

CITY OF EDGEWATER, COLORADO

FINANCIAL STATEMENTS

December 31, 2013

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Honorable Mayor and Members of the City Council
City of Edgewater
Edgewater, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edgewater as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Edgewater, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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' judgement, 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Edgewater as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, in the year ended December 31, 2013, the City of Edgewater adopted new accounting guidance as required by Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 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 Matters (Other Information)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edgewater's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the 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.



July 30, 2014

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the City of Edgewater, Colorado (City) provides an overview of the City's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceed its liabilities at the close of the fiscal year by \$6,219,270 (net position). Of this amount, \$2,836,535 (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- In addition, the assets of the Edgewater Redevelopment Authority exceed its liabilities at the close of the fiscal year by \$1,160,943 (net position).
- The City utilized its Capital Improvement Fund, funded through a transfer from the General Fund, to make extensive street and sidewalk repairs in 2013.
- At December 31, 2013, the City's governmental funds reported combined ending fund balances of \$3,922,683.
- General Fund sales and use tax revenues increased by \$180,311 (5.3%) during 2013.
- The City experienced \$119,898 in Gains on Sales of Capital Assets due largely to the sales of fire used trucks.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Edgewater's financial statements. The City's basic financial statements are comprised of 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, including budget-to-actual comparisons for all funds.

Government-wide financial statements

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

The *Statement of Net Position* 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 useful indicators of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City'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 personal 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 include general government, public safety (police and fire), public works, and parks and recreation. The business-type activities of the City include water, sewer, and trash collection.

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 can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending in future years, provided that balances restricted for certain purposes are spent for those purposes only. Governmental Funds utilize the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements display detailed short-term views of cash, operations, and the basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

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 *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City of Edgewater currently maintains five individual governmental funds. Information is presented by fund name in the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds* for three of the five governmental funds that meet the criteria to be designated as major funds (General Fund, Open Space Fund, and Capital Improvements Fund). The other two (Conservation Trust Fund and Capital Equipment Fund) are combined in a column titled "Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds is provided in the back of this report in the section titled "Supplementary Information." Annual budget appropriations are adopted for all funds. Budgetary comparison schedules are included to demonstrate compliance with budgets.

Proprietary Funds -- The City's utility services are reported in the proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise Funds are the type of proprietary funds used to account for the City's water, sewer, and trash hauling operations. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

Fiduciary Funds -- Fiduciary funds are used to account for resources held for the benefit of parties outside the government. *They are not reflected in the government-wide financial statements because their resources are not available to support the City of Edgewater's programs or operations.* The City's Firemen's Pension Plan falls in this fund category as a Pension Trust Fund. Its accounting method tracks additions and deductions to the pension fund assets. Funding progress for the fund's long-term pension obligations is shown in the Required Supplementary Information following the Notes to the Financial Statements.

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 the financial statements are the final section of the basic financial statements.

Other information

Combining statements for the Nonmajor funds and budgetary comparison schedules are provided after the Required Supplementary Information.

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 \$6,219,270 at the close of 2013.

City of Edgewater's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$4,629,488	\$4,882,771	\$ 945,408	\$ 907,734	\$ 5,574,896	\$5,790,505
Capital assets, net	2,853,577	2,919,014	1,147,661	1,249,855	4,001,238	4,168,869
Total assets	\$7,483,065	\$7,801,785	2,093,069	2,157,589	\$ 9,576,134	\$9,959,374
Deferred Outflows of Resources	74,818	85,506	-	-	74,818	85,506
Long-term debt outstanding	2,590,855	2,970,933	24,876	19,692	2,615,731	2,990,625
Other liabilities	706,805	993,810	109,146	219,509	815,951	1,213,319
Total liabilities	\$3,297,660	\$3,964,743	\$ 134,022	\$ 239,201	\$ 3,431,682	\$ 4,203,944
Net position:						
Net investment in capital assets	\$ 444,144	\$ 193,947	\$1,147,661	\$1,249,855	\$ 1,591,805	\$ 1,443,802
Restricted	1,790,930	1,837,510	-	-	1,790,930	1,837,510
Unrestricted	2,025,149	1,891,091	811,386	668,533	2,836,535	2,559,624
Total net position	\$4,260,223	\$3,922,548	\$1,959,047	\$1,918,388	\$ 6,219,270	\$ 5,840,936

At December 31, 2013, 58.2% of the City's total assets were in Current Assets, including 50.0% (\$4,791,708) of total assets in Cash and Investments. The excellent cash position in the Governmental Activities will enable the City to continue its operations at current levels and continue to pursue improvements to its physical property and infrastructure. Current assets in the Governmental Activities exceed Long-term Debt Outstanding by 78.7%. The Business-type Activities have \$945,408 in current assets and no bonded debt.

Approximately 29% of the City's total net position is restricted for parks and recreation, future debt service requirements, or emergencies. Another 25% is invested in capital assets. The remaining 46% of total net position (\$2,836,535) may be used to meet the City's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the City over the last two years. An analysis of these changes follows for both its Governmental and Business-type Activities.

City of Edgewater's Changes in Net Position

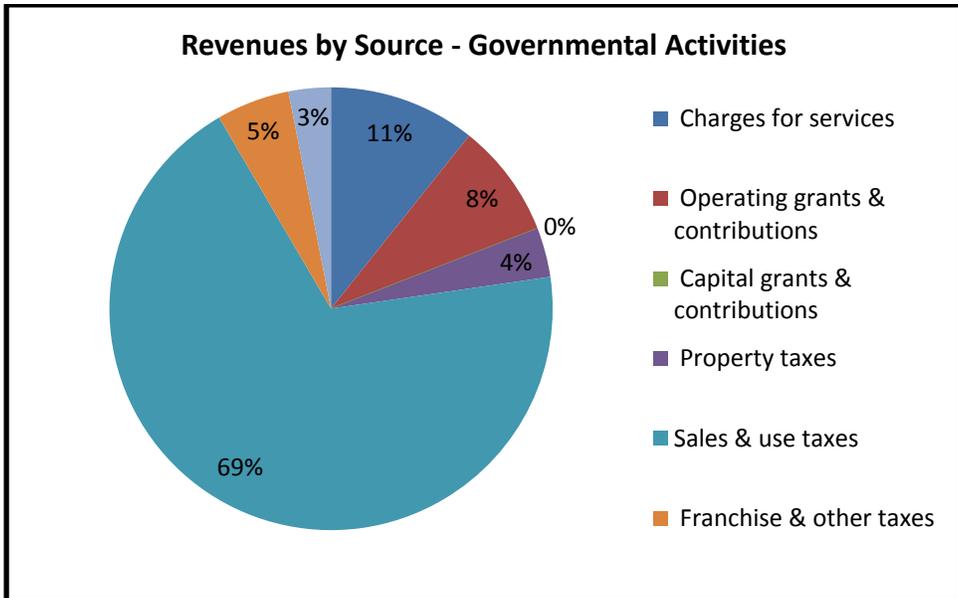
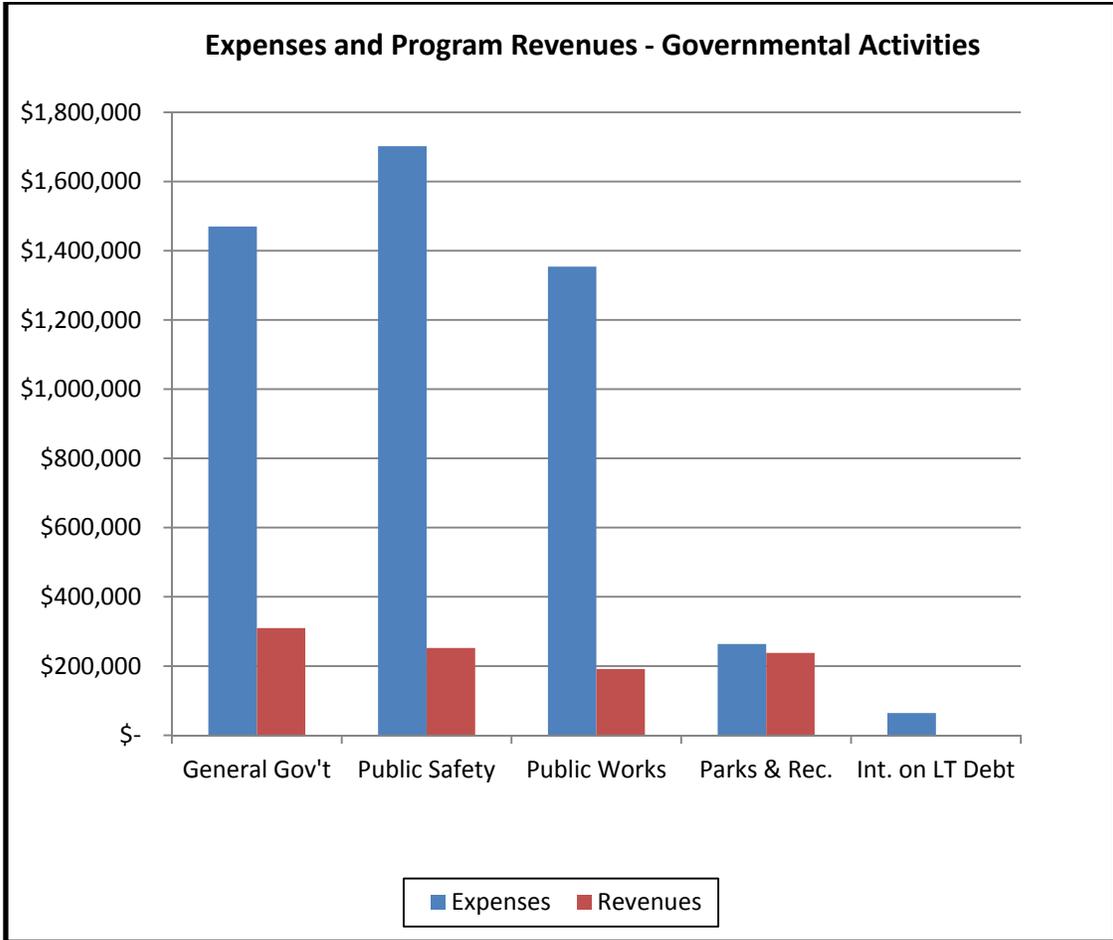
	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Program revenues:						
Charges for services	\$ 556,485	\$ 471,595	\$1,781,630	\$1,799,523	\$2,338,115	\$2,271,118
Operating grants & contributions	434,556	404,891	-	-	434,556	404,891
Capital grants & contributions	-	179,251	51,963	-	51,963	179,251
General revenues:						
Property taxes	187,341	186,603	-	-	187,341	186,603
Sales & use taxes	3,575,199	3,394,888	-	-	3,575,199	3,394,888
Franchise & other taxes	276,976	250,171	-	-	276,976	250,171
Other general revenues	160,568	51,492	43,501	15,147	204,069	66,639
Total revenues	<u>\$5,191,125</u>	<u>\$ 4,938,891</u>	<u>\$1,877,094</u>	<u>\$1,814,670</u>	<u>\$7,068,219</u>	<u>\$6,753,561</u>
Program expenses:						
General government	\$1,469,804	\$ 1,498,085	\$ -	\$ -	\$1,469,804	\$1,498,085
Public safety	1,702,022	1,669,399	-	-	1,702,022	1,669,399
Public works	1,353,873	656,678	-	-	1,353,873	656,678
Parks and Recreation	263,735	281,201	-	-	263,735	281,201
Interest on Long-Term Debt	64,016	98,175	-	-	64,016	98,175
Water	-	-	1,088,695	1,250,341	1,088,695	1,250,341
Sewer	-	-	500,348	267,637	500,348	267,637
Trash	-	-	247,392	265,829	247,392	265,829
Total expenses	<u>\$4,853,450</u>	<u>\$ 4,203,538</u>	<u>\$1,836,435</u>	<u>\$1,783,807</u>	<u>\$6,689,885</u>	<u>\$5,987,345</u>
Increase/(decrease)in net position	\$ 337,675	\$ 735,353	\$ 40,659	\$ 30,863	\$ 378,334	\$ 766,216
Net Position, Beginning	<u>3,922,548</u>	<u>3,187,195</u>	<u>1,918,388</u>	<u>1,887,525</u>	<u>5,840,936</u>	<u>5,074,720</u>
Net Position, Ending	<u>\$4,260,223</u>	<u>\$ 3,922,548</u>	<u>\$1,959,047</u>	<u>\$1,918,388</u>	<u>\$6,219,270</u>	<u>\$5,840,936</u>

Governmental Activities

Governmental activities caused the City's net position to increase by \$337,675 (5.8%) in 2013. Key elements of this increase are as follows:

- Charges for services increased by \$84,890 (18.0%) from 2012 mostly due to increases in building permits, planning and zoning fees, court fines and surcharges, and utility administrative fees.
- Operating grants and contributions increases by \$29,665 (7.3%).
- Capital grants and contributions decreased by \$179,251.
- Sales and use taxes increased by \$180,311 (5.3%) due to increased sales.
- Franchise taxes and fees increased by \$25,809 (10.9%).
- Gains on Sales of Capital Assets increased by \$119,898 due largely to the sale of fire trucks.

The following two charts illustrate the Governmental Activities revenues and expenses.

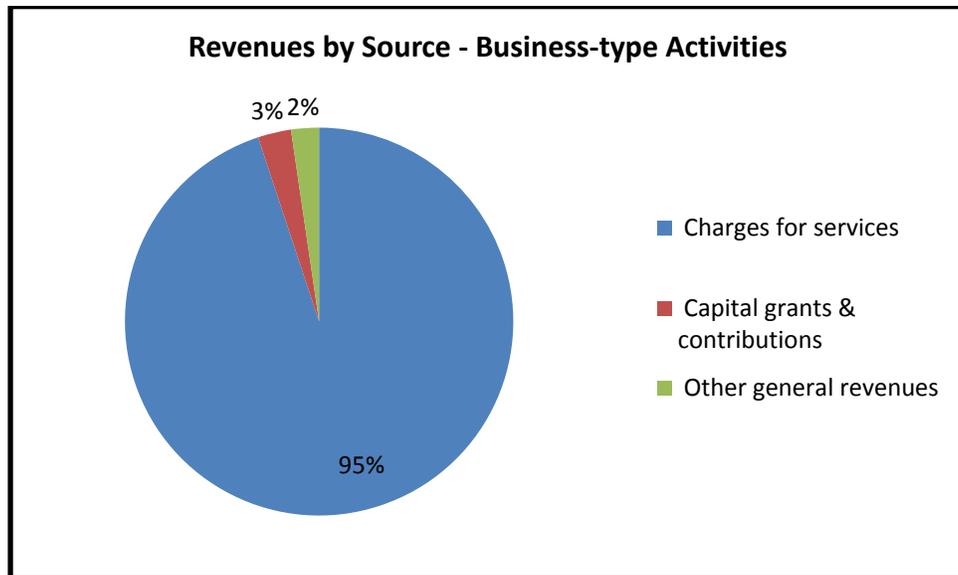
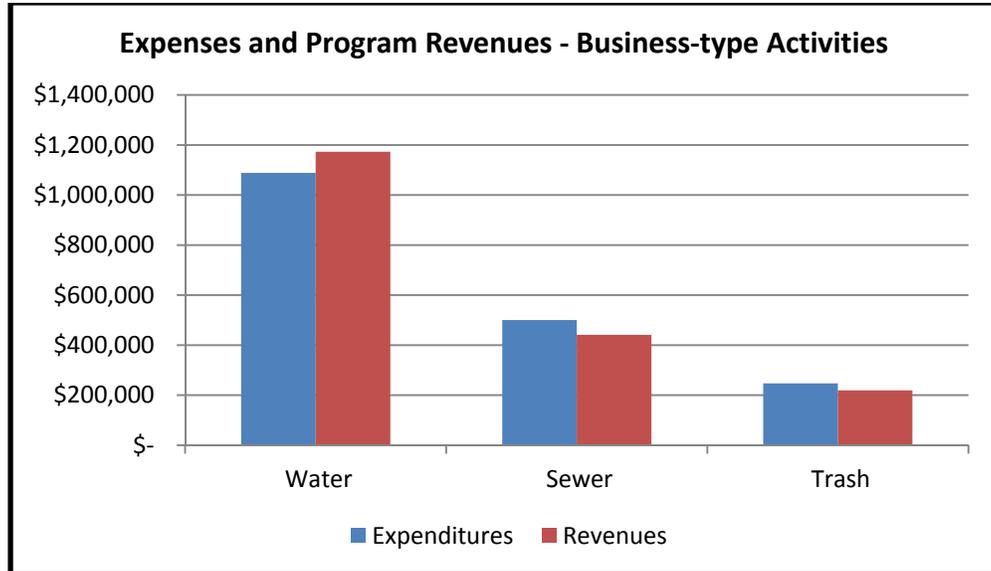


Sales and use taxes comprise almost 70% of the revenues for Governmental Activities.

Business-type Activities

Business-type Activities increased the City of Edgewater's net position by \$40,659 during 2013. This was a slight improvement over 2012 when their net position was increased by \$30,863. Charges for services in the water activity exceeded operating expenses by \$84,606 (7.8%). Operating expenses exceeded charges for services in the sewer and trash activities by \$111,258 (28.6%) and \$28,153 (4.7%) respectively. City management continues to explore methods of improving operating profits in the utility funds while maintaining infrastructure.

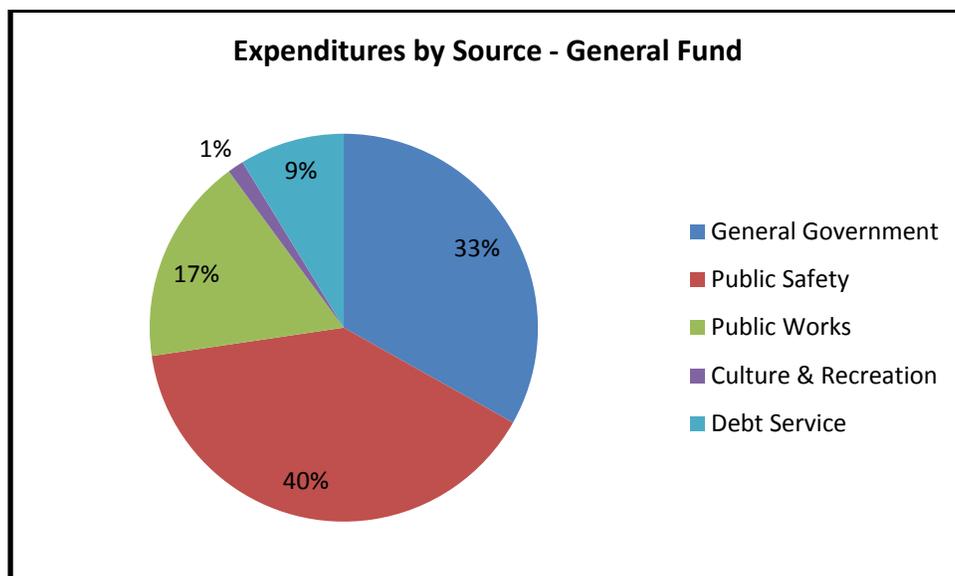
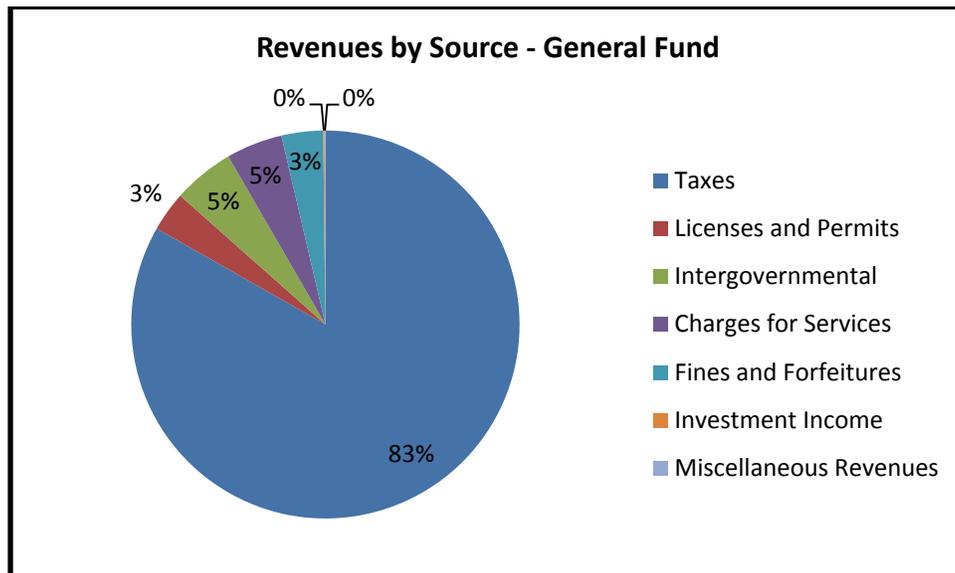
The following two charts illustrate the Business-type Activities revenues and expenses.



THE CITY'S FUNDS

As noted earlier, the City of Edgewater uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (fund balances) in each fund are shown at year end. At December 31, 2013 the City's three major Governmental funds reported combined fund balances of \$3,453,498. The individual major funds are discussed below.

General Fund. The General Fund is the chief operating fund of the City of Edgewater. It accounts for all of the general services provided by the City. At the end of 2013, the fund balance of the General Fund totaled \$2,329,179. Although revenues had increased by \$303,555 (6.7%), expenditure increases of \$118,876 (2.8%) and transfers of \$625,000 to other funds for capital projects and equipment accounted for most of a \$121,461 decrease in fund balance since December 31, 2012. The following two tables illustrate General Fund revenues and expenditures.



Open Space Fund. The Open Space Fund is utilized to account for the City's share of Open Space Sales Tax revenues collected by Jefferson County. These revenues are legally restricted to use for open space, parks, trails, and associated outdoor recreation programs. In 2013, \$168,514 in current revenues and prior year reserves were spent on such programs.

Capital Improvements Fund. The City's Capital Improvements Fund was established to finance major capital improvements. During 2013, the City spent \$524,740 on street and sidewalk repair projects that were funded by a transfer from the General Fund.

Proprietary Funds. At December 31, 2013 the Net Position of the Water, Sewer, and Trash Funds were \$559,775, \$1,383,541, and \$15,731 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2013, the City had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, park equipment, utility lines, streets, and alleys. Note 3 of the financial statements provides a summary of these assets. City capital acquisitions and expenses during 2013 included:

Building & Improvements	\$ 33,163
Equipment	\$ 42,017

These were attributable to improvements of the Old City Hall and fire station, and purchases of computer hardware and software and a flat-bed pick-up truck.

Debt Administration. Note 4 of the financial statements provides a summary of the City's long-term debt. At December 31, 2013 the City had total bonded debt outstanding of \$2,405,000. These bonds are payable from general sales and use tax revenues of the City. In addition, the City had contractual obligations for compensated absences totaling \$106,604 in the General Fund and \$24,876 in the Utility Funds. These debts are to be repaid from revenues of the respective funds as they come due.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Edgewater has begun experiencing revenue growth from the sales taxes collected by its retail establishments and from small commercial and residential planning and building permit fees. The 2014 Budget anticipated a continuation of these trends.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Edgewater's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you desire additional financial information, contact the City's finance department at City of Edgewater, 2401 Sheridan Blvd., Edgewater, CO 80214, or visit our website at Edgewaterco.com.

BASIC FINANCIAL STATEMENTS

CITY OF EDGEWATER, COLORADO

STATEMENT OF NET POSITION

December 31, 2013

	PRIMARY GOVERNMENT			COMPONENT UNIT REDEVELOPMENT AUTHORITY
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
ASSETS				
Cash and Investments	\$ 4,091,106	\$ 700,602	\$ 4,791,708	\$ 646,226
Accounts Receivable	93,843	228,156	321,999	3
Taxes Receivable	405,042	-	405,042	-
Intergovernmental Receivables	39,497	-	39,497	-
Inventory	-	16,650	16,650	-
Property Held for Resale	-	-	-	346,559
Capital Assets, Not Being Depreciated	930,088	-	930,088	134,000
Capital Assets, Net of Accumulated Depreciation	1,923,489	1,147,661	3,071,150	34,655
TOTAL ASSETS	<u>7,483,065</u>	<u>2,093,069</u>	<u>9,576,134</u>	<u>1,161,443</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	74,818	-	74,818	-
LIABILITIES				
Accounts Payable	616,310	105,509	721,819	500
Accrued Liabilities	48,735	3,637	52,372	-
Court Bonds and Deposits	41,760	-	41,760	-
Noncurrent Liabilities				
Due Within One Year	359,801	24,876	384,677	-
Due in More Than One Year	2,231,054	-	2,231,054	-
TOTAL LIABILITIES	<u>3,297,660</u>	<u>134,022</u>	<u>3,431,682</u>	<u>500</u>
NET POSITION				
Net Investment in Capital Assets	444,144	1,147,661	1,591,805	168,655
Restricted for Parks and Open Space	1,445,430	-	1,445,430	-
Restricted for Debt Service	240,500	-	240,500	-
Restricted for Emergencies	105,000	-	105,000	-
Unrestricted	2,025,149	811,386	2,836,535	992,288
TOTAL NET POSITION	<u>\$ 4,260,223</u>	<u>\$ 1,959,047</u>	<u>\$ 6,219,270</u>	<u>\$ 1,160,943</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,469,804	\$ 309,444	\$ -	\$ -
Public Safety	1,702,022	168,319	84,065	-
Public Works	1,353,873	41,394	150,011	-
Parks and Recreation	263,735	37,328	200,480	-
Interest on Long-Term Debt	64,016	-	-	-
Total Governmental Activities	4,853,450	556,485	434,556	-
Business-Type Activities				
Water	1,088,695	1,173,301	-	-
Sewer	500,348	389,090	-	51,963
Trash	247,392	219,239	-	-
Total Business-Type Activities	1,836,435	1,781,630	-	51,963
TOTAL PRIMARY GOVERNMENT	\$ 6,689,885	\$ 2,338,115	\$ 434,556	\$ 51,963
COMPONENT UNIT				
Redevelopment Authority	\$ 46,789	\$ 49,926	\$ -	\$ -

GENERAL REVENUES

Property Taxes
 Specific Ownership Taxes
 Sales and Use Taxes
 Franchise Taxes
 Intergovernmental Revenues not Restricted to
 Specific Programs
 Investment Income
 Gain on Sale of Capital Assets
 Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT REDEVELOPMENT AUTHORITY
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
\$ (1,160,360)	\$ -	\$ (1,160,360)	\$ -
(1,449,638)	-	(1,449,638)	-
(1,162,468)	-	(1,162,468)	-
(25,927)	-	(25,927)	-
(64,016)	-	(64,016)	-
<u>(3,862,409)</u>	<u>-</u>	<u>(3,862,409)</u>	<u>-</u>
-	84,606	84,606	-
-	(59,295)	(59,295)	-
-	(28,153)	(28,153)	-
<u>-</u>	<u>(2,842)</u>	<u>(2,842)</u>	<u>-</u>
<u>(3,862,409)</u>	<u>(2,842)</u>	<u>(3,865,251)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,137</u>
187,341	-	187,341	16,526
14,259	-	14,259	-
3,575,199	-	3,575,199	-
262,717	-	262,717	-
14,558	-	14,558	-
8,821	1,302	10,123	2,833
119,898	-	119,898	-
17,291	42,199	59,490	-
<u>4,200,084</u>	<u>43,501</u>	<u>4,243,585</u>	<u>19,359</u>
337,675	40,659	378,334	22,496
<u>3,922,548</u>	<u>1,918,388</u>	<u>5,840,936</u>	<u>1,138,447</u>
<u>\$ 4,260,223</u>	<u>\$ 1,959,047</u>	<u>\$ 6,219,270</u>	<u>\$ 1,160,943</u>

CITY OF EDGEWATER, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	GENERAL	OPEN SPACE	CAPITAL IMPROVEMENTS	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
ASSETS					
Cash and Investments	\$ 2,511,568	\$ 1,102,120	\$ 5,379	\$ 472,039	\$ 4,091,106
Accounts Receivable	93,843	-	-	-	93,843
Taxes Receivable	405,042	-	-	-	405,042
Intergovernmental Receivables	12,446	27,051	-	-	39,497
TOTAL ASSETS	\$ 3,022,899	\$ 1,129,171	\$ 5,379	\$ 472,039	\$ 4,629,488
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 603,225	\$ 10,231	\$ -	\$ 2,854	\$ 616,310
Accrued Liabilities	48,735	-	-	-	48,735
Court Bonds and Deposits	41,760	-	-	-	41,760
TOTAL LIABILITIES	693,720	10,231	-	2,854	706,805
FUND BALANCE					
Restricted for Parks and Open Space	-	1,118,940	-	326,490	1,445,430
Restricted for Debt Service	240,500	-	-	-	240,500
Restricted for Emergencies	105,000	-	-	-	105,000
Assigned to Capital Outlay	-	-	5,379	142,695	148,074
Unrestricted, Unassigned	1,983,679	-	-	-	1,983,679
TOTAL FUND BALANCE	2,329,179	1,118,940	5,379	469,185	3,922,683
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,022,899	\$ 1,129,171	\$ 5,379	\$ 472,039	\$ 4,629,488

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Funds	\$ 3,922,683
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	2,853,577
Long-term liabilities and related items, including bonds (\$2,484,251), compensated absences (\$106,604), and loss on debt refunding \$74,818, are not due and payable in the current year and, therefore, are not reported in governmental funds.	(2,516,037)
Total Net Position of Governmental Activities	\$ 4,260,223

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	GENERAL	OPEN SPACE	CAPITAL IMPROVEMENTS	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES					
Taxes	\$ 4,039,516	\$ -	\$ -	\$ -	\$ 4,039,516
Licenses and Permits	161,087	-	-	-	161,087
Intergovernmental	248,634	144,146	-	56,334	449,114
Charges for Services	227,079	-	-	-	227,079
Fines and Forfeitures	168,319	-	-	-	168,319
Investment Income	5,065	2,735	-	1,021	8,821
Miscellaneous	3,771	13,520	-	-	17,291
TOTAL REVENUES	4,853,471	160,401	-	57,355	5,071,227
EXPENDITURES					
Current					
General Government	1,441,628	-	-	1,595	1,443,223
Public Safety	1,719,618	-	-	-	1,719,618
Public Works	750,062	-	-	-	750,062
Parks and Recreation	58,974	168,514	-	32,992	260,480
Capital Outlay	-	-	524,740	79,630	604,370
Debt Service					
Principal	315,000	-	-	-	315,000
Interest and Fiscal Charges	64,650	-	-	-	64,650
TOTAL EXPENDITURES	4,349,932	168,514	524,740	114,217	5,157,403
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	503,539	(8,113)	(524,740)	(56,862)	(86,176)
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Assets	-	-	-	119,898	119,898
Transfers In	-	-	525,000	100,000	625,000
Transfers Out	(625,000)	-	-	-	(625,000)
TOTAL OTHER FINANCING SOURCES (USES)	(625,000)	-	525,000	219,898	119,898
NET CHANGE IN FUND BALANCE	(121,461)	(8,113)	260	163,036	33,722
FUND BALANCE, Beginning	2,450,640	1,127,053	5,119	306,149	3,888,961
FUND BALANCE, Ending	\$ 2,329,179	\$ 1,118,940	\$ 5,379	\$ 469,185	\$ 3,922,683

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$	33,722
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$75,180 exceeded depreciation expense (\$140,617) in the current year.		(65,437)
Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		315,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: amortization of bond premium \$11,322 and loss on refunding (\$10,688).		634
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the change in accrued compensated absences.		<u>53,756</u>
Change in Net Position of Governmental Activities	\$	<u><u>337,675</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
 December 31, 2013

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 123,047	\$ 572,498	\$ 5,057	\$ 700,602
Accounts Receivable	115,662	85,639	26,855	228,156
Inventory	16,650	-	-	16,650
TOTAL CURRENT ASSETS	255,359	658,137	31,912	945,408
NONCURRENT ASSETS				
Capital Assets, Net of Accumulated Depreciation	350,099	797,562	-	1,147,661
TOTAL ASSETS	605,458	1,455,699	31,912	2,093,069
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	30,915	58,413	16,181	105,509
Accrued Liabilities	1,730	1,907	-	3,637
Accrued Compensated Absences, Current Portion	13,038	11,838	-	24,876
TOTAL LIABILITIES	45,683	72,158	16,181	134,022
NET POSITION				
Net Investment in Capital Assets	350,099	797,562	-	1,147,661
Unrestricted	209,676	585,979	15,731	811,386
TOTAL NET POSITION	\$ 559,775	\$ 1,383,541	\$ 15,731	\$ 1,959,047

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2013

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
OPERATING REVENUES				
Charges for Services	\$ 1,173,301	\$ 389,090	\$ 219,239	\$ 1,781,630
Miscellaneous	<u>9,247</u>	<u>32,932</u>	<u>20</u>	<u>42,199</u>
TOTAL OPERATING REVENUES	<u>1,182,548</u>	<u>422,022</u>	<u>219,259</u>	<u>1,823,829</u>
OPERATING EXPENSES				
Operations	1,025,544	463,362	223,320	1,712,226
Maintenance	23,889	6,126	-	30,015
Depreciation	<u>39,262</u>	<u>30,860</u>	<u>6,172</u>	<u>76,294</u>
TOTAL OPERATING EXPENSES	<u>1,088,695</u>	<u>500,348</u>	<u>229,492</u>	<u>1,818,535</u>
NET OPERATING INCOME (LOSS)	<u>93,853</u>	<u>(78,326)</u>	<u>(10,233)</u>	<u>5,294</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	266	1,036	-	1,302
Loss on Disposal of Capital Assets	<u>-</u>	<u>-</u>	<u>(17,900)</u>	<u>(17,900)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>266</u>	<u>1,036</u>	<u>(17,900)</u>	<u>(16,598)</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	94,119	(77,290)	(28,133)	(11,304)
CAPITAL CONTRIBUTIONS				
System Connection Fees	<u>-</u>	<u>51,963</u>	<u>-</u>	<u>51,963</u>
CHANGE IN NET POSITION	94,119	(25,327)	(28,133)	40,659
NET POSITION, Beginning	<u>465,656</u>	<u>1,408,868</u>	<u>43,864</u>	<u>1,918,388</u>
NET POSITION, Ending	<u>\$ 559,775</u>	<u>\$ 1,383,541</u>	<u>\$ 15,731</u>	<u>\$ 1,959,047</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 Year Ended December 31, 2013
 Increase (Decrease) in Cash and Cash Equivalents

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,193,304	\$ 376,368	\$ 215,967	\$ 1,785,639
Cash Paid to Suppliers	(1,113,412)	(306,525)	(207,342)	(1,627,279)
Cash Paid to Employees	(127,462)	(92,383)	(296)	(220,141)
Net Cash Provided (Used) by Operating Activities	<u>(47,570)</u>	<u>(22,540)</u>	<u>8,329</u>	<u>(61,781)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to Other Funds	-	-	(11,272)	(11,272)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System Connection Fees Received	-	51,963	-	51,963
Proceeds from Sale of Capital Assets	-	-	8,000	8,000
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>51,963</u>	<u>8,000</u>	<u>59,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	266	1,036	-	1,302
NET CHANGE IN CASH AND CASH EQUIVALENTS	(47,304)	30,459	5,057	(11,788)
CASH AND CASH EQUIVALENTS, Beginning	<u>170,351</u>	<u>542,039</u>	<u>-</u>	<u>712,390</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 123,047</u>	<u>\$ 572,498</u>	<u>\$ 5,057</u>	<u>\$ 700,602</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ 93,853	\$ (78,326)	\$ (10,233)	\$ 5,294
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	39,262	30,860	6,172	76,294
Changes in Assets and Liabilities Related to Operations				
Accounts Receivable	10,756	(45,654)	(3,292)	(38,190)
Accounts Payable	(181,080)	57,573	15,978	(107,529)
Accrued Liabilities	(3,707)	1,169	(296)	(2,834)
Accrued Compensated Absences	(6,654)	11,838	-	5,184
Net Cash Provided (Used) by Operating Activities	<u>\$ (47,570)</u>	<u>\$ (22,540)</u>	<u>\$ 8,329</u>	<u>\$ (61,781)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND

December 31, 2013

	<u>FIREMEN'S PENSION</u>
ASSETS	
Cash and Investments	
Deposits	\$ 164,531
U.S. Agency Securities	<u>614,526</u>
TOTAL ASSETS	<u>\$ 779,057</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	\$ <u>4,600</u>
TOTAL LIABILITIES	<u>4,600</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>774,457</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 779,057</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
 Year Ended December 31, 2013

	<u>FIREMEN'S PENSION</u>
ADDITIONS	
City Contributions	\$ 32,000
State Contributions	18,799
Investment Income	<u>7,611</u>
TOTAL ADDITIONS	<u>58,410</u>
DEDUCTIONS	
Pension Benefit Payments	79,590
Administration	<u>4,751</u>
TOTAL DEDUCTIONS	<u>84,341</u>
CHANGE IN NET POSITION	(25,931)
NET POSITION, Beginning	<u>800,388</u>
NET POSITION, Ending	<u>\$ 774,457</u>

The accompanying notes are an integral part of the financial statements.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Edgewater (the “City”) adopted a home rule charter on June 24, 2008. The City is governed by a Mayor and seven-member council elected by the residents. The City provides the following services: public safety, public works, public improvements, parks and recreation, planning and zoning, municipal court, water, sewer, trash, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens, on the City. Based on the application of these criteria, the City includes the following entity in its reporting entity.

The *Edgewater Redevelopment Authority* (the “Authority”) provides redevelopment within the City limits. The City Council approves appointments to the governing board of the Authority. Although the Authority is legally separate from the City, the Authority’s primary revenue source, tax increment financing, can only be established by the City. The Authority is discretely presented in the financial statements and does not issue separate financial statements.

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 nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the City is financially accountable.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when the 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.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City.

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, are recorded only when payment is due.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Open Space Fund* accounts for Jefferson County sales tax revenues that are shared with the City and restricted for open space and parks expenditures.

The *Capital Improvements Fund* accounts for the City's ongoing capital projects, which are financed primarily by General Fund transfers.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

Additionally, the City reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the firemen's pension plan, which accumulates resources for benefits paid to qualified volunteer firefighters.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents. Investments are reported at fair value.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory - Inventories of the proprietary funds are valued at cost using the first-in, first-out method.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Property Held for Resale - Property that is held with the intent to sell is reported at cost, which approximates market value.

Capital Assets - Capital assets, which include buildings, equipment, water and sewer systems, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets, which include streets, bridges, sidewalks, drainage systems and trails, purchased or constructed prior to January 1, 2004, have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	40 years
Equipment	5 - 15 years
Infrastructure	10 - 15 years
Water and Sewer Systems	35 years

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses.

Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenses or expenditures.

Compensated Absences - Employees of the City are allowed to accumulate unused vacation and sick time. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time and, if the employee has completed 5 years of continuous service, will be compensated for 10% of accrued sick time at their final hourly rate. This percentage will increase 2% per year to a maximum of 40% of accrued sick time. Effective January 1, 2013, the payout of sick leave was frozen, and no additional amounts will accrue.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

These compensated absences are recognized when due in the governmental funds. A long-term liability has been reported in the government-wide and proprietary fund financial statements for the accrued compensated absences.

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, governmental funds report assigned fund balances when the City Council intends to use resources for a specific purpose but without a formal action.

The City has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both restricted and unrestricted fund balances are available, the City uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2013, follows:

Petty Cash	\$	650
Cash Deposits		5,591,754
Investments		<u>624,587</u>
Total	\$	<u>6,216,991</u>

Cash and investments are reported in the financial statements as follows:

Primary Government	\$	4,791,708
Component Unit		646,226
Pension Trust Fund		<u>779,057</u>
Total	\$	<u>6,216,991</u>

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2013, the City had bank deposits of \$5,120,974 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, concentration and custodial risk criteria in which local governments may invest, which include the following. The City's investment policy follows State statutes. State statutes do not apply to public funds held or invested as part of any pension plan.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2013, the City had the following investments:

Investment Type	S&P Rating	Investment Maturities (in Years)				Fair Value
		Less Than 1	1 - 5	6 - 10	More Than 10	
Local Government Investment Pool	AAAm	\$ 10,061	\$ -	\$ -	\$ -	\$ 10,061
Government National Mortgage Association	N/A	-	4,542	53,264	556,720	614,526
Total		\$ 10,061	\$ 4,542	\$ 53,264	\$ 556,720	\$ 624,587

Interest Rate Risk - State statutes generally limit investment maturities to five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit most investments to those with certain ratings from nationally recognized statistical rating organizations, depending on the type of investment.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer, except for corporate securities. The Government National Mortgage Association (GNMA) securities are held by the Firemen's Pension Plan, and represent 98% of total investments.

Local Government Investment Pool - At December 31, 2013, the City had \$10,061 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, is summarized below:

	<u>Balances</u> 12/31/12	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> 12/31/13
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 930,088	\$ -	\$ -	\$ 930,088
Total Capital Assets, Not Being Depreciated	<u>930,088</u>	<u>-</u>	<u>-</u>	<u>930,088</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	1,414,509	33,163	-	1,447,672
Equipment	1,523,969	42,017	707,486	858,500
Infrastructure	806,334	-	-	806,334
Total Capital Assets, Being Depreciated	<u>3,744,812</u>	<u>75,180</u>	<u>707,486</u>	<u>3,112,506</u>
Less Accumulated Depreciation				
Buildings and Improvements	360,496	18,108	-	378,604
Equipment	1,238,107	63,696	707,486	594,317
Infrastructure	157,283	58,813	-	216,096
Total Accumulated Depreciation	<u>1,755,886</u>	<u>140,617</u>	<u>707,486</u>	<u>1,189,017</u>
Total Capital Assets, Being Depreciated, Net	<u>1,988,926</u>	<u>(65,437)</u>	<u>-</u>	<u>1,923,489</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,919,014</u>	<u>\$ (65,437)</u>	<u>\$ -</u>	<u>\$ 2,853,577</u>

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/12	Additions	Deletions	Balances 12/31/13
Business-Type Activities				
Capital Assets, Being Depreciated				
Water System	\$ 1,326,282	\$ -	\$ -	\$ 1,326,282
Sewer System	946,766	-	-	946,766
Trash Equipment	148,180	-	148,180	-
Total Capital Assets, Being Depreciated	<u>2,421,228</u>	<u>-</u>	<u>148,180</u>	<u>2,273,048</u>
Less Accumulated Depreciation				
Water System	936,921	39,262	-	976,183
Sewer System	118,344	30,860	-	149,204
Trash Equipment	116,108	6,172	122,280	-
Total Accumulated Depreciation	<u>1,171,373</u>	<u>76,294</u>	<u>122,280</u>	<u>1,125,387</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,249,855</u>	<u>\$ (76,294)</u>	<u>\$ (25,900)</u>	<u>\$ 1,147,661</u>
Component Unit				
Capital Assets, Not Being Depreciated				
Land	\$ 134,000	-	-	\$ 134,000
Capital Assets, Being Depreciated				
Sign	39,987	-	-	39,987
Accumulated Depreciation	<u>(2,666)</u>	<u>(2,666)</u>	<u>-</u>	<u>(5,332)</u>
Total Capital Assets, Being Depreciated, Net	<u>37,321</u>	<u>(2,666)</u>	<u>-</u>	<u>34,655</u>
Component Unit Capital Assets, Net	<u>\$ 171,321</u>	<u>\$ (2,666)</u>	<u>\$ -</u>	<u>\$ 168,655</u>

Depreciation expense was charged to programs of the City as follows:

Governmental Activities		
General Government		\$ 26,097
Public Safety		38,689
Public Works		73,516
Parks and Recreation		<u>2,315</u>
Total		<u>\$ 140,617</u>

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2013:

	Balance 12/31/12	Additions	Payments	Balance 12/31/13	Due Within One Year
Governmental Activities					
2012 Revenue Refunding Bonds	\$ 2,720,000	\$ -	\$ 315,000	\$ 2,405,000	\$ 325,000
Premium	90,573	-	11,322	79,251	11,322
Accrued Compensated Absences	<u>160,360</u>	<u>-</u>	<u>53,756</u>	<u>106,604</u>	<u>23,479</u>
Total	<u>\$ 2,970,933</u>	<u>\$ -</u>	<u>\$ 380,078</u>	<u>\$ 2,590,855</u>	<u>\$ 359,801</u>

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 4: LONG-TERM DEBT (Continued)

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

On September 25, 2012, the City issued \$2,790,000 Sales and Use Tax Revenue Refunding Bonds, Series 2012, to refund the outstanding General Fund Revenue Bonds, Series 2001, originally issued to refund a portion of the Tax Increment Revenue Refunding Bonds, Series 1999, issued by the Authority. Principal payments are due annually on December 1, through 2020. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 3%. These bonds are payable solely from the City's 3.5% sales and use tax. During the year ended December 31, 2013, revenues of \$3,575,199 were available to pay annual debt service of \$379,650.

Future debt service requirements are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 325,000	\$ 55,200	\$ 380,200
2015	325,000	48,700	373,700
2016	340,000	42,200	382,200
2017	345,000	35,400	380,400
2018	350,000	28,500	378,500
2019 - 2020	<u>720,000</u>	<u>27,250</u>	<u>747,250</u>
Total	<u>\$ 2,405,000</u>	<u>\$ 237,250</u>	<u>\$ 2,642,250</u>

NOTE 5: INTERFUND TRANSACTIONS

Interfund transfers during the year ended December 31, 2013, consisted of the following.

<u>Transfers In</u>	<u>Transfers Out</u>	
Capital Improvements Fund	General Fund	\$ 525,000
Capital Equipment Fund	General Fund	<u>100,000</u>
Total		<u>\$ 625,000</u>

The General Fund transferred certain amounts to the Capital Improvements and Capital Equipment Funds to finance capital purchases and infrastructure improvements.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 6: RISK MANAGEMENT

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

NOTE 7: RETIREMENT COMMITMENTS

Police Pension Plan

The City contributes to a single-employer defined contribution money purchase pension plan on behalf of police officers. All sworn police officers are required to participate in the Plan. The plan provisions and contribution requirements are established and may be amended by the City Council. The City is required to contribute 9% of each participating employee's compensation and each employee must contribute a matching amount. Employees vest in 25% of the City contributions after two years of employment, and an additional 25% each year thereafter. Employees fully vest after five years of participation in the Plan.

During the year ended December 31, 2013, the City contributed \$65,707 to the Plan, equal to the required contributions. All Plan assets are managed by Pension Management Associates, Inc.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Employee Pension Plan

The City contributes to a multiple-employer defined contribution retirement plan on behalf of City employees. All regular full-time employees are eligible to participate in the Plan with the exclusion of sworn police officers. The plan provisions and contribution requirements are established and may be amended by the City Council. The City is required to contribute 4% of each participating employee's compensation, and each participating employee must contribute 4%. Employees may make additional voluntary contributions not to exceed 10% of their compensation. Employees fully vest in the City's contributions at a rate of 20% for each full twelve months of participation.

During the year ended December 31, 2013, the City contributed \$36,546 to the Plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Firemen's Pension Plan

Plan Description - The City has established a single-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statutes. The Plan is administered by a Board of Trustees composed of City Council members and other appointees selected in accordance with State statutes. This Board of Trustees also establishes and is allowed to amend contribution requirements of the City. Effective January 1, 2013, the City ceased providing fire services. The City intends to continue the Plan for eligible volunteer firefighters but the Plan is closed to further participation.

Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension of \$300. Firefighters shall maintain a minimum training participation of 36 hours each year to qualify for retirement benefits. A firefighter who is disabled in the line of duty as to deprive the firefighter of earning capacity that extends beyond one year shall be compensated in an amount determined by the Board of Trustees.

The Plan does not publish a separate stand-alone report, but is reported in these financial statements as a Pension Trust Fund.

Funding Policy - The Plan may receive contributions from the City in an amount not to exceed one mill of property taxes. For the year ended December 31, 2013, the City contributed 0.76 mills. As established by State statutes, the State of Colorado contributes the lesser of 0.5 mills of property taxes or ninety percent of the City's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2013, indicated that the current level of contributions to the Plan are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, for the present Plan.

Annual Pension Cost - For the year ended December 31, 2013, the City and State contributed \$32,000 and \$18,799, respectively, to the Plan. The required contribution was determined as part of the January 1, 2013, actuarial valuation using the entry age actuarial cost method.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Firemen’s Pension Plan (Continued)

Actuarial assumptions include the following.

- Interest Rate - 5.75% per annum, compounded annually
- Retirement - Age 50 and 20 years of service or age 60 and 10 years of service
- Disability and Separation - Graduated rates based on ages from 20 to 55
- Mortality - RP-2000 projected 15 years from the valuation date
- Marital Status - 90% married
- Age Difference - Males assumed to be 3 years older
- Asset Valuation - Market value
- Inflation Rate - 3.25%

Based on an amortization period of twenty years using the level dollar amount on an open basis, the Plan’s expected contributions exceed the amount recommended to eliminate the unfunded actuarial accrued liability. The Plan’s expected contributions are estimated to eliminate the unfunded actuarial accrued liability in approximately three years. Trend information of the Plan follows:

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 12,471	407%	\$ -
2012	30,102	167%	-
2011	30,102	183%	-

Funded Status and Funding Progress - At January 1, 2013, the most recent actuarial valuation date, the Plan was 84% funded. The actuarial accrued liability for benefits was \$950,513 and the actuarial value of assets was \$800,388, resulting in an unfunded actuarial accrued liability of \$150,125. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 8: COMMITMENTS AND CONTINGENCIES

City of Edgewater Fire Department

On November 6, 2012, the citizens voted to remove the requirement that the City maintain a fire department. Effective January 1, 2013, the City’s fire services were included in the Wheat Ridge Fire Protection District (the “District”). In addition, the City eliminated its imposition of a property tax mill levy on City properties, and allowed the District to collect the property taxes in the future.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Enhanced Sales Tax Incentive Program

The City has entered into various agreements to increase economic development within City limits.

In 2001, the City agreed to rebate a portion of the sales taxes generated by King Soopers, through 2015. During the year ended December 31, 2013, King Soopers earned \$32,906 under this agreement. Payments since inception totaled \$325,492 at December 31, 2013.

In 2005, the City agreed to rebate a portion of the sales taxes generated by Target. The agreement terminates at the earlier of December 31, 2026, or upon reaching the cumulative maximum rebate amount of \$10,890,767. During the year ended December 31, 2013, Target earned \$475,074 under this agreement. Payments since inception totaled \$2,467,614 at December 31, 2013.

In 2007, the City entered into an agreement with Sloans Lake Partners LLC, the owner and developer of the Edgewater Marketplace. The agreement requires the City to rebate certain sales taxes generated by the Edgewater Marketplace as reimbursement for infrastructure constructed at the Edgewater Marketplace. The agreement terminates at the earlier of December 31, 2019, or upon reaching the cumulative maximum rebate amount of \$1,384,993. During the year ended December 31, 2013, Sloans Lake Partners LLC earned \$66,689 under this agreement. Payments since inception totaled \$248,993 at December 31, 2013.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of the State and local governments.

On June 24, 2008, voters within the City authorized the City to collect, retain and expend all of the sales and use tax revenues and all revenues generated by the City, subject only to those limitations previously approved by the voters, notwithstanding any limitation contained in the Amendment or any other law. The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The City has established emergency reserves, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2013, the emergency reserve of \$105,000 was reported as restricted fund balance in the General Fund.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 9: CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the City adopted the standards of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the City's net position at December 31, 2012, was restated to remove debt issuance costs capitalized in previous years, as follows:

	<u>Governmental Activities</u>
Net Position, December 31, 2012, as Originally Stated	\$ 4,011,339
Debt Issuance Costs	<u>(88,791)</u>
Net Position, December 31, 2012, as Restated	<u>\$ 3,922,548</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EDGEWATER, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FIREMEN'S PENSION PLAN
 December 31, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/03	\$ 689,366	\$ 846,318	\$ 156,952	81.5%	NA	NA
1/1/05	680,104	985,172	305,068	69.0%	NA	NA
1/1/07	698,946	995,037	296,091	70.2%	NA	NA
1/1/09	757,561	1,015,171	257,610	74.6%	NA	NA
1/1/11	776,689	997,336	220,647	77.9%	NA	NA
1/1/13	800,388	950,513	150,125	84.2%	NA	NA

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Taxes	\$ 3,763,000	\$ 3,763,000	\$ 4,039,516	\$ 276,516
Licenses and Permits	110,500	110,500	161,087	50,587
Intergovernmental	227,506	227,506	248,634	21,128
Charges for Services	217,000	217,000	227,079	10,079
Fines and Forfeitures	127,500	127,500	168,319	40,819
Investment Income	15,000	15,000	5,065	(9,935)
Miscellaneous	-	-	3,771	3,771
TOTAL REVENUES	<u>4,460,506</u>	<u>4,460,506</u>	<u>4,853,471</u>	<u>392,965</u>
EXPENDITURES				
Current				
General Government	1,401,696	1,461,696	1,441,628	20,068
Public Safety	1,883,190	1,883,190	1,719,618	163,572
Public Works	601,157	816,157	750,062	66,095
Parks and Recreation	52,800	52,800	58,974	(6,174)
Debt Service				
Principal	379,650	379,650	315,000	64,650
Interest and Fiscal Charges	-	-	64,650	(64,650)
TOTAL EXPENDITURES	<u>4,318,493</u>	<u>4,593,493</u>	<u>4,349,932</u>	<u>243,561</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	142,013	(132,987)	503,539	636,526
OTHER FINANCING SOURCES (USES)				
Transfers Out	(125,000)	(675,000)	(625,000)	50,000
NET CHANGE IN FUND BALANCE	17,013	(807,987)	(121,461)	686,526
FUND BALANCE, Beginning	<u>2,416,035</u>	<u>2,402,535</u>	<u>2,450,640</u>	<u>48,105</u>
FUND BALANCE, Ending	<u>\$ 2,433,048</u>	<u>\$ 1,594,548</u>	<u>\$ 2,329,179</u>	<u>\$ 734,631</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

OPEN SPACE FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 132,500	\$ 144,146	\$ 11,646
Investment Income	4,000	2,735	(1,265)
Miscellaneous	15,000	13,520	(1,480)
TOTAL REVENUES	<u>151,500</u>	<u>160,401</u>	<u>8,901</u>
EXPENDITURES			
Current			
Parks and Recreation	173,119	168,514	4,605
TOTAL EXPENDITURES	<u>173,119</u>	<u>168,514</u>	<u>4,605</u>
NET CHANGE IN FUND BALANCE	(21,619)	(8,113)	13,506
FUND BALANCE, Beginning	<u>1,122,613</u>	<u>1,127,053</u>	<u>4,440</u>
FUND BALANCE, Ending	<u>\$ 1,100,994</u>	<u>\$ 1,118,940</u>	<u>\$ 17,946</u>

See the accompanying Independent Auditors' Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Budgets are legally adopted for all funds of the City, except the pension trust fund. Budgets are presented on a basis consistent with generally accepted accounting principles except for the enterprise funds which budget using a non-GAAP basis, whereby capital outlay is budgeted as an expense but depreciation is not budgeted.

The City follows these procedures in establishing the budgetary information reflected in the financial statements:

- Management submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- City management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at year end.

Budgets for the Edgewater Redevelopment Authority are adopted by the Authority's governing board, and are presented in the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF EDGEWATER, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	<u>CONSERVATION TRUST</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTALS</u>
ASSETS			
Cash and Investments	\$ 329,181	\$ 142,858	\$ 472,039
TOTAL ASSETS	<u>\$ 329,181</u>	<u>\$ 142,858</u>	<u>\$ 472,039</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 2,691	\$ 163	\$ 2,854
TOTAL LIABILITIES	<u>2,691</u>	<u>163</u>	<u>2,854</u>
FUND BALANCE			
Restricted for Parks and Open Space	326,490	-	326,490
Assigned to Capital Outlay	<u>-</u>	<u>142,695</u>	<u>142,695</u>
TOTAL FUND BALANCE	<u>326,490</u>	<u>142,695</u>	<u>469,185</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 329,181</u>	<u>\$ 142,858</u>	<u>\$ 472,039</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	<u>CONSERVATION TRUST</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTALS</u>
REVENUES			
Intergovernmental	\$ 56,334	\$ -	\$ 56,334
Investment Income	<u>691</u>	<u>330</u>	<u>1,021</u>
 TOTAL REVENUES	 <u>57,025</u>	 <u>330</u>	 <u>57,355</u>
EXPENDITURES			
Current			
General Government	-	1,595	1,595
Parks and Recreation	32,992	-	32,992
Capital Outlay	<u>-</u>	<u>79,630</u>	<u>79,630</u>
 TOTAL EXPENDITURES	 <u>32,992</u>	 <u>81,225</u>	 <u>114,217</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>24,033</u>	 <u>(80,895)</u>	 <u>(56,862)</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	-	119,898	119,898
Transfers In	<u>-</u>	<u>100,000</u>	<u>100,000</u>
 TOTAL OTHER FINANCING SOURCES	 <u>-</u>	 <u>219,898</u>	 <u>219,898</u>
 NET CHANGE IN FUND BALANCE	 24,033	 139,003	 163,036
FUND BALANCE, Beginning	<u>302,457</u>	<u>3,692</u>	<u>306,149</u>
FUND BALANCE, Ending	<u>\$ 326,490</u>	<u>\$ 142,695</u>	<u>\$ 469,185</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
 Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 52,000	\$ 56,334	\$ 4,334
Investment Income	1,000	691	(309)
TOTAL REVENUES	<u>53,000</u>	<u>57,025</u>	<u>4,025</u>
EXPENDITURES			
Parks and Recreation	<u>59,000</u>	<u>32,992</u>	<u>26,008</u>
TOTAL EXPENDITURES	<u>59,000</u>	<u>32,992</u>	<u>26,008</u>
NET CHANGE IN FUND BALANCE	(6,000)	24,033	30,033
FUND BALANCE, Beginning	<u>283,596</u>	<u>302,457</u>	<u>18,861</u>
FUND BALANCE, Ending	<u>\$ 277,596</u>	<u>\$ 326,490</u>	<u>\$ 48,894</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL EQUIPMENT FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	\$ -	\$ 330	\$ 330
TOTAL REVENUES	<u>-</u>	<u>330</u>	<u>330</u>
EXPENDITURES			
Current			
General Government	-	1,595	(1,595)
Capital Outlay	<u>98,000</u>	<u>79,630</u>	<u>18,370</u>
TOTAL EXPENDITURES	<u>98,000</u>	<u>81,225</u>	<u>16,775</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(98,000)</u>	<u>(80,895)</u>	<u>17,105</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	150,000	119,898	(30,102)
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>250,000</u>	<u>219,898</u>	<u>(30,102)</u>
NET CHANGE IN FUND BALANCE	152,000	139,003	(12,997)
FUND BALANCE, Beginning	<u>2,739</u>	<u>3,692</u>	<u>953</u>
FUND BALANCE, Ending	<u>\$ 154,739</u>	<u>\$ 142,695</u>	<u>\$ (12,044)</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
 Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
EXPENDITURES				
Capital Outlay	\$ 25,000	\$ 525,000	\$ 524,740	\$ 260
TOTAL EXPENDITURES	<u>25,000</u>	<u>525,000</u>	<u>524,740</u>	<u>260</u>
OTHER FINANCING SOURCES				
Transfers In	<u>25,000</u>	<u>525,000</u>	<u>525,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	260	260
FUND BALANCE, Beginning	<u>7,779</u>	<u>7,779</u>	<u>5,119</u>	<u>(2,660)</u>
FUND BALANCE, Ending	<u>\$ 7,779</u>	<u>\$ 7,779</u>	<u>\$ 5,379</u>	<u>\$ (2,400)</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

WATER FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Water Charges	\$ 1,194,500	\$ 1,194,500	\$ 1,173,301	\$ (21,199)
Investment Income	3,000	3,000	266	(2,734)
Miscellaneous	5,000	5,000	9,247	4,247
TOTAL REVENUES	<u>1,202,500</u>	<u>1,202,500</u>	<u>1,182,814</u>	<u>(19,686)</u>
EXPENSES				
Operations	1,056,899	1,056,899	1,025,544	31,355
Maintenance	26,600	51,600	23,889	27,711
TOTAL EXPENSES	<u>1,083,499</u>	<u>1,108,499</u>	<u>1,049,433</u>	<u>59,066</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 119,001</u>	<u>\$ 94,001</u>	133,381	<u>\$ 39,380</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation			<u>(39,262)</u>	
CHANGE IN NET POSITION, GAAP Basis			94,119	
NET POSITION, Beginning			<u>465,656</u>	
NET POSITION, Ending			<u>\$ 559,775</u>	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

SEWER FUND

Year Ended December 31, 2013

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE Positive (Negative)
REVENUES				
Sewer Charges	\$ 357,300	\$ 357,300	\$ 389,090	\$ 31,790
System Connection Fees	31,000	31,000	51,963	20,963
Investment Income	1,600	1,600	1,036	(564)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>32,932</u>	<u>31,932</u>
 TOTAL REVENUES	 <u>390,900</u>	 <u>390,900</u>	 <u>475,021</u>	 <u>84,121</u>
EXPENSES				
Operations	423,235	423,235	463,362	(40,127)
Maintenance	445,500	445,500	6,126	439,374
Transfers Out	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
 TOTAL EXPENSES	 <u>868,735</u>	 <u>893,735</u>	 <u>469,488</u>	 <u>424,247</u>
 CHANGE IN NET POSITION, Budgetary Basis	 \$ <u>(477,835)</u>	 \$ <u>(502,835)</u>	 5,533	 \$ <u>508,368</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation			<u>(30,860)</u>	
 CHANGE IN NET POSITION, GAAP Basis			 (25,327)	
NET POSITION, Beginning			<u>1,408,868</u>	
NET POSITION, Ending			\$ <u><u>1,383,541</u></u>	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

TRASH FUND

Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Trash Charges	\$ 217,200	\$ 219,239	\$ 2,039
Miscellaneous	-	20	20
	<u>217,200</u>	<u>219,259</u>	<u>2,059</u>
TOTAL REVENUES			
EXPENSES			
Operations	<u>225,597</u>	<u>223,320</u>	<u>2,277</u>
	<u>225,597</u>	<u>223,320</u>	<u>2,277</u>
TOTAL EXPENSES			
CHANGE IN NET POSITION, Budgetary Basis	\$ <u>(8,397)</u>	(4,061)	\$ <u>4,336</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(6,172)	
Loss on Disposal of Capital Assets		<u>(17,900)</u>	
CHANGE IN NET POSITION, GAAP Basis		(28,133)	
NET POSITION, Beginning		<u>43,864</u>	
NET POSITION, Ending		\$ <u>15,731</u>	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BALANCE SHEET
EDGEWATER REDEVELOPMENT AUTHORITY
 December 31, 2013

ASSETS	
Cash and Investments	\$ 646,226
Accounts Receivable	3
Property Held for Resale	<u>346,559</u>
TOTAL ASSETS	\$ <u>992,788</u>
LIABILITIES	
Accounts Payable	<u>500</u>
TOTAL LIABILITIES	<u>500</u>
FUND BALANCE	
Nonspendable Property Held for Resale	346,559
Unrestricted, Unassigned	<u>645,729</u>
TOTAL FUND BALANCE	<u>992,288</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>992,788</u>

Amounts Reported for the Component Unit in the Statement of Net Position are Different Because:

Total Fund Balance of Component Unit	\$ 992,288
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	<u>168,655</u>
Total Net Position of Component Unit	\$ <u>1,160,943</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
EDGEWATER REDEVELOPMENT AUTHORITY
 Year Ended December 31, 2013

REVENUES	
Property Tax Increment	\$ 16,526
Charges for Services	49,926
Investment Income	<u>2,833</u>
 TOTAL REVENUES	 <u>69,285</u>
 EXPENDITURES	
Current	
General Government	<u>44,123</u>
 TOTAL EXPENDITURES	 <u>44,123</u>
 NET CHANGE IN FUND BALANCE	 25,162
 FUND BALANCE, Beginning	 <u>967,126</u>
 FUND BALANCE, Ending	 \$ <u><u>992,288</u></u>

Amounts Reported for the Component Unit in the Statement of Activities are Different Because:

Net Change in Fund Balance of Component Unit	\$ 25,162
 Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This amount represents depreciation expense in the current year.	 <u>(2,666)</u>
 Change in Net Position of Component Unit	 \$ <u><u>22,496</u></u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE
EDGEWATER REDEVELOPMENT AUTHORITY
 Year Ended December 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Tax Increment	\$ -	\$ 16,526	\$ 16,526
Charges for Services	69,000	49,926	(19,074)
Investment Income	2,800	2,833	33
 TOTAL REVENUES	 71,800	 69,285	 (2,515)
EXPENDITURES			
General Government	49,320	44,123	5,197
 TOTAL EXPENDITURES	 49,320	 44,123	 5,197
 NET CHANGE IN FUND BALANCE	 22,480	 25,162	 2,682
FUND BALANCE, Beginning	638,214	967,126	328,912
FUND BALANCE, Ending	\$ 660,694	\$ 992,288	\$ 331,594

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT		City or County: CITY OF EDGEWATER
		YEAR ENDING : December 2013
This Information From The Records Of: CITY OF EDGEWATER	Prepared By: Phone:	KENNETH KEELEY 720-763-3041

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	1,041,048
3. Other local imposts (from page 2)	14,259
4. Miscellaneous local receipts (from page 2)	86,447
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	1,141,754
B. Private Contributions	
C. Receipts from State government (from page 2)	124,333
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,266,087

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	684,545
3. Road and street services:	
a. Traffic control operations	104,321
b. Snow and ice removal	1,395
c. Other	
d. Total (a. through c.)	105,716
4. General administration & miscellaneous	18,120
5. Highway law enforcement and safety	457,705
6. Total (1 through 5)	1,266,086
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,266,086

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,266,087	1,266,086		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	60,769
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,259	g. Other Misc. Receipts	
6. Total (1. through 5.)	14,259	h. Other COUNTY ROAD & BRIDGE	25,678
c. Total (a. + b.)	14,259	i. Total (a. through h.)	86,447
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	108,876	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	15,457	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	15,457	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	124,333	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: