</u>	<u>\$ 4,764,142</u>	<u>\$ 6,387,101</u>	<u>\$ 7,108,960</u>	<u>\$ 7,553,480</u>	<u>\$ 5,249,574</u>	<u>\$ 258,554</u>
	Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 7,010,543	\$ 6,703,854	\$ 6,522,740	\$ 6,449,530	\$ 7,611,766	\$ 9,295,598	\$ 11,757,960	\$ 13,623,632	\$ 12,868,484	\$ 9,142,539
Revenues	<u>2,037,621</u>	<u>1,786,843</u>	<u>1,669,935</u>	<u>1,955,066</u>	<u>2,847,624</u>	<u>2,908,497</u>	<u>4,649,000</u>	<u>6,070,152</u>	<u>7,618,910</u>	<u>8,883,985</u>
Legal debt margin	<u>\$ 4,972,922</u>	<u>\$ 4,917,011</u>	<u>\$ 4,852,805</u>	<u>\$ 4,494,464</u>	<u>\$ 4,764,142</u>	<u>\$ 6,387,101</u>	<u>\$ 7,108,960</u>	<u>\$ 7,553,480</u>	<u>\$ 5,249,574</u>	<u>\$ 258,554</u>
Total net debt applicable to the limit as a percentage of debt limit	29.07%	26.65%	25.60%	30.31%	37.41%	31.29%	39.54%	44.56%	59.21%	97.17%

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

**CITY OF EDGEWATER, FLORIDA**

Pledged-Revenue Coverage

Last Ten Fiscal Years

(dollars in thousands)

Water and Wastewater Refunding Revenue Bond, Series 2016 <sup>(1)</sup>								
Fiscal Year	Gross Revenues <sup>(2)</sup>	Less:		Available Net Revenue & Impact Fees	Debt Service			Coverage
		Operating Expenses <sup>(3)</sup>	Impact Fees		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	1,154,000	378,526	1,532,526	2.06
2014	8,383,806	5,348,671	80,102	3,115,237	1,273,000	368,499	1,641,499	1.90
2015	8,651,318	5,288,285	220,056	3,583,089	1,314,000	325,392	1,639,392	2.19

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

- (1) The two Water and Wastewater Refunding Revenue Bond Series (2009 and 2012) have been retroactively combined as of 9/30/2015 through a refinancing that occurred on 2/25/2016.
- (2) According to the Resolution, Gross Revenues should exclude interest earnings on the Renewal and Replacement Fund and Construction Fund.
- (3) Total direct operating expenses excludes depreciation, amortization and overhead charges.

**CITY OF EDGEWATER, FLORIDA**

Demographic and Economic Statistics  
Last Ten Fiscal Years

Calendar Year	Population(1)	Total Personal Income	Per Capita Personal Income (2)	Median Age (3)	County Unemployment Rate (4)	School Enrollment (5)
2006	21,572	\$ 611,501,484	\$ 28,347	43.8	3.1%	2,203
2007	21,558	535,586,952	24,844	45.4	3.4%	2,166
2008	21,997	561,319,446	25,518	46.0	7.2%	2,180
2009	21,394	536,989,400	25,100	46.3	11.8%	2,188
2010	21,017	549,153,193	26,129	46.1	12.6%	2,144
2011	20,885	432,528,350	20,710	46.4	10.3%	1,900
2012	20,775	423,020,550	20,362	47.5	8.8%	1,895
2013	20,737	443,418,346	21,765	47.9	6.8%	1,933
2014	20,748	457,057,692	22,029	46.6	5.9%	1,388
2015	20,958	513,471,000	24,500	49.1	5.8%	1,361

**2014 Sources:**

- (1) Source: University of Florida, Bureau of Economic and Business Research, 2015 Estimate
- (2) US Census Bureau, 2010 - 2014 5-Year American Community Survey Estimates
- (3) US Census Bureau, 2010 - 2014 5-Year American Community Survey Estimates
- (4) Volusia County Economic Development Q3 Quarterly Report
- (5) Received from Schools Directly as of 9-30-15 (Includes Discovery Academy, Indian River Elementary, and Edgewater Public Elementary)

Footnote:  
Daytona State College South Campus Total Enrollment = 936 DSC total staff 61  
NSB High School Total Enrollment = 1,930 Total Staff= 158  
NSB Middle School Total Enrollment = 1,178 Total Staff 112  
Edgewater Public Elementary Total Enrollment= 600 / Staff = 100  
Indian River Elementary Total Enrollment = 631 / staff = 77  
Discovery Academy Total Enrollment = 130 / Staff = 12

**CITY OF EDGEWATER, FLORIDA**

Principal Employers  
Current Year and Ten Years Ago

Employer (1)	2015		2006	
	Number of Employees	Percentage of Total County Employment	Number of Employees (2)	Percentage of Total County Employment (2)
Boston Whaler	649	0.29%	455	0.19%
Everglades Boats by Dougherty	220	0.10%	-	-
City of Edgewater	194	0.10%	201	0.08%
Publix Supermarkets	139	0.06%	150	0.06%
Winn Dixie Supermarkets	119	0.05%	114	0.05%
Edgewater Power Boats	106	0.05%	97	0.04%
Brunswick Commercial & Government Products	106	0.05%	-	-
Edgewater Elementary	100	0.04%	110	0.05%
Indian River Elementary	77	0.03%	112	0.05%
Edgewater Family YMCA of S.E. Volusia	50	0.02%	-	0.00%
Dustin's BBQ	36	0.02%	-	-
Coronado Paint			120	0.05%
Tarmac			18	0.01%
Best Western			6	-
Total	<u>1,796</u>	<u>0.81%</u>	<u>1,383</u>	<u>0.58%</u>
Total County Employment (3)		226,266		241,875

**Sources:**

- (1) Information provided by each company
- (2) City of Edgewater CAFR 2006
- (3) 2015 3rd QTR Volusia County Economic Development Division Q3 Quarterly Report; 2006 Data provided by Volusia County Economic Development Division

# CITY OF EDGEWATER, FLORIDA

Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government:										
Mayor and Commission	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	2.0	3.0
City Clerk	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Departments										
Finance	11.0	10.5	9.5	9.5	6.5	6.5	7.0	8.0	9.0	10.0
IT/MIS/GIS	3.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	0.0
Economic Development	1.0	1.0								
Human Resources	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Community Development										
Planning and Zoning	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	4.0	3.0
Building	4.0	4.0	3.5	3.5	3.5	3.5	3.5	4.0	4.0	6.0
Public Safety:										
Police Department	34.0	34.5	35.0	33.5	33.0	34.0	33.5	36.0	33.0	40.0
Fire Department	30.5	29.5	29.5	29.0	30.0	30.0	31.0	32.0	35.0	38.0
Animal Control/Shelter	1.0	1.0	2.0	2.0	5.0	4.0	4.0	5.0	2.0	3.0
Code Enforcement	2.0	2.0	2.0	2.0	1.0	3.0	3.0	3.0	2.0	3.0
Water Resources										
Water Utility	14.0	11.0	11.0	9.0	10.0	10.0	10.0	10.0	9.0	10.0
Wastewater Utility	15.0	16.0	15.0	14.0	15.0	15.0	15.0	15.0	16.0	11.0
Field Operations	11.0	11.0	11.0	10.0	9.0	10.0	10.0	9.0	10.0	5.0
Stormwater	10.0	9.5	9.5	9.0	8.0	7.0	6.0	8.0	9.0	10.0
Refuse	23.5	26.0	26.0	24.0	23.0	23.0	23.0	24.0	27.0	28.0
Parks and Recreation	15.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	12.0	20.0
Fleet	3.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0	0.0	0.0
Public Works	7.0	8.5	9.0	7.0	7.0	7.0	8.0	0.0	0.0	0.0
Totals:	<u>198.0</u>	<u>198.5</u>	<u>196.0</u>	<u>185.5</u>	<u>185.0</u>	<u>187.0</u>	<u>188.0</u>	<u>188.0</u>	<u>183.0</u>	<u>200.0</u>

**CITY OF EDGEWATER, FLORIDA**

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Government</b>										
Employment Applications Received	638	665	541	543	401	339	625	763	392	275
Personnel Actions Processed	125	113	138	136	81	90	94	116	89	157
Accidents & Injuries Reviewed	54	51	60	52	29	40	51	45	30	18
Business Tax Receipts Issued	1,032	763	1,269	1,544	982	1,401	1,707	1,699	1,722	1,720
Checks Issued	2,316	2,279	2,414	1,727	1,727	983	2,947	3,253	3,682	4,883
Competitive Procurements (ITB,RFP,) issued	11	23	*	*	*	*	*	*	*	*
Purchase Orders Issued	686	718	757	734	408	449	766	1,000	1,124	1,962
<b>Public Safety</b>										
<b>Police Department</b>										
Accidents	408	367	239	246	328	259	250	257	281	254
Traffic citations issued	3,017	3,450	3,188	5,245	5,958	4,780	5,514	3,419	6,528	6,000
Evidence Processed	2,178	2,153	1,803	1,800	2,130	2,027	1,582	1,703	2,197	2,203
Physical arrests	1,236	1,151	1,128	1,393	1,327	1,227	1,649	1,378	1,287	1,141
Calls for service	31,991	31,503	34,395	29,752	34,228	31,168	31,394	33,379	41,909	33,115
<b>Fire Department</b>										
Emergency responses	3,024	2,565	2,738	2,679	2,825	2,873	2,841	2,991	3,035	3,069
Average response time - minutes	4.28	4.32	4.19	4.18	4.25	4.56	4.41	4.50	4.50	4.40
Public Education Programs	71	67	64	63	62	60	70	41	56	19
Fire inspections	1,182	1,123	1,015	1,002	920	810	807	860	867	171
Burn Permits Issued	-	-	-	-	-	1	-	5	-	4
<b>Public Works</b>										
Miles of street paved	0	3	-	-	-	-	-	-	-	1
Miles of street Resurfaced	2	3	1	2	-	-	4	-	-	3
Miles of unpaved streets	4	4	*	*	*	*	*	*	*	*
Sidewalks - new construction - miles	0	1	1	1	-	-	-	-	-	14
<b>Leisure Services</b>										
Ball games & field rentals	720	786	1,226	1,598	1,726	1,887	1,974	1,958	1,935	2,003
Events/Programs	15	8	17	19	14	19	21	23	26	11
<b>Water Resources</b>										
Water main breaks	74	100	84	80	88	88	63	76	81	60
Average daily consumption - mgd	1,718	1,846	1,900	1,929	1,931	1,931	1,941	1,944	1,989	1,850
Number of water customers	10,724	10,632	10,603	10,580	10,542	10,542	10,504	10,487	10,467	10,387
New Connections	67	29	23	18	38	38	16	35	54	175
<b>Sewer Resources</b>										
New Connections	63	27	19	11	26	26	8	30	42	162
Average daily consumption - mgd	1,541	1,422	1,264	1	1	1,179	1,324	1,523	1,225	1,070
Number of customers	10,016	9,896	9,869	9,850	9,823	9,823	9,797	9,784	9,761	9,626
<b>Refuse Collection</b>										
Number of Customers	9,591	9,463	9,451	9,403	9,378	9,378	9,356	9,326	9,272	9,205

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Police</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	30	29	27	28	30	30	30	24	26	30
Patrol Zones	2	2	2	2	2	2	2	2	2	2
<b>Fire</b>										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Vehicles	18	17	17	17	18	15	15	13	13	15
<b>Public Works</b>										
Streets (miles)	124	124	124	124	124	124	124	124	124	124
Number of street lights	1,080	1,071	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068
Number of traffic signals	3	3	3	3	3	3	3	3	3	3
Vehicles	8	8	9	8	5	5	5	5	5	5
<b>Leisure Services</b>										
Vehicles	15	11	12	12	12	12	12	9	9	10
Parks Acreage	151	151	151	151	151	151	151	151	151	143
Parks	28	28	28	28	28	28	28	28	28	28
Baseball Fields	5	7	7	7	7	7	7	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Basketball Courts	3	3	2	2	2	2	2	2	2	2
Racquetball Courts	4	4	4	4	4	4	4	4	4	4
Shuffleboard Courts	0	2	2	2	2	2	2	2	2	2
Boat Ramps	5	5								
Paddling Trails	6	Awaiting Designation								
Gymnasiums (YMCA)	1	1	1	1	1	1	1	1	1	1
<b>Water Resources</b>										
Water mains (miles)	275	275	275	275	274	274	274	274	274	194
Fire hydrants	720	718	701	700	700	700	695	694	694	691
Vehicles	26	26	24	24	23	23	23	23	23	14
Sewer mains (miles)	189	189	189	189	189	189	189	189	189	189
Reclaim Water (miles)	72	72	72	71	71	71	71	71	71	71
<b>Stormwater Utility</b>										
Storm Sewers (miles)	36	36	36	36	35	35	35	35	35	35
Retention Ponds										
Vehicles	17	17	16	15	7	7	10	10	10	10
<b>Solid Waste</b>										
Garbage Trucks	10	10	10	9	7	7	8	7	10	10
Other Vehicles	13	13	13	13	12	12	14	14	15	15

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

**CITY OF EDGEWATER, FLORIDA**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended September 30, 2015

Federal Agency / Pass-Through Entity/ Federal Project	CFDA Number	Contract/Grant Number	Expenditures
<b>Federal Awards</b>			
<u>U.S. Department of Housing and Urban Development</u>			
Direct			
Community Development Block Grants	14.218	B-13-UC-12-0008	\$ 86,628
Community Development Block Grants	14.218	B-14-UC-12-0008	6,850
Total U.S. Department of Housing and Urban Development			<u>93,478</u>
<u>U.S. Department of Justice</u>			
Passed Through Florida Department of Law Enforcement			
Mandatory Bulletproof Vest Initiative	16.607	NIJ #BA-2AOOS-MN01	1,134
Mandatory Bulletproof Vest Initiative	16.607	NIJ #BA-2AOOS-MN01	<u>379</u>
Total Florida Department of Law Enforcement			1,513
Passed Through Florida Office of Attorney General			
Victim of Crime Act Grant	16.575	V014-14110	31,252
Passed Through Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-JAGD-VOLU-2-R1-011	3,985
Total U.S. Department of Justice			<u>36,750</u>
<u>U.S. Department of Transportation</u>			
Passed-through Florida Department of Transportation			
Highway Planning and Construction - US1 Sidewalks	20.205	ARI18	59,737
Highway Planning and Construction - US1 Sidewalks	20.205	ARE43	1,029,286
Total U.S. Department of Transportation			<u>1,089,023</u>
<u>U.S. Federal Environmental Protection Agency</u>			
Direct			
Brownfield Assessment and Cleanup Cooperative Agreements	97.083	EMW-2013-FF-00550	276,143
Total U.S. Federal Environmental Protection Agency			<u>276,143</u>
<u>U.S. Department of Homeland Security</u>			
Direct			
Community Emergency Response Team	97.067	2011-SS-00167	27,159
Total U.S. Department of Homeland Security			<u>27,159</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,522,553</u></b>

**Notes:**

**1) Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Edgewater, Florida (the City), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**1) Subrecipients:**

During the year ended September 30, 2015, the City provided no federal awards to subrecipients.

**CITY OF EDGEWATER, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**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.

**Federal Awards:**

**Internal control over major Federal Programs:**

- There were no significant deficiencies or material weaknesses related to internal control over major Federal programs disclosed by the audit.
- Type of report issued on compliance for each major program: *Unmodified.*
- The audit did not disclose any audit findings, which are required to be reported under OMB Circular A-133.
- Major program identification:
  - CFDA No. 20.205 – U.S. Department of Transportation, Highway Planning and Construction - US1 Sidewalks
- Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- The City of Edgewater, Florida is not considered to be a low-risk auditee.

**B. Financial Statement Findings**

None.

**C. Findings and Questioned Costs for Major Federal Programs: None**

**D. Prior Audit Findings:**

**2014-01 Firetruck Prepaid Deposit:** Corrective action taken.

**2014-02 Stormwater Interfund Transfer:** Corrective action taken.

**E. Corrective Action Plan:**

As no findings have been reported, no corrective action plan related to financial statement or major Federal program findings has been prepared by management.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Edgewater, Florida's (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs 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 federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program 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 federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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 federal programs for the year ended September 30, 2015.

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## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, 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 federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 federal program 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 federal program 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Daytona Beach, Florida  
March 29, 2016

**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, 2015, 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 29, 2016.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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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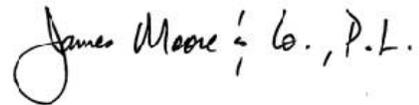
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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 29, 2016

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

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

**Report on the Financial Statements**

We have audited the financial statements of City of Edgewater, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated March 29, 2016.

**Auditors' Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 29, 2016, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**2014-01 Firetruck Prepaid Deposit:** Corrective action taken.

**2014-02 Stormwater Interfund Transfer:** Corrective action taken.

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

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## **Official Title and Legal Authority**

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

## **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

## **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

**2015-001 Fully Insured and Workers Compensation Deficit Net Position** – At September 30, 2015, the Fully Insured and Workers Compensation internal service funds had a deficit net position of \$133,496 and \$40,535, respectively. We recommend the City develop a plan to eliminate these deficits in net position

**2015-002 City's General Pension Plan Discrepancies** – During our audit procedures, we discovered two discrepancies with employee participants in the General Employees' Pension Plan (the Plan) who had retired from the Plan but were still employed with the City as of September 30, 2015. In the first instance, the City withheld wages from the employee since the year ended September 30, 2013 for employee contributions to the Plan, even though the employee had retired from the Plan during the year ended September 30, 2013. The total owed back to this employee as of September 30, 2015 was approximately \$2,530. In this instance, the actuary for the Plan was aware of the error and properly excluded it from actuarial calculations, even though the City reported this employee on the census data provided to the Actuary on an annual basis.

In the second instance, the employee had retired and was receiving benefits from the Plan, but was still a City employee and accruing additional benefits from the Plan as of September 30, 2015. While the City was properly withholding retirement contributions and had been properly reporting this employee to the Actuary in the annual census data report, the Actuary had not properly captured this in the actuarial calculations. Thus, this employee's incremental benefit was not included in the actuarial calculation since

retirement from the Plan during the year ended September 30, 2008. The Actuary believes the incremental difference in the employee's projected benefit to be immaterial.

We recommend the City closely monitor the census data sent to the Actuary and compare it to Actuary reports to ensure all data sent to the Actuary is accurately captured and utilized in actuarial calculations. We also recommend the City closely monitor wages withheld from employees to ensure they are in accordance with appropriate authorizations.

**2015-003 Pension Benefit Payments** – As part of our testing over pension plan activity, we selected benefit payments for testing. We requested supporting documentation underlying pension benefit payments to certain participants. Documentation for the majority of participants selected for all three of the Pension Plans (General, Police, and Fire), could not be produced. We note the responsibility to administer and monitor the City's three pension plans is the respective pension boards, but the ultimate financial responsibility falls back to the City. As a result, we recommend a formal review process be implemented and performed by the City in collaboration with the pension plan administrators in effort to ensure all pension benefit payments are accurately paid.

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

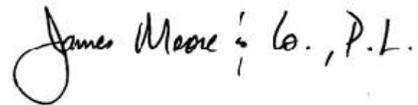
#### **City of Edgewater, Florida's Response to Findings**

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

#### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Honorable Mayor, City Council, 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 29, 2016



## INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the City of Edgewater, Florida's (the City) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

*James Moore & Co., P.L.*

Daytona Beach, Florida  
March 29, 2016

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

THRU: Tracey T. Barlow, City Manager

FROM: Jonathan C. McKinney, Finance Director

DATE: March 31, 2016

SUBJECT: Reply to the Independent Auditor's Report on Internal Control and Management  
Letter Comments for Fiscal Year Ended September 30, 2015

### **FINANCIAL STATEMENT FINDINGS**

#### Fully Insured and Workers Compensation Deficit Net Position

Management concurs with this comment and recommendation to develop plan to eliminate deficits at year-end.

#### City's General Pension Plan Discrepancies

Management concurs with this comment and recommendation to develop a separation check list to ensure all changes are properly posted.

#### Pension Benefit Payments

Management concurs with this comment and recommendation to maintain pension benefit payment documentation.



**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 31<sup>st</sup> day of March 2015.



(Seal/Stamp)  
(Commission Expiration Date)

Notary Public  
State of Florida at Large