

CITY OF EDGEWATER, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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HAMBLIN AND ASSOCIATES, LLC

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Edgewater, Colorado

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, Colorado as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's 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.

Auditor's 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 auditor's 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 entity'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 entity's 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, and each major fund of the City of Edgewater, Colorado, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 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 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.

Hamblin and Associates

Evergreen, Colorado

May 29, 2015

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, 2014. 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 \$ 7,503,573 (net position). Of this amount, \$3,364,379 (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors. This represents an improvement in net position of \$ 1,284,303 or 20.7% within one year.
- In addition, the assets of the Edgewater Redevelopment Authority exceed its liabilities at the close of the fiscal year by \$1,169,166 (net position). This represents an improvement in net position of \$ 8,223 within one year.
- During 2014, the City's governmental funds exceeded budgetary expectations in revenue due primarily to increased sales tax revenue and reported expenditures were below budget due to cost containment policies and several open positions within the Police Department.
- Total governmental fund expenditures decreased by \$ 116,384 or 2.4% from 2013.
- During 2014, the City's governmental funds reported total revenues of \$ 5,680,507 and total expenditures of \$ 4,956,744. Due to continued strength in the City's sales tax base and prudent governmental spending, revenues will be available to address future building and infrastructure needs.
- At December 31, 2014, the City's governmental funds reported a combined ending fund balance of \$4,646,696. This represents an improvement of \$ 724,013 or 18.5% within one year.
- A summary of cash and investments as of December 31, 2014 totaled \$ 7,029,831. This represented an increase in cash and investments of \$ 812,840 over the prior year.
- General Fund sales and use tax revenues increased by \$ 665,711 or 18.6% during 2014.
- The City's Long Term Debt was reduced by \$ 338,498 or 13.1% during 2014.
- The City utilized its Capital Improvement Fund, funded through a transfer from the General Fund, to make \$ 489,244 in street, sidewalk and other capital improvements and repairs in 2014.
- The City's Sewer Fund invested \$ 424,131 into sewer infrastructure improvements.

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 "Other Governmental Funds." Individual fund data for these non-major governmental funds is provided in the back of this report in the section titled "Combining and Individual Fund Financial Statements and Schedules." 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 Non-major 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 \$ 7,503,573 at the close of 2014.

City of Edgewater's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$5,515,542	\$4,629,488	\$ 926,952	\$ 945,408	\$ 6,442,494	\$ 5,574,896
Capital assets, net	2,746,079	2,853,577	1,539,310	1,147,661	4,285,389	4,001,238
Total assets	\$8,261,621	\$7,483,065	2,446,262	2,093,069	\$10,727,883	\$ 9,576,134
Long-term debt outstanding	2,252,357	2,590,855	16,271	24,876	2,268,628	2,615,731
Other liabilities	868,846	706,805	150,966	109,146	1,019,812	815,951
Total liabilities	\$3,121,203	\$3,297,660	\$ 167,237	\$ 134,022	\$ 3,288,440	\$ 3,431,682
Net position:						
Net investment in capital assets	\$ 662,280	\$ 444,144	1,539,310	1,147,661	\$ 2,201,590	\$ 1,591,805
Restricted	1,937,604	1,790,930	-	-	1,937,604	1,790,930
Unrestricted	2,604,664	2,025,149	759,715	811,386	3,364,379	2,836,535
Total net position	\$5,204,548	\$4,260,223	2,299,025	1,959,047	\$ 7,503,573	\$ 6,219,270

At December 31, 2014, 60.1% of the City's total assets were in Current Assets, including 52.2% (\$5,596,995) of total assets in Cash and Investments. The excellent cash position 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 \$ 3,263,185. The Business-type Activities have \$926,952 in current assets and \$ 167,237 in total liabilities and no bonded debt.

Approximately 25.8 % of the City's total net position is restricted for parks and recreation, future debt service requirements, or emergencies. Another 29.3% is invested in capital assets. The remaining 44.8% of total net position (\$3,364,379) may be used to meet the City's other ongoing obligations to residents and creditors.

The following chart on the next page 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program revenues:						
Charges for services	\$ 710,001	\$ 556,485	\$1,834,215	\$1,781,630	\$2,544,216	\$2,338,115
Operating grants & contributions	360,410	434,556	-	-	360,410	434,556
Capital grants & contributions	-	-	-	51,963	-	51,963
General revenues:						
Property taxes	-	187,341	-	-	-	187,341
Sales & use taxes	4,240,910	3,575,199	-	-	4,240,910	3,575,199
Franchise & other taxes	269,679	276,976	-	-	269,679	276,976
Other general revenues	100,391	160,568	22,677	43,501	123,068	204,069
Total revenues	\$5,681,391	\$5,191,125	\$1,856,892	\$1,877,094	\$7,538,283	\$7,068,219
Program expenses:						
General government	\$2,107,425	\$1,469,804	\$ -	\$ -	\$2,107,425	\$1,469,804
Public safety	1,513,774	1,702,022	-	-	1,513,774	1,702,022
Public works	771,642	1,353,873	-	-	771,642	1,353,873
Parks and Recreation	289,025	263,735	-	-	289,025	263,735
Interest on Long-Term Debt	55,200	64,016	-	-	55,200	64,016
Water	-	-	897,588	1,088,695	897,588	1,088,695
Sewer	-	-	393,067	500,348	393,067	500,348
Trash	-	-	226,258	247,392	226,258	247,392
Total expenses	\$4,737,066	\$4,853,450	\$1,516,913	\$1,836,435	\$6,253,979	\$6,689,885
Increase/(decrease)in net assets	\$ 944,325	\$ 337,675	\$ 339,979	\$ 40,659	\$1,284,304	\$ 378,334
Net Position, Beginning	4,260,223	3,922,548	1,959,046	1,918,388	6,219,269	5,840,936
Restatement Per GASB Statement 65	-	-	-	-	-	-
Net Position, Ending	\$5,204,548	\$4,260,223	\$2,299,025	\$1,959,046	\$7,503,573	\$6,219,270

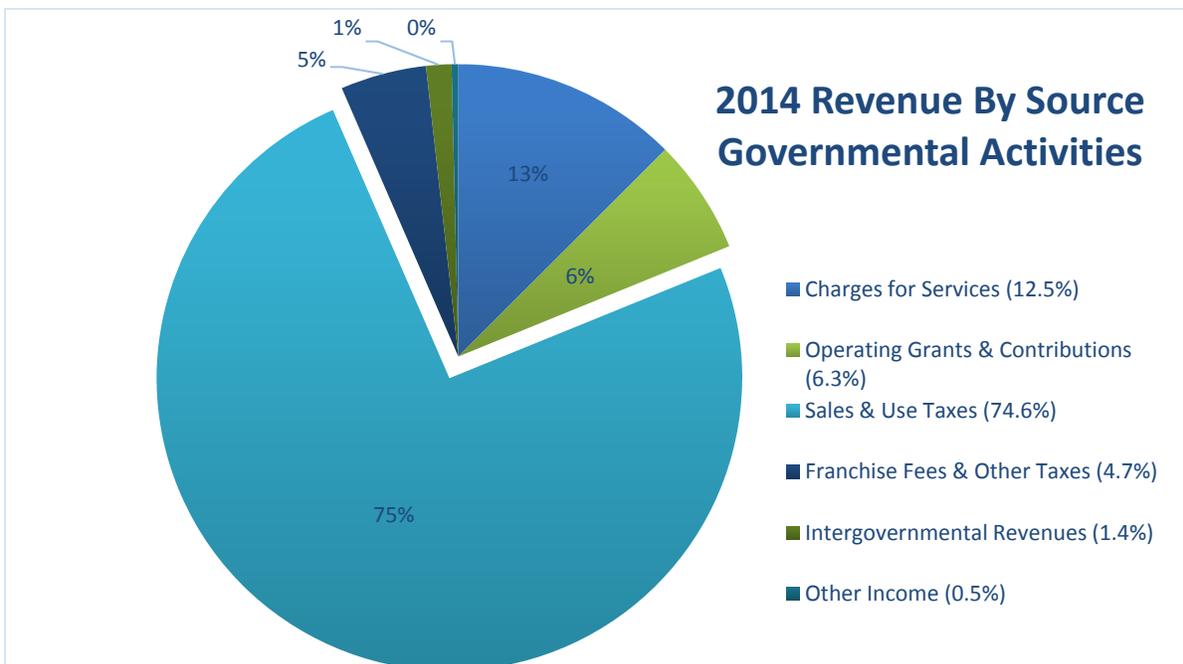
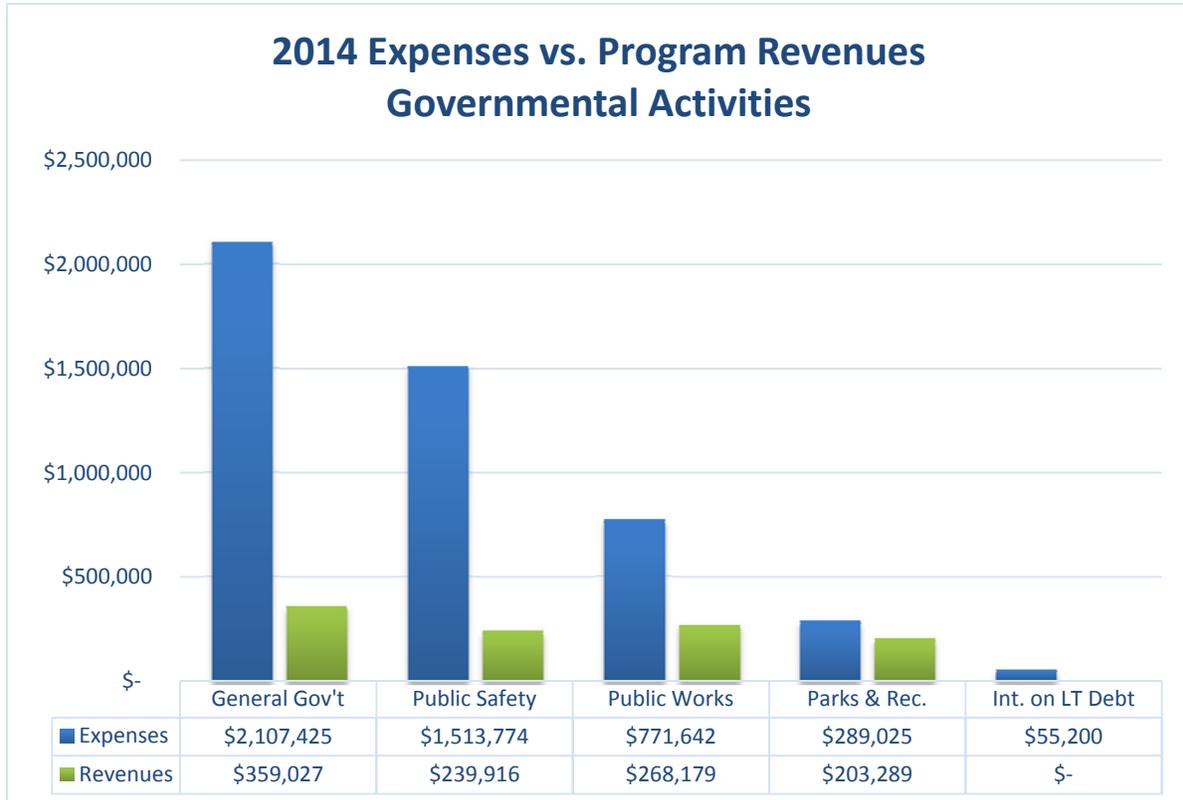
Governmental Activities

Governmental activities caused the City's net position to increase by \$ 944,325 in 2014.

Key elements of this increase are as follows:

- Sales and use taxes increased by \$665,711 (18.6%) due to the improving economy and the taxation of retail marijuana sales
- Property tax revenue was reduced to zero as per the Intergovernmental Agreement with the Wheat Ridge Fire District.
- Charges for services increased by \$153,516 (27.7%) from 2013 mostly due to increases in building permits, planning and zoning fees, court fines and surcharges, and utility administrative fees.
- Total Governmental Revenue increased by \$ 470,064 (6.65%) primarily due to increases sales and use taxes and charges for services and a reduction in property tax of \$ 187,341.
- Total Governmental Expenses decreased by \$ 116,384 (-2.4%) from 2013

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

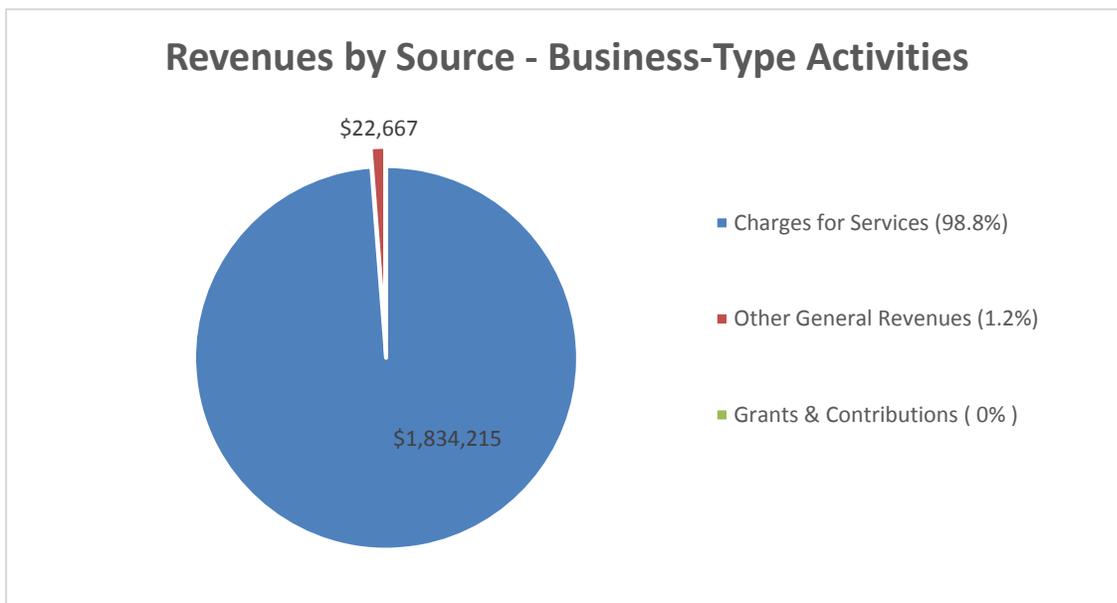
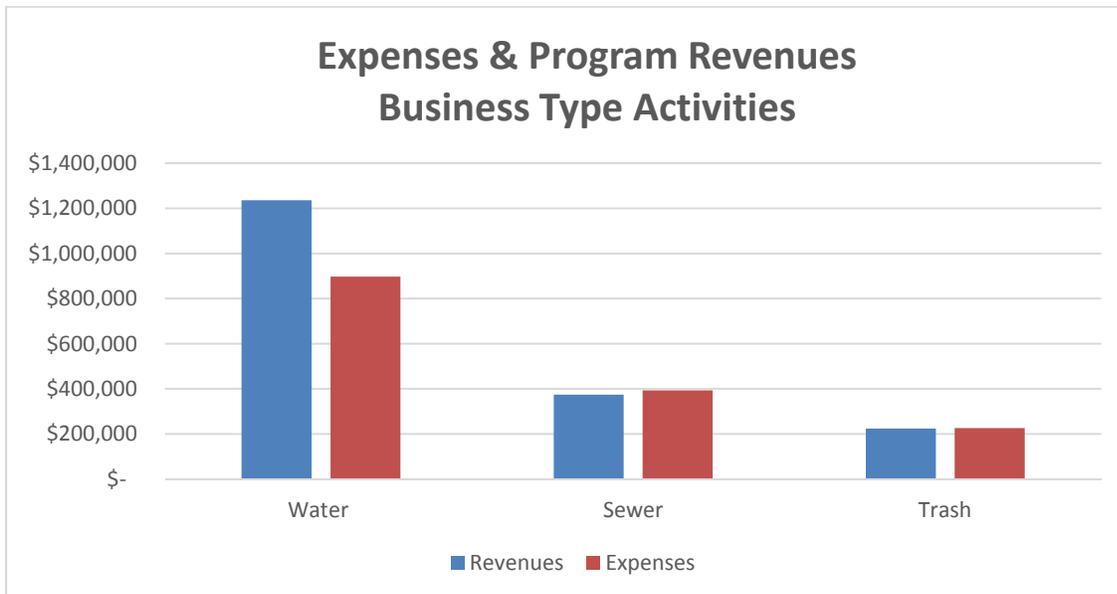


Sales and use taxes comprise almost 74.6% of the revenues for Governmental Activities.

Business-type Activities

Business-type Activities increased the City of Edgewater's net position by \$339,979 during 2014. Charges for services in the water activity exceeded operating expenses by \$338,376. Operating expenses exceeded charges for services in the sewer and trash activities by \$18,772 (5.0%) and \$2,302 (1.0%). This is an improvement over 2013 when operating expenses exceeded charges for services in the sewer and trash activities by \$111,258 (28.6%) and \$10,253 (4.7%) respectively. City management continues to explore methods of improving operating profits in the utility funds while maintaining and improving infrastructure.

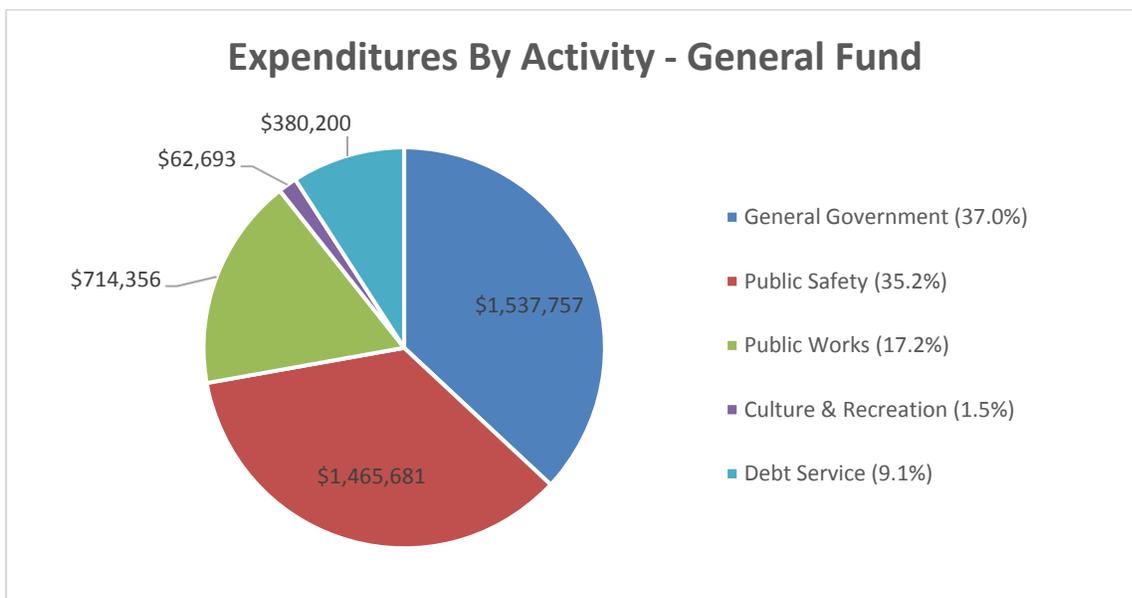
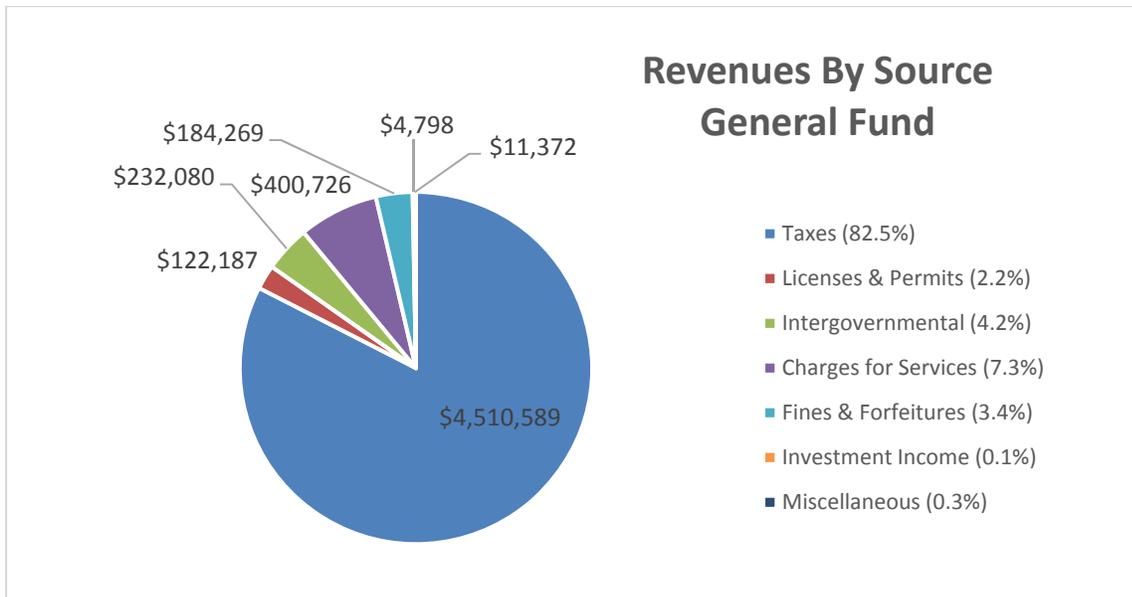
The following two charts illustrate the Business-type Activities revenues and expenses.



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, 2014 the City's three major Governmental funds reported combined fund balances of \$4,159,448. 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 2014, the fund balance of the General Fund totaled \$3,019,514. This is an increase over 2013 by \$690,334. Revenue increases of \$612,553 (12.6%), accounted for most of the \$690,334 increase in fund balance since December 31, 2013. 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 2014, \$173,117 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 2014, the City spent \$489,244 on continuing street and sidewalk repair and improvement projects that were funded by a transfer from the General Fund.

Proprietary Funds. At December 31, 2014 the Net Positions of the Water, Sewer, and Trash Funds were \$902,915, 1,382,682 and 13,428 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, 2014, 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 2014 included:

Equipment	\$ 38,065
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These were attributable to purchases of computer hardware and software.

Debt Administration. Note 4 of the financial statements provides a summary of the City's long-term debt. At December 31, 2014 the City had total bonded debt outstanding of \$2,080,000. 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 \$104,428 in the General Fund and \$16,271 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 continues to experience revenue growth from the sales taxes collected by its retail establishments and from small commercial and residential planning and building permit fees. The 2015 Budget anticipates 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

Phone: 720-763-3041
Email: kkeeley@edgewaterco.com

or visit our website at www.edgewaterco.com

BASIC FINANCIAL STATEMENTS

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CITY OF EDGEWATER, COLORADO

STATEMENT OF NET POSITION

December 31, 2014

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	REDEVELOPMENT AUTHORITY
ASSETS				
Cash and Investments	\$ 4,875,367	\$ 721,628	\$ 5,596,995	\$ 664,534
Accounts Receivable	113,331	188,674	302,005	-
Taxes Receivable	497,360	-	497,360	-
Intergovernmental Receivables	27,269	-	27,269	-
Inventory	-	16,650	16,650	-
Other Assets	2,215	-	2,215	-
Property Held for Resale	-	-	-	346,559
Capital Assets, Not Being Depreciated	930,088	-	930,088	134,000
Capital Assets, Net of Accumulated Depreciation	1,815,991	1,539,310	3,355,301	31,990
TOTAL ASSETS	8,261,621	2,466,262	10,727,883	1,177,083
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	64,130	-	64,130	-
LIABILITIES				
Accounts Payable	749,940	147,001	896,941	7,916
Accrued Liabilities	47,012	3,965	50,977	-
Court Bonds and Deposits	71,894	-	71,894	-
Noncurrent Liabilities				
Due Within One Year	359,296	-	359,296	-
Due in More Than One Year	1,893,061	16,271	1,909,332	-
TOTAL LIABILITIES	3,121,203	167,237	3,288,440	7,916
NET POSITION				
Net Investment in Capital Assets	662,280	1,539,310	2,201,590	165,990
Restricted for Parks and Open Space	1,434,904	-	1,434,904	-
Restricted for Debt Service	373,700	-	373,700	-
Restricted for Emergencies	118,000	-	118,000	-
Unrestricted	2,615,664	759,715	3,375,379	1,003,176
TOTAL NET POSITION	\$ 5,204,548	\$ 2,299,025	\$ 7,503,573	\$ 1,169,166

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

CITY OF EDGEWATER, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities				
General Government	\$ 2,107,425	\$ 359,027	\$ -	\$ -
Public Safety	1,513,774	184,269	55,647	-
Public Works	771,642	112,682	155,497	-
Parks and Recreation	289,025	54,023	149,266	-
Interest on Long-Term Debt	55,200	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	4,737,066	710,001	360,410	-
Business-Type Activities				
Water	897,588	1,235,964	-	-
Sewer	393,067	374,295	-	-
Trash	226,258	223,956	-	-
TOTAL BUSINESS - TYPE ACTIVITIES	1,516,913	1,834,215	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,253,979	\$ 2,544,216	\$ 360,410	\$ -
COMPONENT UNIT				
Redevelopment Authority	\$ 45,200	\$ 46,800	\$ -	\$ -

GENERAL REVENUES

Property 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 CHANGES IN NET POSITION

PRIMARY GOVERNMENT			COMPONENT UNIT
GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL	REDEVELOPMENT AUTHORITY
\$ (1,748,398)	\$ -	\$ (1,748,398)	\$ -
(1,273,858)	-	(1,273,858)	-
(503,463)	-	(503,463)	-
(85,736)	-	(85,736)	-
(55,200)	-	(55,200)	-
<u>(3,666,655)</u>	<u>-</u>	<u>(3,666,655)</u>	<u>-</u>
-	338,376	338,376	-
-	(18,772)	(18,772)	-
-	(2,302)	(2,302)	-
<u>-</u>	<u>317,302</u>	<u>317,302</u>	<u>-</u>
<u>(3,666,655)</u>	<u>317,302</u>	<u>(3,349,353)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,600</u>
-	-	-	5,757
4,240,910	-	4,240,910	-
269,679	-	269,679	-
79,403	-	79,403	-
6,816	866	7,682	866
250	-	250	-
13,922	21,811	35,733	-
<u>4,610,980</u>	<u>22,677</u>	<u>4,633,657</u>	<u>6,623</u>
944,325	339,979	1,284,304	8,223
<u>4,260,223</u>	<u>1,959,046</u>	<u>6,219,269</u>	<u>1,160,943</u>
<u>\$ 5,204,548</u>	<u>\$ 2,299,025</u>	<u>\$ 7,503,573</u>	<u>\$ 1,169,166</u>

CITY OF EDGEWATER, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

	<u>GENERAL</u>	<u>OPEN SPACE</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
ASSETS					
Cash and Investments	\$ 3,245,808	\$ 1,097,513	\$ 31,134	\$ 500,912	\$ 4,875,367
Accounts Receivable	113,331	-	-	-	113,331
Taxes Receivable	497,360	-	-	-	497,360
Intergovernmental Receivables	-	27,269	-	-	27,269
Prepays	2,215	-	-	-	2,215
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,858,714</u>	<u>\$ 1,124,782</u>	<u>\$ 31,134</u>	<u>\$ 500,912</u>	<u>\$ 5,515,542</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 722,869	\$ 13,407	\$ -	\$ 13,664	\$ 749,940
Accrued Liabilities	44,437	2,575	-	-	47,012
Court Bonds and Deposits	71,894	-	-	-	71,894
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>839,200</u>	<u>15,982</u>	<u>-</u>	<u>13,664</u>	<u>868,846</u>
FUND BALANCE					
Restricted for Parks and Open Space	-	1,108,800	-	326,104	1,434,904
Restricted for Debt Service	373,700	-	-	-	373,700
Restricted for Emergencies	118,000	-	-	-	118,000
Assigned to Capital Outlay	-	-	31,134	161,144	192,278
Unrestricted, Unassigned	2,527,814	-	-	-	2,527,814
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>3,019,514</u>	<u>1,108,800</u>	<u>31,134</u>	<u>487,248</u>	<u>4,646,696</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,858,714</u>	<u>\$ 1,124,782</u>	<u>\$ 31,134</u>	<u>\$ 500,912</u>	<u>\$ 5,515,542</u>

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

Total Fund Balance of Governmental Funds	\$ 4,646,696
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	2,746,079
Long-term liabilities and related items, including bonds (\$2,147,929), compensated absences (\$104,428), and loss on debt refunding \$64,130, are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(2,188,227)</u>
Total Net Position of Governmental Activities	<u>\$ 5,204,548</u>

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

CITY OF EDGEWATER, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	<u>GENERAL</u>	<u>OPEN SPACE</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
REVENUES					
Taxes	\$ 4,510,589	\$ -	\$ -	\$ -	\$ 4,510,589
Licenses and Permits	122,187	-	-	-	122,187
Intergovernmental	232,080	146,716	-	50,878	429,674
Charges for Services	400,726	12,324	-	-	413,050
Fines and Forfeitures	184,269	-	-	-	184,269
Investment Income	4,798	1,387	-	631	6,816
Miscellaneous	11,372	2,550	-	-	13,922
TOTAL REVENUES	5,466,021	162,977	-	51,509	5,680,507
EXPENDITURES					
Current					
General Government	1,537,757	-	-	3,146	1,540,903
Public Safety	1,465,681	-	-	-	1,465,681
Public Works	714,356	-	-	-	714,356
Parks and Recreation	62,693	173,117	-	51,680	287,490
Capital Outlay	-	-	489,244	78,870	568,114
Debt Service					
Principal	325,000	-	-	-	325,000
Interest and Fiscal Charges	55,200	-	-	-	55,200
TOTAL EXPENDITURES	4,160,687	173,117	489,244	133,696	4,956,744
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,305,334	(10,140)	(489,244)	(82,187)	723,763
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Assets	-	-	-	250	250
Transfers In	-	-	515,000	100,000	615,000
Transfers Out	(615,000)	-	-	-	(615,000)
TOTAL OTHER FINANCING SOURCES (USES)	(615,000)	-	515,000	100,250	250
NET CHANGE IN FUND BALANCE	690,334	(10,140)	25,756	18,063	724,013
FUND BALANCES, Beginning	2,329,180	1,118,940	5,378	469,185	3,922,683
FUND BALANCES, Ending	\$ 3,019,514	\$ 1,108,800	\$ 31,134	\$ 487,248	\$ 4,646,696

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, 2014

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

Net Change in Fund Balance of Governmental Funds	\$ 724,013
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 positions and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Capitalized Assets	38,065
Depreciation Expense	(145,563)
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.	325,000
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 affect 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>2,176</u>
Change in Net Position of Governmental Activities	<u>\$ 944,325</u>

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

CITY OF EDGEWATER, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2014

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 476,057	\$ 238,432	\$ 7,139	\$ 721,628
Accounts Receivable	123,290	41,666	23,718	188,674
Inventory	<u>16,650</u>	<u>-</u>	<u>-</u>	<u>16,650</u>
TOTAL CURRENT ASSETS	615,997	280,098	30,857	926,952
NONCURRENT ASSETS				
Capital Assets, Net of Accumulated Depreciation	<u>355,546</u>	<u>1,183,764</u>	<u>-</u>	<u>1,539,310</u>
TOTAL ASSETS	<u>971,543</u>	<u>1,463,862</u>	<u>30,857</u>	<u>2,466,262</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	57,055	72,841	17,105	147,001
Accrued Liabilities	2,993	648	324	3,965
Accrued Compensated Absences	<u>8,580</u>	<u>7,691</u>	<u>-</u>	<u>16,271</u>
TOTAL LIABILITIES	<u>68,628</u>	<u>81,180</u>	<u>17,429</u>	<u>167,237</u>
NET POSITION				
Net Investment in Capital Assets	355,546	1,183,764	-	1,539,310
Unrestricted	<u>547,369</u>	<u>198,918</u>	<u>13,428</u>	<u>759,715</u>
TOTAL NET POSITION	<u>\$ 902,915</u>	<u>\$ 1,382,682</u>	<u>\$ 13,428</u>	<u>\$ 2,299,025</u>

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

CITY OF EDGEWATER, COLORADO

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

Year Ended December 31, 2014

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
OPERATING REVENUES				
Charges for Services	\$ 1,235,964	\$ 374,295	\$ 223,956	\$ 1,834,215
Miscellaneous	4,146	17,665	-	21,811
TOTAL OPERATING REVENUES	<u>1,240,110</u>	<u>391,960</u>	<u>223,956</u>	<u>1,856,026</u>
OPERATING EXPENSES				
Operations	846,330	352,483	226,258	1,425,071
Maintenance	10,455	2,655	-	13,110
Depreciation	40,803	37,929	-	78,732
TOTAL OPERATING EXPENSES	<u>897,588</u>	<u>393,067</u>	<u>226,258</u>	<u>1,516,913</u>
OPERATING INCOME (LOSS)	<u>342,522</u>	<u>(1,107)</u>	<u>(2,302)</u>	<u>339,113</u>
NON-OPERATING REVENUES				
Investment Income	618	248	-	866
CHANGE IN NET POSITION	343,140	(859)	(2,302)	339,979
NET POSITION - Beginning	<u>559,775</u>	<u>1,383,541</u>	<u>15,730</u>	<u>1,959,046</u>
NET POSITION - Ending	<u><u>\$ 902,915</u></u>	<u><u>\$ 1,382,682</u></u>	<u><u>\$ 13,428</u></u>	<u><u>\$ 2,299,025</u></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, 2014

	<u>WATER</u>	<u>SEWER</u>	<u>NONMAJOR TRASH</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,232,482	\$ 435,933	\$ 227,093	\$ 1,895,508
Cash Paid to Suppliers	(730,910)	(248,580)	(220,873)	(1,200,363)
Cash Paid to Employees	<u>(102,930)</u>	<u>(97,536)</u>	<u>(4,137)</u>	<u>(204,603)</u>
Net Cash Provided (Used) by Operating Activities	<u>398,642</u>	<u>89,817</u>	<u>2,083</u>	<u>490,542</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
System Connection Fees Received	-	-	-	-
Capital Asset Additions	<u>(46,250)</u>	<u>(424,131)</u>	<u>-</u>	<u>(470,381)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(46,250)</u>	<u>(424,131)</u>	<u>-</u>	<u>(470,381)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>618</u>	<u>248</u>	<u>-</u>	<u>866</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	353,010	(334,066)	2,083	21,027
CASH AND CASH EQUIVALENTS, Beginning	<u>123,047</u>	<u>572,498</u>	<u>5,056</u>	<u>700,601</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 476,057</u></u>	<u><u>\$ 238,432</u></u>	<u><u>\$ 7,139</u></u>	<u><u>\$ 721,628</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ 342,522	\$ (1,107)	\$ (2,302)	\$ 339,113
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	40,803	37,929	-	78,732
Changes in Assets and Liabilities Related to Operations:				
Accounts Receivable	(7,628)	43,973	3,137	39,482
Accounts Payable	26,140	14,428	924	41,492
Accrued Liabilities	1,263	(1,259)	324	328
Accrued Compensated Absences	<u>(4,458)</u>	<u>(4,147)</u>	<u>-</u>	<u>(8,605)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 398,642</u></u>	<u><u>\$ 89,817</u></u>	<u><u>\$ 2,083</u></u>	<u><u>\$ 490,542</u></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, 2014

	<u>FIREMEN'S PENSION</u>
ASSETS	
Cash and Investments	
Deposits	190,433
U.S. Agency Securities	<u>577,870</u>
TOTAL ASSETS	<u>\$ 768,303</u>
 NET POSITION	
Held in Trust for Pension Benefits	<u>768,303</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 768,303</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, 2014

	<u>FIREMEN'S PENSION</u>
ADDITIONS	
City Contributions	\$ 25,000
State Contributions	18,658
Investment Income	<u>24,978</u>
TOTAL ADDITIONS	<u>68,636</u>
DEDUCTIONS	
Pension Benefit Payments	<u>74,790</u>
CHANGE IN NET POSITION	(6,154)
NET POSITION, Beginning	<u>774,457</u>
NET POSITION, Ending	<u><u>\$ 768,303</u></u>

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

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014

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, 2014

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, 2014

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 or more 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, 2014

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, 2014 follows:

Petty Cash	\$	764
Cash Deposits		6,441,124
Investments		587,943
Total	\$	<u>7,029,831</u>

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

Primary Government	\$	5,596,994
Component Unit		664,534
Pension Trust Fund		768,303
Total	\$	<u>7,029,831</u>

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014, 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, 2014, 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	\$10,073	\$ -	\$ -	\$ -	\$ 10,073
Government National Mortgage Association	N/A	-	3,281	45,711	528,879	577,870
Total		<u>\$10,073</u>	<u>\$3,281</u>	<u>\$45,711</u>	<u>\$528,879</u>	<u>\$ 587,943</u>

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.

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.

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pool - At December 31, 2014, the City had \$10,073 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, 2014, is summarized below:

	Balance January 1, 2014	Additions	Deletions/ Adjustments	Balance December 31, 2014
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 930,088	\$ -	\$ -	\$ 930,088
Total Capital Assets, Not Being Depreciated	930,088	-	-	930,088
Capital Assets, Being Depreciated				
Buildings and Improvements	1,447,672	-	-	1,447,672
Equipment	858,500	38,065	(6,000)	890,565
Infrastructure	806,334	-	-	806,334
Total Capital Assets, Being Depreciated	3,112,506	38,065	(6,000)	3,144,570
Less Accumulated Depreciation				
Buildings and Improvements	(378,604)	(16,690)	-	(395,294)
Equipment	(594,317)	(70,459)	6,000	(658,776)
Infrastructure	(216,096)	(58,414)	-	(274,510)
Total Accumulated Depreciation	(1,189,017)	(145,563)	6,000	(1,328,580)
Total Capital Assets, Being Depreciated, Net	1,923,489	(107,498)	-	1,815,991
Governmental Activities - Capital Assets, Net	\$ 2,853,577	\$ (107,498)	\$ -	\$ 2,746,079

Depreciation expense was charge to activities of the City as follows:

Governmental Activities	
General Government	\$ 23,915
Public Safety	48,889
Public Works	71,068
Parks and Recreation	1,691
Total	\$ 145,563

CITY OF EDGEWATER, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 3: CAPITAL ASSETS (Continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Business-Type Activities				
Capital Assets, Being Depreciated				
Water System	\$ 1,326,282	\$ 46,250	\$ -	\$ 1,372,532
Sewer System	946,766	424,131	-	1,370,897
Total Capital Assets, Being Depreciated	<u>2,273,048</u>	<u>470,381</u>	<u>-</u>	<u>2,743,429</u>
Less Accumulated Depreciation				
Water System	(976,183)	(40,803)	-	(1,016,986)
Sewer System	(149,204)	(37,929)	-	(187,133)
Total Accumulated Depreciation	<u>(1,125,387)</u>	<u>(78,732)</u>	<u>-</u>	<u>(1,204,119)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,147,661</u>	<u>\$ 391,649</u>	<u>\$ -</u>	<u>\$ 1,539,310</u>
Component Unit				
Capital Assets, Not Being Depreciated				
Land	\$ 134,000	\$ -	\$ -	\$ 134,000
Capital Assets, Being Depreciated				
Sign	39,987			39,987
Accumulated Depreciation	(5,332)	(2,666)	-	(7,997)
Total Capital Assets, Being Depreciated, Net	<u>34,655</u>	<u>(2,666)</u>	<u>-</u>	<u>31,990</u>
Component Unit Capital Assets, Net	<u>\$ 168,655</u>	<u>\$ (2,666)</u>	<u>\$ -</u>	<u>\$ 165,990</u>

NOTE 4: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Payments	Balance December 31, 2014	Due Within One Year
Governmental Activities					
2012 Revenue Refunding Bonds	\$ 2,405,000	\$ -	\$ 325,000	\$ 2,080,000	\$ 325,000
Premium	79,251	-	11,322	67,929	11,322
Compensated Absences	106,604	52,355	54,531	104,428	22,974
Total	<u>\$ 2,590,855</u>	<u>\$ 52,355</u>	<u>\$ 390,853</u>	<u>\$ 2,252,357</u>	<u>\$ 359,296</u>

CITY OF EDGEWATER, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4: LONG-TERM DEBT (Continued)

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, 2014, revenues of \$4,091,349 were available to pay annual debt service of \$380,200.

Future debt service requirements are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	360,000	21,600	381,600
2020	360,000	5,650	365,650
Total	<u><u>\$ 2,080,000</u></u>	<u><u>\$ 182,050</u></u>	<u><u>\$ 2,262,050</u></u>

NOTE 5: INTERFUND TRANSACTIONS

Interfund transfers during the year ended December 31, 2014, consisted of the following.

<u>Transfers In</u>	<u>Transfers Out</u>	
Capital Improvements Fund	General Fund	\$ 515,000
Capital Equipment Fund	General Fund	100,000
Total		<u><u>\$ 615,000</u></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, 2014

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, 2014, the City contributed \$73,147 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, 2014

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, 2014, the City contributed \$22,152 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, 2014, the City did not levy or collect property tax, but the City contributed \$25,000 from other General Fund revenues. 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, 2014, the City and State contributed \$25,000 and \$18,658, 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, 2014

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, 2014

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, 2014, King Soopers earned \$37,271 under this agreement. Payments since inception totaled \$362,763 at December 31, 2014.

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, 2014, Target earned \$446,058 under this agreement. Payments since inception totaled \$2,913,672 at December 31, 2014.

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, 2014, Sloans Lake Partners LLC earned \$141,302 under this agreement. Payments since inception totaled \$390,295 at December 31, 2014.

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, 2014, the emergency reserve of \$118,000 was reported as restricted fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EDGEWATER, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FIREMEN'S PENSION PLAN
December 31, 2014

<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, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Taxes	\$ 3,808,000	\$ 3,808,000	\$ 4,510,589	\$ 702,589
Licenses and Permits	114,000	114,000	122,187	8,187
Intergovernmental	203,000	203,000	232,080	29,080
Charges for Services	264,310	264,310	400,726	136,416
Fines and Forfeitures	177,000	177,000	184,269	7,269
Investment Income	10,000	10,000	4,798	(5,202)
Miscellaneous	9,000	9,000	11,372	2,372
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	4,585,310	4,585,310	5,466,021	880,711
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
General Government	1,401,696	1,461,696	1,537,757	(76,061)
Public Safety	1,883,190	1,883,190	1,465,681	417,509
Public Works	601,157	816,157	714,356	101,801
Parks and Recreation	52,800	52,800	62,693	(9,893)
Debt Service				
Principal	380,000	380,000	325,000	55,000
Interest and Fiscal Charges	-	-	55,200	(55,200)
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	4,318,843	4,593,843	4,160,687	433,156
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	266,467	(8,533)	1,305,334	1,313,867
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(325,000)	(615,000)	(615,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(58,533)	(623,533)	690,334	1,313,867
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning	2,329,180	2,329,180	2,329,180	-
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, Ending	\$ 2,270,647	\$ 1,705,647	\$ 3,019,514	\$ 1,313,867
	<hr/>	<hr/>	<hr/>	<hr/>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

OPEN SPACE FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES				
Intergovernmental	130,000	130,000	146,716	\$ 16,716
Charges for Services	14,000	14,000	12,324	(1,676)
Investment Income	600	600	1,387	787
Miscellaneous	290,036	290,036	2,550	(287,486)
TOTAL REVENUES	<u>434,636</u>	<u>434,636</u>	<u>162,977</u>	<u>(271,659)</u>
EXPENDITURES				
Current				
Parks and Recreation	85,237	478,673	173,117	305,556
TOTAL EXPENDITURES	<u>85,237</u>	<u>478,673</u>	<u>173,117</u>	<u>305,556</u>
NET CHANGE IN FUND BALANCE	349,399	(44,037)	(10,140)	33,897
FUND BALANCE, Beginning	<u>1,118,940</u>	<u>1,118,940</u>	<u>1,118,940</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ 1,468,339</u></u>	<u><u>\$ 1,074,903</u></u>	<u><u>\$ 1,108,800</u></u>	<u><u>\$ 33,897</u></u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

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.

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SUPPLEMENTARY INFORMATION

CITY OF EDGEWATER, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	<u>CONSERVATION TRUST</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTALS</u>
ASSETS			
Cash and Investments	<u>\$ 328,843</u>	<u>\$ 172,069</u>	<u>\$ 500,912</u>
TOTAL ASSETS	<u><u>\$ 328,843</u></u>	<u><u>\$ 172,069</u></u>	<u><u>\$ 500,912</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	<u>\$ 2,739</u>	<u>\$ 10,925</u>	<u>\$ 13,664</u>
TOTAL LIABILITIES	<u>2,739</u>	<u>10,925</u>	<u>13,664</u>
FUND BALANCE			
Restricted for Parks and Open Space	326,104	-	326,104
Assigned to Capital Outlay	<u>-</u>	<u>161,144</u>	<u>161,144</u>
TOTAL FUND BALANCE	<u>326,104</u>	<u>161,144</u>	<u>487,248</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 328,843</u></u>	<u><u>\$ 172,069</u></u>	<u><u>\$ 500,912</u></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, 2014

	<u>CONSERVATION TRUST</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTALS</u>
REVENUES			
Intergovernmental	\$ 50,878	\$ -	\$ 50,878
Investment Income	416	215	631
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	51,294	215	51,509
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General Government	-	3,146	3,146
Parks and Recreation	51,680	-	51,680
Capital Outlay	-	78,870	78,870
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	51,680	82,016	133,696
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<hr/> (386)	<hr/> (81,801)	<hr/> (82,187)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	-	250	250
Transfers In	-	100,000	100,000
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES	-	100,250	100,250
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(386)	18,449	18,063
	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning	326,490	142,695	469,185
	<hr/>	<hr/>	<hr/>
FUND BALANCE, Ending	<u>\$ 326,104</u>	<u>\$ 161,144</u>	<u>\$ 487,248</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

CONSERVATION TRUST FUND

Year Ended December 31, 2014

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 54,000	\$ 50,878	\$ (3,122)
Investment Income	<u>1,000</u>	<u>416</u>	<u>(584)</u>
TOTAL REVENUES	<u>55,000</u>	<u>51,294</u>	<u>(3,706)</u>
EXPENDITURES			
Parks and Recreation	<u>166,036</u>	<u>51,680</u>	<u>114,356</u>
TOTAL EXPENDITURES	<u>166,036</u>	<u>51,680</u>	<u>114,356</u>
NET CHANGE IN FUND BALANCE	(111,036)	(386)	110,650
FUND BALANCE, Beginning	<u>326,490</u>	<u>326,490</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 215,454</u>	<u>\$ 326,104</u>	<u>\$ 110,650</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL EQUIPMENT FUND

Year Ended December 31, 2014

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Investment Income	<u>\$ 450</u>	<u> 215</u>	<u>\$ (235)</u>
EXPENDITURES			
Current			
General Government	-	3,146	(3,146)
Capital Outlay	<u>130,000</u>	<u>78,870</u>	<u>51,130</u>
TOTAL EXPENDITURES	<u>130,000</u>	<u>82,016</u>	<u>47,984</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(129,550)</u>	<u>(81,801)</u>	<u>(47,749)</u>
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	-	250	(250)
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>100,000</u>	<u>100,250</u>	<u>250</u>
NET CHANGE IN FUND BALANCE	(29,550)	18,449	47,999
FUND BALANCE, Beginning	<u>142,695</u>	<u>142,695</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 113,145</u>	<u>\$ 161,144</u>	<u>\$ 47,999</u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL IMPROVEMENTS FUND

Year Ended December 31, 2014

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
EXPENDITURES				
Capital Outlay	\$ 250,000	\$ 540,000	489,244	\$ 50,756
TOTAL EXPENDITURES	<u>250,000</u>	<u>540,000</u>	<u>489,244</u>	<u>50,756</u>
OTHER FINANCING SOURCES				
Transfers In	<u>335,000</u>	<u>515,000</u>	<u>515,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	85,000	(25,000)	25,756	50,756
FUND BALANCE, Beginning	<u>5,378</u>	<u>5,378</u>	<u>5,378</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ 90,378</u></u>	<u><u>\$ (19,622)</u></u>	<u><u>\$ 31,134</u></u>	<u><u>\$ 50,756</u></u>

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER FUND
Year Ended December 31, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Water Charges	\$ 1,204,080	\$ 1,235,964	\$ 31,884
Investment Income	1,000	618	(382)
Miscellaneous	5,000	4,146	(854)
TOTAL REVENUES	1,210,080	1,240,728	30,648
EXPENSES			
Operations	1,069,101	892,580	176,521
Maintenance	24,600	10,455	14,145
TOTAL EXPENSES	1,093,701	903,035	190,666
CHANGE IN NET POSITION, Budgetary Basis	\$ 116,379	337,693	\$ 221,314
ADJUSTMENTS TO GAAP BASIS			
Capital Outlay		46,250	
Depreciation		(40,803)	
CHANGE IN NET POSITION, GAAP Basis		343,140	
NET POSITION, Beginning		559,775	
NET POSITION, Ending		\$ 902,915	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BUDGETARY COMPARISON SCHEDULE

SEWER FUND

Year Ended December 31, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Sewer Charges	\$ 356,300	356,300	374,295	\$ 17,995
System Connection Fees	-	-	100	100
Investment Income	1,600	1,600	248	(1,352)
Miscellaneous	1,000	1,000	17,565	16,565
TOTAL REVENUES	358,900	358,900	392,208	33,308
EXPENSES				
Operations	356,072	356,072	352,483	3,589
Maintenance	12,500	462,500	426,786	35,714
TOTAL EXPENSES	368,572	818,572	779,269	39,303
CHANGE IN NET POSITION, Budgetary Basis	\$ (9,672)	\$ (459,672)	(387,061)	\$ 72,611
ADJUSTMENTS TO GAAP BASIS				
Capital Outlay			424,131	
Depreciation			(37,929)	
CHANGE IN NET POSITION, GAAP Basis			(859)	
NET POSITION, Beginning			1,383,541	
NET POSITION, Ending			\$ 1,382,682	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO
BUDGETARY COMPARISON SCHEDULE
TRASH FUND
Year Ended December 31, 2014

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Trash Charges	<u>\$ 230,000</u>	<u>\$ 223,956</u>	<u>\$ (6,044)</u>
EXPENSES			
Operations	<u>228,596</u>	<u>226,258</u>	<u>2,338</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ 1,404</u>	<u>(2,302)</u>	<u>\$ (3,706)</u>
ADJUSTMENTS TO GAAP BASIS			
Depreciation		-	
Loss on Disposal of Capital Assets		<u>-</u>	
CHANGE IN NET POSITION, GAAP Basis		<u>(2,302)</u>	
NET POSITION, Beginning		<u>15,730</u>	
NET POSITION, Ending		<u>\$ 13,428</u>	

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO

BALANCE SHEET
EDGEWATER REDEVELOPMENT AUTHORITY
December 31, 2014

ASSETS

Cash and Investments	\$ 664,534
Property Held for Resale	<u>346,559</u>
TOTAL ASSETS	<u>\$ 1,011,093</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 7,916
TOTAL LIABILITIES	<u>7,916</u>

FUND BALANCE

Nonspendable - Property Held for Resale	346,559
Unrestricted, Unassigned	<u>656,617</u>
TOTAL FUND BALANCE	<u>1,003,176</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,011,092</u>
------------------------------------	---------------------

Amounts reported for the Component Unit in the Statement of Net Position are different because:

Total Fund Balance of Component Unit	\$ 1,003,176
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	<u>165,990</u>
Total Net Position of Component Unit	<u>\$ 1,169,166</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, 2014

REVENUES	
Property Tax Increment	\$ 5,757
Charges for Services	46,800
Investment Income	866
	53,423
TOTAL REVENUES	
	53,423
EXPENDITURES	
Current	
General Government	42,534
	42,534
TOTAL EXPENDITURES	
	42,534
NET CHANGE IN FUND BALANCE	
	10,889
FUND BALANCE, Beginning	992,287
FUND BALANCE, Ending	\$ 1,003,176

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

Net Change in Fund Balance of Component Unit	\$ 10,889
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.	(2,666)
	8,223
Change in Net Position of Component Unit	\$ 8,223

See the accompanying Independent Auditors' Report.

CITY OF EDGEWATER, COLORADO
BUDGETARY COMPARISON SCHEDULE
EDGEWATER REDEVELOPMENT AUTHORITY
Year Ended December 31, 2014

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Property Tax Increment	\$ 5,000	\$ 5,757	\$ 757
Charges for Services	50,947	46,800	(4,147)
Investment Income	<u>1,000</u>	<u>866</u>	<u>(134)</u>
TOTAL REVENUES	<u>56,947</u>	<u>53,423</u>	<u>(3,524)</u>
EXPENDITURES			
General Government	<u>52,200</u>	<u>42,534</u>	<u>9,666</u>
TOTAL EXPENDITURES	<u>52,200</u>	<u>42,534</u>	<u>9,666</u>
NET CHANGE IN FUND BALANCE	4,747	10,889	6,142
FUND BALANCE, Beginning	<u>992,287</u>	<u>992,287</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 997,034</u>	<u>\$ 1,003,176</u>	<u>\$ 6,142</u>

See the accompanying Independent Auditors' Report.

STATE COMPLIANCE

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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 2014

This Information From The Records Of: CITY OF EDGEWATER

Prepared By: KENNETH KEELEY
Phone: 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

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	621,658
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	119,336
2. General fund appropriations	995,213	b. Snow and ice removal	6,348
3. Other local imposts (from page 2)	0	c. Other	
4. Miscellaneous local receipts (from page 2)	96,351	d. Total (a. through c.)	125,684
5. Transfers from toll facilities		4. General administration & miscellaneous	15,315
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	457,705
a. Bonds - Original Issues		6. Total (1 through 5)	1,220,362
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,091,564	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	128,798	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	1,220,362	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)	1,220,362

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
		1,220,362	1,220,362		(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

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	69,652
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	0	g. Other Misc. Receipts	
6. Total (1. through 5.)	0	h. Other COUNTY ROAD & BRIDGE	26,699
c. Total (a. + b.)	0	i. Total (a. through h.)	96,351
	(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	113,202	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	15,596	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.)	15,596	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	128,798	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: