City of Edgewater, Colorado

Financial Statements

December 31, 2018

City of Edgewater, Colorado
Table of Contents
December 31, 2018

City of Edgewater, Colorado
Table of Contents
December 31, 2018

Supplementary Information (Continued)

State Compliance

HAMBLIN AND ASSOCIATES, LLC
Certified Public Accountants
Member of the American Institute of Certified Public Accountants

23720 Pondview Place
Golden, CO 80401 **(303) 694-2727**

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Edgewater, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, Colorado as of and for the year ended December 31, 2018, 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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, Colorado, as of December 31, 2018, 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 –Management Discussion and Analysis

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

Required Supplementary Information – Pension Schedules and Budgetary Comparison Schedules

Accounting principles generally accepted in the United States of America require that 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Golden, Colorado
July 30, 2019

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the City of Edgewater, Colorado provides an overview of the City's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the financial statements. In this discussion and analysis, “City” refers to the primary government and does not include the Edgewater Redevelopment Authority component unit.

FINANCIAL HIGHLIGHTS

- The City’s financial position continues to be strong and improved during 2018.

- The assets of the City exceed its liabilities at the close of the fiscal year by $21,231,132 (net position). Of this amount, $11,994,598 (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 $6,572,057 or 44.83% within one year.

- In addition, the assets of the Edgewater Redevelopment Authority exceed its liabilities at the close of the fiscal year by $1,375,753 (net position). This represents an improvement in net position of $74,997 or 5.77% during 2018.

- Unrestricted cash and investments as of December 31, 2018 totaled $14,187,193. This represented an increase in cash and investments of $5,260,608 or 58.93% over the prior year.

- During 2018, the City's governmental activities reported total revenues of $12,648,981 with total expenses of $6,231,565.

- General Fund sales and use tax revenues stayed relatively constant in 2018 with a small decrease of -$138,319 or -2.26% from 2017.

- Due to the continued strength of the City’s sales tax base and other income sources plus prudent governmental spending, sufficient revenues are available to address future building and infrastructure needs. During 2018, the City completed the construction of a new Civic Center. The Civic Center houses the City administrative offices, the Police Department, a fitness center and gymnasium, and the Jefferson County Public Library. The City obtained a capital lease in the amount of $9,900,000 to finance a portion of the Civic Center construction. At the end of 2018, $9,771,879 of the lease proceeds had been expended. The City also spent $312,338 from the Capital Equipment Fund on the Civic Center during 2018.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Edgewater's basic 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.

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 the financial condition of the City as a whole at the end of the fiscal year by presenting information on all of the City's assets, deferred outflows and inflows of resources, and liabilities. The difference between the City's assets and deferred outflows of resources, less deferred inflows of resources and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Edgewater that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, public safety (police), 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 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 "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 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'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 governmental funds and budgetary comparison schedules are provided after the Required Supplementary Information.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

As noted earlier, net position is a useful indicator of a government's overall financial position.

City of Edgewater's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 14,326,835	$17,840,716	$ 1,519,844	$ 1,260,106	$ 15,846,679	$ 19,100,822
Capital assets, net	$ 16,974,740	$ 7,315,019	$ 2,286,477	$ 2,351,353	$ 19,261,217	$ 9,666,372
Total assets	$ 31,301,575	$25,155,735	$ 3,806,321	$ 3,611,459	$ 35,107,896	$ 28,767,194
Items Related to Pension	$ 356,501	$ 11,215	$ -	$ -	$ 356,501	$ 11,215
Loss on Debt Refunding	$ 21,376	$ 32,064	$ -	$ -	$ 21,376	$ 32,064
Total deferred outflows	$ 377,877	$ 43,279	$ -	$ -	$ 377,877	$ 43,279
Current and other liabilities	$ 2,534,621	$ 2,106,807	$ 120,746	$ 24,891	$ 2,655,367	$ 2,131,698
Long-term debt outstanding	$ 10,581,218	$11,134,254	$ 829,812	$ 885,446	$ 11,411,030	$ 12,019,700
Total liabilities	$ 13,115,839	$ 13,241,061	$ 950,558	$ 910,337	$ 14,066,397	$ 14,151,398
Items Related to Pension	$ 188,244	$ -	$ -	$ -	$ 188,244	$ -
Total deferred inflows	$ 188,244	$ -	$ -	$ -	$ 188,244	$ -
Net position:						
Net investment in capital assets	$ 6,553,475	$ 4,793,816	$ 1,459,522	$ 1,482,477	$ 8,012,997	$ 6,276,293
Restricted	$ 1,223,537	$ 1,639,374	$ -	$ -	$ 1,223,537	$ 1,639,374
Unrestricted	$ 10,598,357	$ 5,524,763	$ 1,396,241	$ 1,218,645	$ 11,994,598	$ 6,743,408
Total net position	$ 18,375,369	$ 11,957,953	$ 2,855,763	$ 2,701,122	$ 21,231,132	$ 14,659,075

As of December 31, 2018, the assets of the City exceed its liabilities at the close of the fiscal year by $21,231,132 (net position). Of this amount, $11,994,598 (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 $6,572,057 or 44.83% within one year.

In addition, the assets of the Edgewater Redevelopment Authority exceed its liabilities at the close of the fiscal year by $1,375,753 (net position). This represents an improvement in net position of $74,997 or 5.77% within one year.

At December 31, $14,326,835 or 45.77% of the Governmental Activities' total assets were in current assets, including $12,913,177 or 41.25% of total assets in cash and investments. This excellent cash position will enable the City to continue its operations at the current levels and continue to pursue improvements in physical property and infrastructure.

Current assets in the Governmental Activities exceed noncurrent liabilities by $3,745,617.

The Business-Type Activities of the City have $1,519,844 in current assets and $950,558 in total liabilities and no bonded debt. The City has adequate resources available to meet all the outstanding Business-Type Activity debt.

As of December 31, 2018, $1,223,537 or 5.76% of the City's total net position is restricted for parks and recreation, future debt service requirements, or emergencies. Another $8,012,997 or 37.74% of the City's total net position is invested in capital assets. The remaining $11,994,598 or 56.50% of the City's total net position 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.

City of Edgewater's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Program Revenues:						
Charges for services	$ 1,017,260	$ 1,215,000	$ 1,973,535	$ 2,059,533	$ 2,990,795	$ 3,274,533
Operating grants & contributions	$ 449,213	$ 473,602	$ -	$ -	$ 449,213	$ 473,602
Capital grants & contributions	$ 384,675	$ -	$ -	$ -	$ 384,675	$ -
General revenues:					$ -	$ -
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Sales & use taxes	$ 5,980,923	$ 6,119,242	$ -	$ -	$ 5,980,923	$ 6,119,242
Franchise & other taxes	$ 266,877	$ 265,245	$ -	$ -	$ 266,877	$ 265,245
Other general revenues	$ 4,550,033	$ 439,450	$ 11,140	$ 1,312	$ 4,561,173	$ 440,762
Total Revenues	**$ 12,648,981**	**$ 8,512,539**	**$ 1,984,675**	**$ 2,060,845**	**$ 14,633,656**	**$ 10,573,384**
Program Expenses:						
General government	$ 2,587,335	$ 2,600,260	$ -	$ -	$ 2,587,335	$ 2,600,260
Public safety	$ 1,642,328	$ 1,813,323	$ -	$ -	$ 1,642,328	$ 1,813,323
Public w orks	$ 1,049,922	$ 953,223	$ -	$ -	$ 1,049,922	$ 953,223
Parks and Recreation	$ 783,112	$ 473,869	$ -	$ -	$ 783,112	$ 473,869
Interest on Long-Term Debt	$ 168,868	$ 194,134	$ -	$ -	$ 168,868	$ 194,134
Water	$ -	$ -	$ 1,131,816	$ 1,282,106	$ 1,131,816	$ 1,282,106
Sew er	$ -	$ -	$ 467,967	$ 490,321	$ 467,967	$ 490,321
Trash	$ -	$ -	$ 230,251	$ 210,736	$ 230,251	$ 210,736
Total Expenses	**$ 6,231,565**	**$ 6,034,809**	**$ 1,830,034**	**$ 1,983,163**	**$ 8,061,599**	**$ 8,017,972**
Change in Net Position	$ 6,417,416	$ 2,477,730	$ 154,641	$ 77,682	$ 6,572,057	$ 2,555,412
Net Position, Beginning	$ 11,957,953	$ 9,480,223	$ 2,701,122	$ 2,623,440	$ 14,659,075	$ 12,103,663
Net Position, Ending	**$ 18,375,369**	**$ 11,957,953**	**$ 2,855,763**	**$ 2,701,122**	**$ 21,231,132**	**$ 14,659,075**

Governmental Activities

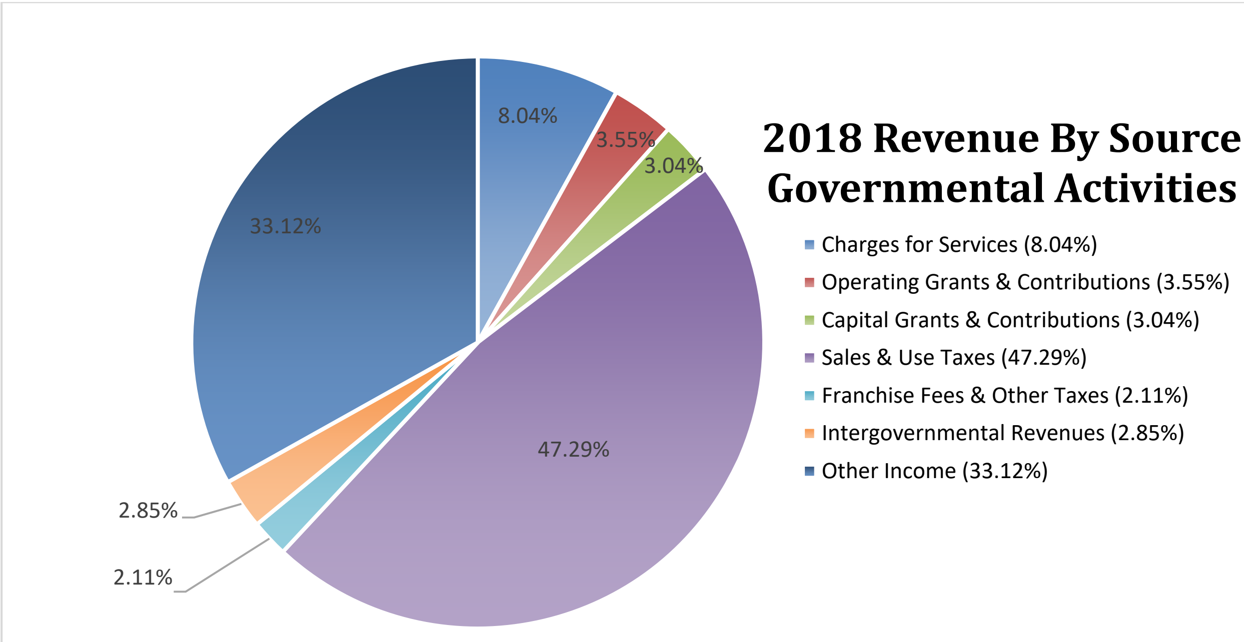
Governmental activities caused the City's net position to increase by $6,417,416 in 2018 compared to an increase of $2,477,730 in 2017.

Key elements of the change in net position for 2018 are:

- The City sold properties for redevelopment and received a gain of $3,936,162.
- The City received capital contributions totaling $384,675 from Jefferson County Public Library, Jefferson County Open Space, the City of Lakewood, and the Regional Air Quality Council for the library portion of the new Civic Center, improvements to Walker Branch Park, and an electric vehicle charging station.
- Sales and use taxes decreased by $138,319 (-2.26%).
- Charges for services decreased by $197,740 (-16.27%).
- Total Governmental Activities Revenue increased by $4,136,442 or 48.59% when compared to 2017.
- Total Governmental Activities Expenses increased by $196,756 or 3.26% over 2017 amounts.

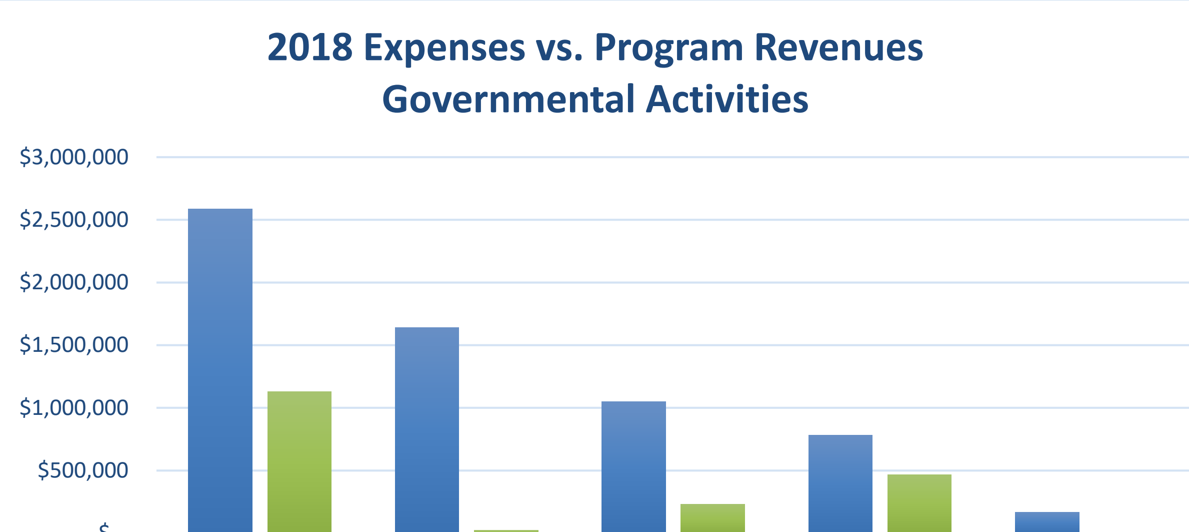
The following two charts illustrate the Governmental Activities Revenues and Expenses.

Chart # 1 illustrates the Sources of Revenue used to fund Governmental Activities.



The importance of sales and use tax to the City is clearly demonstrated in this chart. Sales and use taxes comprise 47.29% of the total revenue for Governmental Activities. In most years their percentage of total revenues is even larger when the City does not receive large gains from sales of property (Other Income).

Chart # 2 compares Expenses to Revenues associated with the various Governmental Activities performed by the City.



	General Gov't	Public Safety	Public Works	Parks & Rec.	Int. on LT Debt
Expenses	$2,587,335	$1,642,328	$1,049,922	$783,112	$168,868
Revenues	$1,128,831	$22,654	$232,161	$467,502	$-

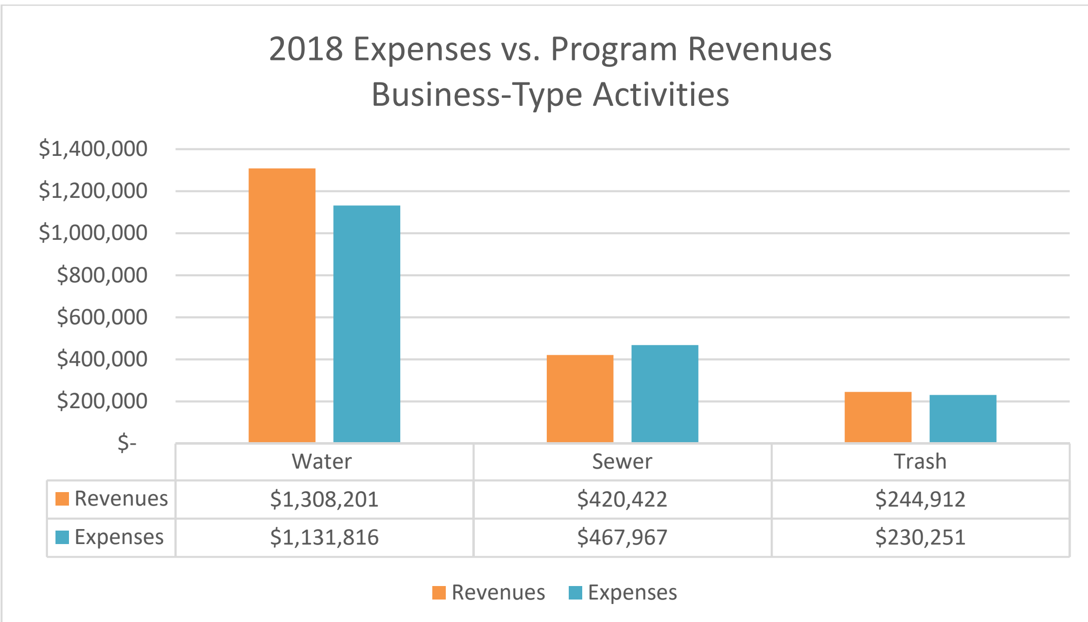
Business-Type Activities

Business-Type Activities consists of the water, sewer and trash operations of the City.

- these activities generated total revenues for the city of $1,984,675 in 2018.
- total expenses for business-type activities was $1,830,034 during 2018.
- these activities resulted in an increase to the city's net position of $154,641.

Charges for services exceeded expenses in the Water and Trash funds by $193,554 and $14,661 respectively. The Sewer Fund had net operating loss of -$47,545. City management continues to explore methods of improving operating profits in the utility funds while maintaining and improving infrastructure.

The following chart illustrates the Business-Type Activities program revenues and expenses.



THE CITY'S FUNDS

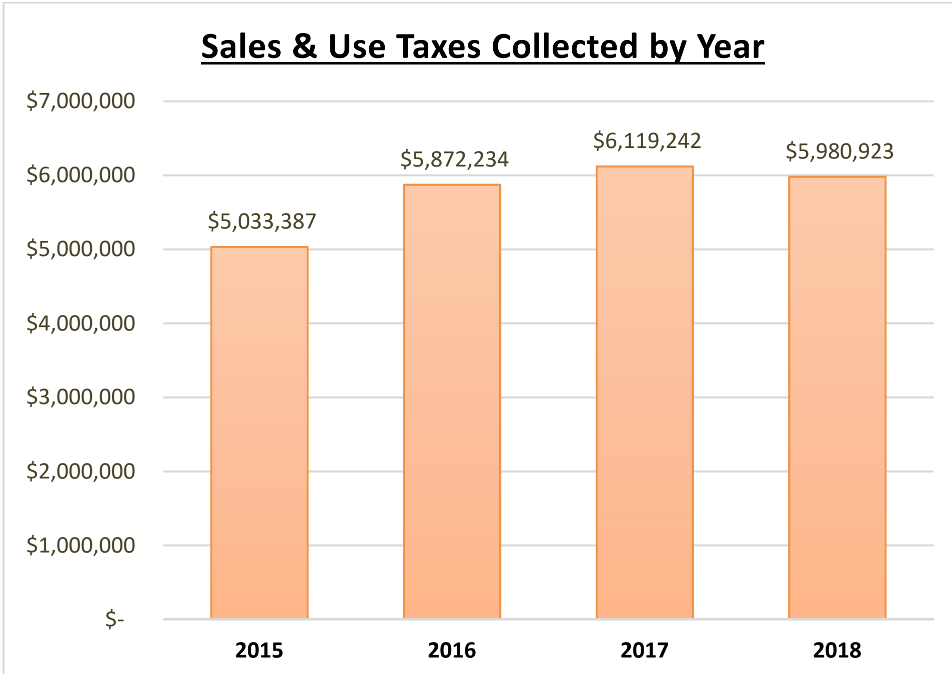
As noted earlier, the City of Edgewater uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds utilize the modified accrual basis of accounting and the balances of the spendable resources (fund balances) in each fund are shown at year end.

At December 31, 2018 the City's three major Governmental funds reported combined fund balances of $11,252,412 which is a decrease of $4,127,188 since 2017. The primary reason for this decrease is the spending of capital lease proceeds received in 2017 for the building of the new Civic Center.

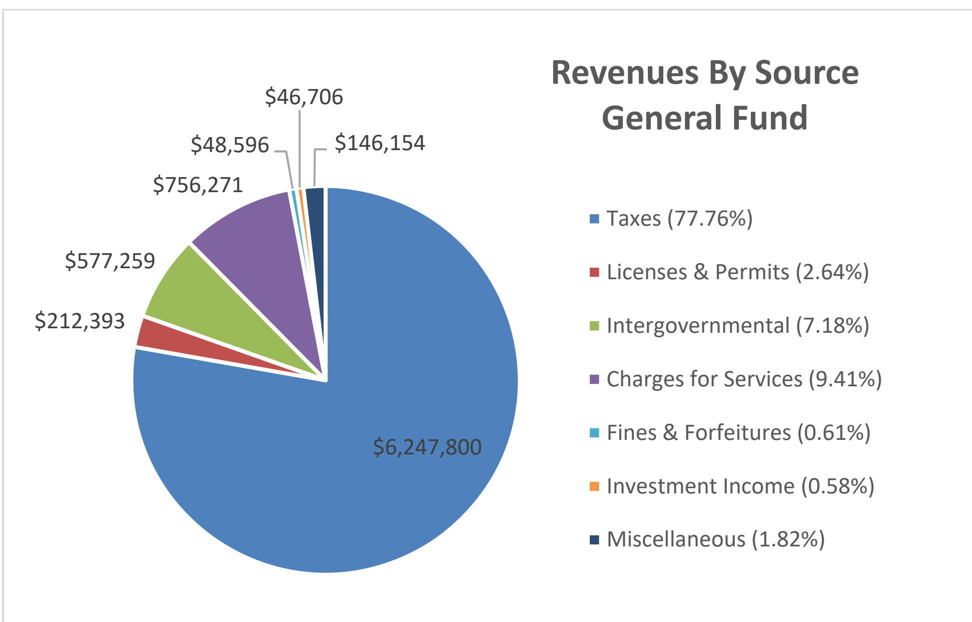
The individual major funds are discussed below.

General Fund. The General Fund is the chief operating fund of the City of Edgewater. It accounts for all general services provided by the City. At the end of 2018, the fund balance of the General Fund totaled $5,061,027. This is a decrease from the prior year of $668,408. This decrease is due to transfers to the Capital Improvements Fund ($2,500,000) and Capital Equipment Fund ($300,000) related to the construction and equipping of the new Civic Center, along with continued strength of sales tax revenues in excess of expenditures.

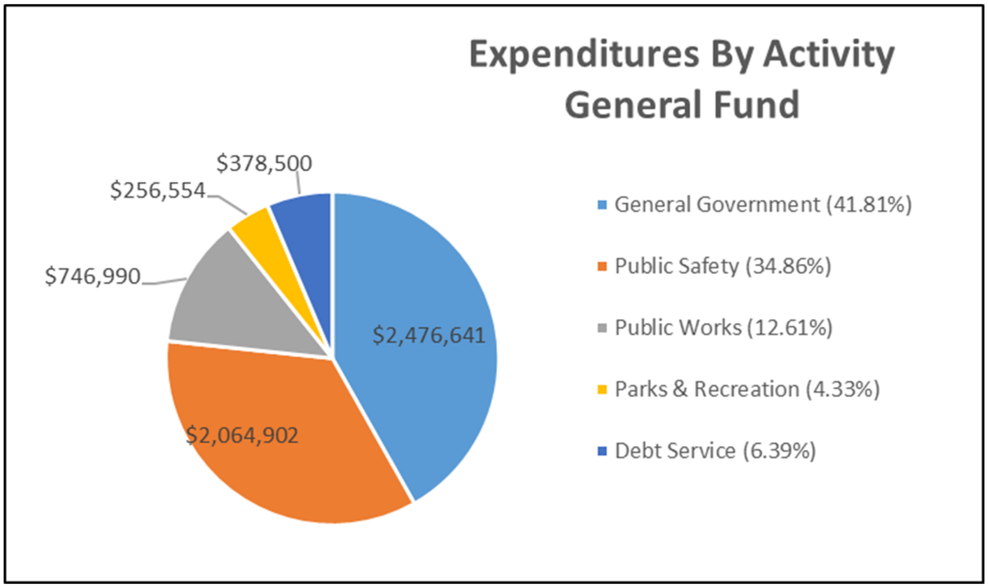
The following chart documents the growth in sales and use tax revenues over the past four years.



The following chart illustrates the sources of revenue for the General Fund.



The following chart illustrates the expenditures by activity for the General Fund.



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 2018, $185,495 in current revenues and $290,130 from prior year fund balances were spent on such programs.

Capital Improvements Fund. The City's Capital Improvements Fund was established to finance major capital improvements. During 2018, the City spent $10,962,317 on the new Civic Center, $342,874 on debt service payments for the Civic Center capital lease, and $68,832 on street, sidewalk, and traffic signal improvements. Part of the Civic Center expenses were funded through a transfer from the General Fund ($2,500,000) and contributions from the Jefferson County Public Library ($227,774).

Proprietary Funds. At December 31, 2018 the Net Positions of the Water, Sewer, and Trash Funds were $1,478,150, $1,301,467, and $76,146, 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, 2018, 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 2018 included:

Buildings and Improvements	$10,962,316
Equipment	$ 467,427
Infrastructure	$ 78,108
Sewer System	$ 61,751

Debt Administration. Note 4 of the financial statements provides a summary of the City's long-term debt. At December 31, 2018, the City had total bonded debt outstanding of $720,000 and a capital lease of $9,700,000. The bonds and capital lease are payable from general sales and use tax revenues of the City.

The city has a loan from the Colorado Water Resources and Power Development Authority with an outstanding balance of $826,955. This debt will be paid from revenues collected from water service charges. The City has contractual obligations for compensated absences totaling $141,434, which will be paid from the revenues of each respective fund.

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 2019 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, please contact the City's Finance Department at:

City of Edgewater
1800 Harlan St.
Edgewater, CO 80214

Phone: 720-763-3041
Email: nkirkpatrick@edgewaterco.com or visit our website at www.edgewaterco.com

Basic Financial Statements

City of Edgewater, Colorado

Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Redevelopment Authority
Assets				
Cash and Investments	$ 12,785,056	$ 1,402,137	$ 14,187,193	$ 1,222,402
Restricted Cash and Investments	128,121	-	128,121	-
Accounts Receivable	391,765	101,057	492,822	74
Taxes Receivable	632,232	-	632,232	66,149
Prepaid Expenses	11,427	-	11,427	-
Inventory	-	16,650	16,650	-
Property Held For Resale	-	-	-	-
Capital Assets, Not Being Depreciated	228,088	-	228,088	134,000
Capital Assets, Net of Accumulated Deprecation	16,746,652	2,286,477	19,033,129	21,326
Net Pension Asset	378,234	-	378,234	-
Total Assets	31,301,575	3,806,321	35,107,896	1,443,951
Deferred Outflows of Resources				
Pensions, Net of Accumulated Amortization	356,501	-	356,501	-
Loss on Debt Refunding, Net of Accumulated Amortization	21,376	-	21,376	-
Total Deferred Outflows of Resources	377,877	-	377,877	-
Liabilities				
Accounts Payable	2,005,121	117,842	2,122,963	2,049
Retainage Payable	134,648	-	134,648	-
Accrued Liabilities	130,440	-	130,440	-
Customer Deposits	131,331	-	131,331	-
Accrued Interest Payable	24,538	2,904	27,442	-
Noncurrent Liabilities				
Due Within One Year	680,487	43,391	723,878	-
Due in More Than One Year	9,900,731	786,421	10,687,152	-
Net Pension Liability	108,543	-	108,543	-
Total Liabilities	13,115,839	950,558	14,066,397	2,049
Deferred Inflows of Resources				
Pensions, Net of Accumulated Amortization	188,244	-	188,244	-
Property Taxes	-	-	-	66,149
Total Deferred Inflows of Resources	188,244	-	188,244	66,149
Net Position				
Net Investment in Capital Assets	6,553,475	1,459,522	8,012,997	155,326
Restricted for:				
Emergencies	261,000	-	261,000	-
Parks and Open Space	962,537	-	962,537	-
Unrestricted	10,598,357	1,396,241	11,994,598	1,220,427
Total Net Position	$ 18,375,369	$ 2,855,763	$ 21,231,132	$ 1,375,753

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

City of Edgewater, Colorado

Statement of Activities

Year Ended December 31, 2018

		Program Revenues			Net (Expense) Revenue and Change in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	Redevelopment Authority
Primary Government								
Governmental Activities								
General Government	$ 2,587,335	$ 888,537	$ -	$ 240,294	$ (1,458,504)	$ -	$ (1,458,504)	$ -
Public Safety	1,642,328	2,224	20,430	-	(1,619,674)	-	(1,619,674)	-
Public Works	1,049,922	35,598	196,563	-	(817,761)	-	(817,761)	-
Parks and Recreation	783,112	90,901	232,220	144,381	(315,610)	-	(315,610)	-
Interest on Long-Term Debt	168,868	-	-	-	(168,868)	-	(168,868)	-
Total Governmental Activities	6,231,565	1,017,260	449,213	384,675	(4,380,417)	-	(4,380,417)	-
Business-Type Activities								
Water	1,131,816	1,308,201	-	-	-	176,385	176,385	-
Sewer	467,967	420,422	-	-	-	(47,545)	(47,545)	-
Trash	230,251	244,912	-	-	-	14,661	14,661	-
Total Business-Type Activities	1,830,034	1,973,535	-	-	-	143,501	143,501	-
Total Primary Government	$ 8,061,599	$ 2,990,795	$ 449,213	$ 384,675	(4,380,417)	143,501	(4,236,916)	-
Component Unit								
Redevelopment Authority	$ 33,400	$ 38,541	$ -	$ -	-	-	-	5,141
General Revenues								
Property Tax Increment					-	-	-	59,615
Sales and Use Taxes					5,980,923	-	5,980,923	-
Franchise Taxes					266,877	-	266,877	-
Intergovernmental Revenues not Restricted to Specific Programs					360,266	-	360,266	-
Investment Income					107,981	11,140	119,121	10,241
Gain on Sale of Capital Assets					3,936,162	-	3,936,162	-
Miscellaneous					145,624	-	145,624	-
Total General Revenues					10,797,833	11,140	10,808,973	69,856
Change in Net Position					6,417,416	154,641	6,572,057	74,997
Net Position, Beginning					11,957,953	2,701,122	14,659,075	1,300,756
Net Position, Ending					$ 18,375,369	$ 2,855,763	$ 21,231,132	$ 1,375,753

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

City of Edgewater, Colorado

Balance Sheet
Governmental Funds
December 31, 2018

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Totals
Assets					
Cash and Investments	$ 5,466,671	$ 951,947	$ 6,084,750	$ 281,688	$ 12,785,056
Restricted Cash and Investments	-	-	128,121	-	128,121
Accounts Receivable	179,660	31,430	36,294	144,381	391,765
Taxes Receivable	632,232	-	-	-	632,232
Prepaid Expenditures	11,427	-	-	-	11,427
Total Assets	$ 6,289,990	$ 983,377	$ 6,249,165	$ 426,069	$ 13,948,601
Liabilities					
Accounts Payable	$ 967,192	$ 199,502	$ 707,007	$ 131,420	$ 2,005,121
Retainage Payable	-	-	134,648	-	134,648
Accrued Liabilities	130,440	-	-	-	130,440
Customer Deposits	131,331	-	-	-	131,331
Total Liabilities	1,228,963	199,502	841,655	131,420	2,401,540
Fund Balances					
Nonspendable Prepaid Expenditures	11,427	-	-	-	11,427
Restricted for:					
Emergencies	261,000	-	-	-	261,000
Parks and Open Space	-	783,875	-	178,662	962,537
Assigned to Capital Outlay	-	-	5,407,510	115,987	5,523,497
Unrestricted, Unassigned	4,788,600	-	-	-	4,788,600
Total Fund Balances	5,061,027	783,875	5,407,510	294,649	11,547,061
Total Liabilities and Fund Balances	$ 6,289,990	$ 983,377	$ 6,249,165	$ 426,069	$ 13,948,601

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

City of Edgewater, Colorado

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

December 31, 2018

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

Total Fund Balances of Governmental Funds	$ 11,547,061
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	16,974,740
Net pension assets (liabilities) and the related deferred inflows and outflows are not current financial resources and, therefore, are not reported in governmental funds.	
Net Pension Asset	378,234
Net Pension Liability	(108,543)
Pension-Related Deferred Outflows of Resources	356,501
Pension-Related Deferred Inflows of Resources	(188,244)
Long-term liabilities and related items are not due and payable in the current year and, therefore are not reported in governmental funds.	
Loss on Debt Refunding	21,376
Accrued Interest Payable	(24,538)
Long-Term Debt	(10,581,218)
Total Net Position of Governmental Activities	$ 18,375,369

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, 2018

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Totals
Revenues					
Taxes	$ 6,247,800	$ -	$ -	$ -	$ 6,247,800
Licenses and Permits	212,393	-	-	-	212,393
Intergovernmental	577,259	176,929	240,294	198,542	1,193,024
Charges for Services	756,271	-	-	-	756,271
Fines and Forfeitures	48,596	-	-	-	48,596
Investment Income	46,706	7,966	50,956	2,353	107,981
Miscellaneous	146,154	600	-	-	146,754
Total Revenues	8,035,179	185,495	291,250	200,895	8,712,819
Expenditures					
Current					
General Government	2,476,641	-	-	325,709	2,802,350
Public Safety	2,064,902	-	-	4,912	2,069,814
Public Works	746,990	-	-	58,721	805,711
Parks and Recreation	256,554	475,625	-	274,821	1,007,000
Capital Outlay	-	-	11,031,149	-	11,031,149
Debt Service					
Principal	350,000	-	200,000	-	550,000
Interest and Fiscal Charges	28,500	-	142,874	-	171,374
Total Expenditures	5,923,587	475,625	11,374,023	664,163	18,437,398
Excess of Revenues Over (Under) Expenditures	2,111,592	(290,130)	(11,082,773)	(463,268)	(9,724,579)
Other Financing Sources (Uses)					
Proceeds from Sale of Capital Assets	-	-	5,434,123	-	5,434,123
Transfers In	-	-	2,500,000	300,000	2,800,000
Transfers Out	(2,800,000)	-	-	-	(2,800,000)
Total Other Financing Sources (Uses)	(2,800,000)	-	7,934,123	300,000	5,434,123
Net Change in Fund Balances	(688,408)	(290,130)	(3,148,650)	(163,268)	(4,290,456)
Fund Balances, Beginning	5,749,435	1,074,005	8,556,160	457,917	15,837,517
Fund Balances, Ending	$ 5,061,027	$ 783,875	$ 5,407,510	$ 294,649	$ 11,547,061

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 Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018

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

Net Change in Fund Balances of Governmental Funds	$ (4,290,456)
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.	
Capital Outlay	11,507,851
Capital Asset Disposals	(1,469,768)
Depreciation Expense	(378,362)
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.	550,000
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 Loss on Debt Refunding	(10,688)
Amortization of Premiums	11,322
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 includes changes in the following:	
Accrued Interest Payable	1,872
Compensation Absences Payable	(8,286)
Net Pension Asset	378,234
Net Pension Liability	(31,345)
Pension-Related Deferred Outflows and Inflows of Resources	157,042
Change in Net Position of Governmental Activities	$ 6,417,416

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

City of Edgewater, Colorado

Statement of Net Position
Proprietary Funds
December 31, 2018

	Water	Sewer	Nonmajor Trash	Totals
Assets				
Current Assets				
Cash and Investments	$ 1,207,890	$ 123,278	$ 70,969	$ 1,402,137
Accounts Receivable	36,394	41,210	23,453	101,057
Inventory	16,650	-	-	16,650
Total Current Assets	1,260,934	164,488	94,422	1,519,844
Noncurrent Assets				
Capital Assets, Net of Accumulated Depreciation	1,141,839	1,144,638	-	2,286,477
Total Noncurrent Assets	1,141,839	1,144,638	-	2,286,477
Total Assets	2,402,773	1,309,126	94,422	3,806,321
Liabilities				
Current Liabilities				
Accounts Payable	93,254	6,312	18,276	117,842
Accrued Interest Payable	2,904	-	-	2,904
Compensated Absences Payable, Current Portion	332	296	-	628
Loans Payable, Current Portion	42,763	-	-	42,763
Total Current Liabilities	139,253	6,608	18,276	164,137
Noncurrent Liabilities				
Compensated Absences Payable	1,178	1,051	-	2,229
Loans Payable	784,192	-	-	784,192
Total Noncurrent Liabilities	785,370	1,051	-	786,421
Total Liabilities	924,623	7,659	18,276	950,558
Net Position				
Net Investment in Capital Assets	314,884	1,144,638	-	1,459,522
Unrestricted	1,163,266	156,829	76,146	1,396,241
Total Net Position	$ 1,478,150	$ 1,301,467	$ 76,146	$ 2,855,763

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, 2018

	Water	Sewer	Nonmajor Trash	Totals
Operating Revenues				
Charges for Services	$ 1,303,770	$ 420,422	$ 244,315	$ 1,968,507
Miscellaneous	4,431	-	597	5,028
Total Operating Revenues	1,308,201	420,422	244,912	1,973,535
Operating Expenses				
Service Operating Expenses	1,038,154	417,833	230,251	1,686,238
Depreciation	76,493	50,134	-	126,627
Total Operating Expenses	1,114,647	467,967	230,251	1,812,865
Net Operating Income (Loss)	193,554	(47,545)	14,661	160,670
Nonoperating Revenues (Expenses)				
Investment Income	10,111	1,029	-	11,140
Interest Expense	(17,169)	-	-	(17,169)
Total Nonoperating Revenues (Expenses)	(7,058)	1,029	-	(6,029)
Change in Net Position	186,496	(46,516)	14,661	154,641
Net Position, Beginning	1,291,654	1,347,983	61,485	2,701,122
Net Position, Ending	$ 1,478,150	$ 1,301,467	$ 76,146	$ 2,855,763

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, 2018

	Water	Sewer	Nonmajor Trash	Totals
Cash Flows From Operating Activities				
Cash Received from Customers	$ 1,331,236	$ 425,378	$ 243,957	$ 2,000,571
Cash Paid to Suppliers	(866,507)	(358,204)	(229,580)	(1,454,291)
Cash Paid to Employees	(86,378)	(64,506)	-	(150,884)
Net Cash Provided (Used) by Operating Activities	378,351	2,668	14,377	395,396
Cash Flows From Capital and Related Financing Activities				
Acquistion and Construction of Capital Assets	-	(61,751)	-	(61,751)
Debt Principal Payments	(41,921)	-	-	(41,921)
Debt Interest Payments	(16,090)	-	-	(16,090)
Net Cash Provided (Used) by Capital and Related Financing Activities	(58,011)	(61,751)	-	(119,762)
Cash Flows from Investing Activities				
Investment Earnings Received	10,111	1,029	-	11,140
Net Change in Cash and Cash Equivalents	330,451	(58,054)	14,377	286,774
Cash and Cash Equivalents, Beginning	877,439	181,332	56,592	1,115,363
Cash and Cash Equivalents, Ending	$ 1,207,890	$ 123,278	$ 70,969	$ 1,402,137
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Net Operating Income (Loss)	$ 193,554	$ (47,545)	$ 14,661	$ 160,670
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	76,493	50,134	-	126,627
Changes in Assets and Liabilities				
Accounts Receivable	23,035	4,956	(955)	27,036
Accounts Payable	92,517	1,588	671	94,776
Compensated Absences Payable	(7,248)	(6,465)	-	(13,713)
Net Cash Provided (Used) by Operating Activities	$ 378,351	$ 2,668	$ 14,377	$ 395,396

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, 2018

	Firemen's Pension
Assets	
Cash	$ 34,112
Investments	
U.S. Agency Securities	676,184
Accounts Receivable	22,500
Total Assets	$ 732,796
Net Position	
Restricted for Pension Benefits	$ 732,796

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, 2018

	Firemen's Pension
Additions	
City Contributions	$ 25,000
State Contributions	22,500
Investment Income	7,590
Total Additions	55,090
Deductions	
Pension Benefits	65,558
Total Deductions	65,558
Change in Net Position	(10,468)
Net Position, Beginning	743,264
Net Position, Ending	$ 732,796

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

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 there is a potential for the organization to provide benefits to, or impose 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.

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 fiduciary funds, even though the latter are 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 fund 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

When both restricted and unrestricted resources are available for a specific 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 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 and debt proceeds.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water to City residents.

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 Balances

Cash Equivalents - Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years, and are reported as prepaid expenses.

Inventory - Inventories are valued at cost, using the first-in, first-out method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Capital Assets - Capital assets, which include land, buildings, equipment, infrastructure, and water and sewer systems owned by the City, are reported in the applicable governmental or business-type activities in the government-wide financial statements and in 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 the acquisition value on 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.

Capital assets of the City 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 in the applicable statement of net position. Debt premiums, discounts, and losses resulting from debt refundings are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, 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 increases 2% per year of service, to a maximum of 40% of accrued sick time. Effective January 1, 2013, the sick time payout was frozen and no additional amounts accrue.

These compensated absences are expended when earned in the proprietary funds and when paid in the governmental funds. A liability for the accrued compensated absences has been reported in the government-wide financial statements and the proprietary funds in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Pensions - In November 2017, the City began participating in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from each plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting used by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized in the year the contributions are due.

Postemployment Benefits Other Than Pensions (OPEB) - The City contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The City has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. As reported in the governmental fund financial statements, the City Council establishes a fund balance commitment through passage of an ordinance, and is authorized to informally assign amounts to a specific purpose.

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

Note 2: Cash and Investments

Cash and investments at December 31, 2018, consisted of the following:

Petty Cash	$ 917
Cash Deposits	15,432,304
Investments	686,670
Cash Held by Third Party	128,121
Total	$ 16,248,012

Note 2: Cash and Investments (Continued)

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

Cash and Investments	$ 14,187,193
Restricted Cash and Investments	128,121
Pension Trust Fund Cash and Investments	710,296
Component Unit Cash and Investments	1,222,402
Total	$ 16,248,012

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, 2018, the City had bank deposits of $15,183,175 collateralized with securities held by the financial institutions' agent 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 and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. State statutes do not apply to public funds held or invested as part of a 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

The City had the following investments at December 31, 2018:

	S&P	Investment Maturities (in years)			
Investment Type	Rating	Less than 1	1 - 5	More than 5	Total
Local Government Investment Pool	AAAm	$ 10,486	$ -	$ -	$ 10,486
U.S. Agency Securities	NA	5	22,027	654,152	676,184
Total		$ 10,491	$ 22,027	$ 654,152	$ 686,670

Note 2: Cash and Investments (Continued)

Investments (Continued)

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2018, the City's investments in U.S. Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs). The City's investment in the local government investment pool was measured at the net asset value per share.

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

Credit Risk - State statutes limit certain investments to those with specified 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 of investment securities, 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.

Custodial Credit Risk - At December 31, 2018, the City's investments in U.S. Agency securities were held by the counterparty (broker), but not in the City's name.

Local Government Investment Pools - At December 31, 2018, the City had $10,486 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pool 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 the pool. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The pool is measured at the net asset value per share, with each share valued at $1. The pool is rated AAAm by Standard and Poor's. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

At December 31, 2018, cash and investments of $128,121, representing lease proceeds restricted for capital projects, were reported in the Capital Improvements Fund.

City of Edgewater, Colorado
Notes to Financial Statements
December 31, 2018

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below.

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 930,088	$ -	$ 702,000	$ 228,088
Construction in Progress	1,942,384	10,962,316	12,904,700	-
Total Capital Assets, Not Being Depreciated	2,872,472	10,962,316	13,606,700	228,088
Capital Assets, Being Depreciated				
Buildings and Improvements	1,556,914	12,904,700	795,961	13,665,653
Equipment	1,052,516	467,427	5,692	1,514,251
Infrastructure	3,757,317	78,108	-	3,835,425
Total Capital Assets, Being Depreciated	6,366,747	13,450,235	801,653	19,015,329
Less: Accumulated Depreciation				
Buildings and Improvements	(452,077)	(50,873)	(31,668)	(471,282)
Equipment	(756,868)	(117,885)	(2,217)	(872,536)
Infrastructure	(715,255)	(209,604)	-	(924,859)
Total Accumulated Depreciation	(1,924,200)	(378,362)	(33,885)	(2,268,677)
Total Capital Assets, Being Depreciated, Net	4,442,547	13,071,873	767,768	16,746,652
Governmental Activities Capital Assets, Net	$ 7,315,019	$ 24,034,189	$ 14,374,468	$ 16,974,740
Business-type Activities				
Capital Assets, Being Depreciated				
Water System	$ 2,443,232	$ -	$ -	$ 2,443,232
Sewer System	1,463,280	61,751	-	1,525,031
Total Capital Assets, Being Depreciated	3,906,512	61,751	-	3,968,263
Less: Accumulated Depreciation				
Water System	(1,224,900)	(76,493)	-	(1,301,393)
Sewer System	(330,259)	(50,134)	-	(380,393)
Total Accumulated Depreciation	(1,555,159)	(126,627)	-	(1,681,786)
Business-type Activities Capital Assets, Net	$ 2,351,353	$ (64,876)	$ -	$ 2,286,477
Component Unit				
Capital Assets, Not Being Depreciated				
Land	$ 134,000	$ -	$ -	$ 134,000
Total Capital Assets, Not Being Depreciated	134,000	-	-	134,000
Capital Assets, Being Depreciated				
Buildings and Improvements	39,987	-	-	39,987
Less Accumulated Depreciation	(15,995)	(2,666)		(18,661)
Total Capital Assets, Being Depreciated, Net	23,992	(2,666)	-	21,326
Component Unit Capital Assets, Net	$ 157,992	$ (2,666)	$ -	$ 155,326

Note 3: Capital Assets (Continued)

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

Governmental Activities	
General Government	$ 52,413
Public Safety	82,001
Public Works	229,827
Parks and Recreation	14,121
Total	$ 378,362

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018.

	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
Governmental Activities					
2012 Revenue Refunding Bonds	$ 1,070,000	$ -	$ 350,000	$ 720,000	$ 350,000
Premium	33,963	-	11,322	22,641	-
2017 Capital Lease	9,900,000	-	200,000	9,700,000	300,000
Compensated Absences	130,291	8,286	-	138,577	30,487
Total Governmental Activities	$ 11,134,254	$ 8,286	$ 561,322	$ 10,581,218	$ 680,487

Sales and Use Tax Revenue Refunding Bonds

$2,790,000 Sales and Use Tax Revenue Refunding Bonds, Series 2012, were issued to refund the outstanding General Fund Revenue Bonds, Series 2001, originally issued to refund a portion of the Tax Increment Revenue Refunding Bonds (Edgewater Redevelopment Project), Series 1999, originally issued by the Authority. Interest payments are payable semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2% to 3% per annuum. Principal payments are due annually on December 1, through 2020. These bonds are payable solely from the City's 3.5% sales and use tax. During the year ended December 31, 2018, revenues of $5,980,923 were available to pay annual debt service of $378,500. Future debt service requirements are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$ 350,000	$ 18,000	$ 368,000
2020	370,000	9,250	379,250
Total	$ 720,000	$ 27,250	$ 747,250

Note 4: Long-Term Debt (Continued)

Governmental Activities (Continued)

Capital Lease

During 2017, the City entered into a capital lease in the amount of $9,900,000 to finance the construction of a new City Hall and recreation center. The lease agreement requires annual principal payments beginning on December 1, 2018, through 2032. Interest accrues at 2.85% per annum and is payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Building costs of $12,904,700 have been capitalized for this project.

Capital lease payments, to maturity, are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$ 300,000	$ 276,450	$ 576,450
2020	375,000	267,900	642,900
2021	495,000	257,213	752,213
2022	510,000	243,105	753,105
2023	575,000	228,570	803,570
2024-2028	3,815,000	857,280	4,672,280
2029-2032	3,630,000	262,627	3,892,627
Total	$ 9,700,000	$ 2,393,145	$ 12,093,145

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

Business-type Activities

A summary of long-term debt transactions of the business-type activities for the year ended December 31, 2018, follows.

	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
Business-type Activities					
Water Loan	$ 868,876	$ -	$ 41,921	$ 826,955	$ 42,763
Compensated Absences	16,570	-	13,713	2,857	628
Total Business-type Activities	$ 885,446	$ -	$ 55,634	$ 829,812	$ 43,391

In January 2015, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Loan proceeds were used for improvements to the water system. In October 2016, unused loan proceeds were used to pay down the loan balance and the agreement was modified. Semi-annual payments of $29,545, including principal and interest accruing at 2% per annum, are due on May 1 and November 1, through May 1, 2035.

Note 4: Long-Term Debt (Continued)

Business-type Activities (Continued)

Annual debt service requirements are as follows:

Year Ended December 31,	Principal	Interest	Total
2019	$ 42,763	$ 16,327	$ 59,090
2020	43,623	15,467	59,090
2021	44,500	14,590	59,090
2022	45,394	13,696	59,090
2023	46,307	12,783	59,090
2024-2028	245,876	49,574	295,450
2029-2033	271,600	23,850	295,450
2034-2035	86,892	1,743	88,635
Total	$ 826,955	$ 148,030	$ 974,985

Note 5: Interfund Transactions

During the year ended December 31, 2018, the General Fund transferred $2,500,000 and $300,000 to the Capital Improvements and Capital Equipment Funds for capital projects and equipment purchases.

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 participates in 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 provisions 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 in preventing and reducing 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.

Note 7: Retirement Commitments

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%. After one year of service, employees may contribute an additional 2% of compensation which the City will match. Employees may make additional voluntary contributions according to various plan documents. 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, 2018, the City contributed $45,411 to the Plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Police Pension Plans

General Information

Plan Description - The City contributes to the Statewide Defined Benefit Plan (the SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan (the SWH Plan), a cost-sharing multiple-employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA).

The City's police officers began participating in the plans on November 4, 2017. Upon entering the plans, each police officer could elect to participate in either plan. Police officers hired subsequently must participate in the SWDB Plan on the first day of employment.

Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

Benefits Provided - A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index.

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty-five years of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution from the defined benefit component. Alternatively, a member with at least five years of accredited service may leave contributions with the defined benefit component and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years' base salary for each year of credited service. In addition, upon termination the vested account balance in the money purchase component becomes available to the member.

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement (25 years of service and age 55), early retirement (30 years of service and age 50), or vested retirement (5 years of service and age 55). A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the plans' net position.

Contributions - The City and eligible employees hired after November 4, 2017, are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees contributed 8% and 10% of base salary, respectively, for the year ended December 31, 2018. SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

Contributions from the City and employees entering the SWDB Plan on November 4, 2017 (the reentry group), are established by resolution of the FPPA Board of Directors. All reentry groups had a combined contribution rate of 20% of base salary through December 31, 2014. Employee contributions may not be less than 8% with the split of contributions between employees and the City determined by the City Council. The City and eligible employees each contributed 11% of base salary for the year ended December 31, 2018. In accordance with the aforementioned election, the reentry group contributions will increase 0.5% percent annually from 2015 through 2022, to a total of 24% of base salary.

The City's contributions to the SWDB Plan for the year ended December 31, 2018, were $106,908, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the money purchase component of the SWH Plan. The defined benefit component allocation from July 1, 2017, through June 30, 2018, was 14.8%, and thereafter was 13.4%. For the year ended December 31, 2018, the City Council established the contribution rate split at 11% of base salary for both the City and employees.

Within the money purchase component, members are always fully vested in their contributions, as well as the earnings on those contributions. Vesting in the City's contributions within the money purchase component and earnings on those contributions is 20% per year after the first year of service, with 100% vesting after five years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the SWH Plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

An employee may elect to make voluntary after-tax contributions to the money purchase component of the SWH Plan. All contributions to the money purchase component are invested at the discretion of the member.

The City's contributions to the SWH Plan for the year ended December 31, 2018, were $6,602, equal to the required contributions.

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At December 31, 2018, the City reported a net pension asset of $296,175 and $82,059, representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net pension asset was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2017, relative to the projected contributions of all participating employers.

At December 31, 2017, the City's proportion of the SWDB Plan was 0.20586880%. The City's proportion of the SWH Plan was 0.41967838%. The City began participating in the plans during 2017, and therefore, had no measurable proportion of the total pension liability at December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense for the SWDB and SWH Plans of ($313,408) and ($119,573), respectively. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Statewide Defined Benefit Plan		
Differences between expected and actual experience	$ 136,957	$ -
Net difference between projected and actual earnings on plan investments	-	178,634
Changes in proportion	58,910	-
Contributions subsequent to the measurement date	106,908	-
Total	$ 302,775	$ 178,634
Statewide Hybrid Plan		
Differences between expected and actual experience	$ 14,461	$ -
Net difference between projected and actual earnings on plan investments	-	9,610
Changes in proportion	32,663	-
Contributions subsequent to the measurement date	6,602	-
Total	$ 53,726	$ 9,610
Total	$ 356,501	$ 188,244

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

City contributions to the SWDB and SWH Plans subsequent to the measurement date of $106,908 and $6,602, respectively, will be recognized as an increase or decrease to the net pension asset (liability) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	SWDB Plan	SWH Plan
2019	$ (33,813)	$ 6,188
2020	(33,813)	6,188
2021	(33,813)	6,188
2022	25,732	9,392
2023	25,732	9,392
Thereafter	67,207	166
Total	$ 17,233	$ 37,514

Actuarial Assumptions - The actuarial valuations as of January 1, 2018, determined the total pension liability using the following actuarial assumptions and other inputs:

Inflation	2.5%
Projected salary increases, including inflation	4% - 14%
Investment rate of return, net of plan investment expenses, including inflation	7.5%
Cost of living adjustments (COLA)	0.0%

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

Based on an actuarial experience study, the FPPA Board of Directors approved a reduction in the assumed investment rate of return from 7.5% to 7.0% effective January 1, 2019.

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	2%	2.26%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.5%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the SWDB net pension asset (liability)	$ (322,446)	$ 296,175	$ 809,860
Proportionate share of the SWH net pension asset (liability)	$ 58,033	$ 82,059	$ 102,278

Note 7: Retirement Commitments (Continued)

Police Pension Plans (Continued)

Pension Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

Firemen's Pension Plan

Effective January 1, 2013, the City's fire protection services were merged with the Wheat Ridge Fire Protection District, which subsequently merged with the West Metro Fire Protection District. As such, the City no longer employs either paid or volunteer firefighters. However, individuals who previously served the City as volunteer firefighters may be eligible to participate in the Firemen's Pension Plan.

General Information

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 the Mayor, the City's Finance Director, and three other members appointed by City Council in accordance with State statutes. This Board of Trustees also establishes and is allowed to amend contribution requirements of the City. The Plan does not publish a separate stand-alone report, but is reported in these financial statements as a Pension Trust Fund.

Plan Membership - At December 31, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	1
Total	22

Benefits Provided - 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. Surviving spouses receive a monthly benefit of $150.

Contributions - As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City's contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2019, 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. For the year ended December 31, 2018, the City and State contributed $25,000 and $22,500, respectively, to the plan.

Note 7: Retirement Commitments (Continued)

Firemen's Pension Plan (Continued)

Investments

Investment Policy - The Board of Trustees has the authority to establish an investment policy for the plan, but has not done so. City management currently makes all investment decisions.

Rate of Return - For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of investment expense, was 1.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

At December 31, 2018, the City reported a net pension liability of $108,543. The net pension liability was measured at December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement.

Investment Rate of Return - 3.5%, net of investment expenses, including inflation
Inflation - 2.5%
Salary Increases - Not Applicable
Mortality - RP-2014 Mortality Table, with fully generational mortality improvement, using Scale MP-2018.

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

Best estimates of real rates of return for each major asset class included in the plan's target asset allocation at December 31, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	90%	3.50%
Cash	10%	2.50%
Total	100%	

Note 7: Retirement Commitments (Continued)

Firemen's Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding practice. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 3.5% was applied to all periods of projected benefit payments to determine the total pension liability.

For the year ended December 31, 2018, changes in the net pension liability of the City were as follows.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, Beginning	$ 906,826	$ 743,264	$ (163,562)
Interest	30,592	-	(30,592)
Differences Between Expected and Actual Experience	(30,521)	-	30,521
Benefit Payments	(65,558)	(65,558)	-
City Contributions	-	25,000	25,000
State Contributions	-	22,500	22,500
Net Investment Income	-	7,590	7,590
Balances, Ending	$ 841,339	$ 732,796	$ (108,543)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following table presents the net pension liability of the City at December 31, 2018, calculated using the discount rate of 3.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current rate, as follows:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
City's Net Pension Liability	$ 203,585	$ 108,543	$ 29,715

<u>Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions</u>

For the year ended December 31, 2018, the City recognized pension expense of $90,060. The net difference between projected and actual earnings on investments was recorded in pension expense. Because the difference was not significant, it will not be recognized as pension expense over multiple years.

Note 8: Other Postemployment Benefits

Statewide Death & Disability Plan

General Information

Plan Description - The City contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statutes and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.fppaco.org.

Benefits Provided - The plan provides pre-retirement death benefits, as follows:
- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
- On-duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:
- Total disability: 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

Once a member is eligible to retire, all plan benefit obligations cease.

Contributions - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

Any decision regarding whether the employer or member contribute to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the City Council.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 2.7% of base salaries on behalf of the members during the year ended December 31, 2018. Contributions to the plan for the year ended December 31, 2018, were $24,597, equal to the required contributions.

Based on the 2018 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8% effective January 1, 2019, through December 31, 2020.

Note 8: Other Postemployment Benefits (Continued)

Statewide Death & Disability Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

OPEB Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

Note 9: Commitments and Contingencies

Litigation

The City is involved in various threatened or pending litigation. The outcome of this litigation cannot be determined at this time.

Enhanced Sales Tax Incentive Program

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

In 2005, the City agreed to rebate a portion of the sales taxes generated by Target. The agreement terminates at the earlier of September 30, 2027, or upon reaching the cumulative maximum rebate amount of $10,890,767. During the year ended December 31, 2018, Target earned $659,300 under this agreement. Payments since inception totaled $5,231,089 at December 31, 2018.

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 May 31, 2020, or upon reaching the cumulative maximum rebate amount of $1,384,993. During the year ended December 31, 2018, Sloans Lake Partners LLC earned $209,853 under this agreement. Payments since inception totaled $1,130,171 at December 31, 2018.

Note 9: Commitments and Contingencies (Continued)

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.

In accordance with the Amendment, the City has established an emergency reserve representing 3% of qualifying expenditures. At December 31, 2018, the reserve was reported as restricted fund balance in the General Fund in the amount of $261,000.

Required Supplementary Information

City of Edgewater, Colorado

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability)
and Contributions
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan
December 31, 2018

	12/31/17
Proportionate Share of the Net Pension Asset (Liability)	
City's Proportion of the Net Pension Asset (Liability)	0.20586880%
City's Proportionate Share of the Net Pension Asset (Liability)	$ 296,175
City's Covered Payroll	$ 109,778
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106%

	12/31/18
City Contributions	
Statutorily Required Contribution	$ 106,908
Contributions in Relation to the Statutorily Required Contribution	106,908
Contribution Deficiency (Excess)	$ -
City's Covered Payroll	$ 1,019,723
Contributions as a Percentage of Covered Payroll	10.48%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability)
and Contributions
Fire & Police Pension Association of Colorado Statewide Hybrid Plan
December 31, 2018

	12/31/17
Proportionate Share of the Net Pension Asset (Liability)	
City's Proportion of the Net Pension Asset (Liability)	0.41967838%
City's Proportionate Share of the Net Pension Asset (Liability)	$ 82,059
City's Covered Payroll	$ 6,730
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	1219%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	139%

	12/31/18
City Contributions	
Statutorily Required Contribution	$ 6,602
Contributions in Relation to the Statutorily Required Contribution	6,602
Contribution Deficiency (Excess)	$ -
City's Covered Payroll	$ 60,019
Contributions as a Percentage of Covered Payroll	11.00%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
and Contributions
Firemen's Pension Plan
December 31, 2018

	2018	2017	2016	2015	2014
Total Pension Liability					
Interest	$ 30,592	$ 31,806	$ 41,683	$ 43,009	$ 50,939
Differences Between Expected and Actual Experience	(30,521)	-	(13,652)	-	(119,098)
Changes of Assumptions	-	-	115,019	-	115,136
Benefit Payments	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Net Change in Total Pension Liability	(65,487)	(35,629)	74,560	(27,581)	(27,813)
Total Pension Liability, Beginning	906,826	942,455	867,895	895,476	923,289
Total Pension Liability, Ending	$ 841,339	$ 906,826	$ 942,455	$ 867,895	$ 895,476
Plan Fiduciary Net Position					
Employer Contributions	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
State of Colorado Contributions	22,500	22,500	19,535	19,536	18,658
Net Investment Income	7,590	24,885	949	23,271	20,378
Benefit Payments	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Administrative Expenses	-	-	-	(4,200)	-
Net Change in Plan Fiduciary Net Position	(10,468)	4,950	(23,006)	(6,983)	(10,754)
Plan Fiduciary Net Position, Beginning	743,264	738,314	761,320	768,303	779,057
Plan Fiduciary Net Position, Ending	$ 732,796	$ 743,264	$ 738,314	$ 761,320	$ 768,303
City's Net Pension Asset (Liability)	$ (108,543)	$ (163,562)	$ (204,141)	$ (106,575)	$ (127,173)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87%	82%	78%	88%	86%
Investment Returns					
Annual Money-Weighted Rate of Return, Net of Investment Expense	0.13%	4.05%	0.13%	2.54%	2.69%
City Contributions					
Actuarially Determined Contribution	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Contributions in Relation to the Actuarilly Determined Contribution	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 6,091,031	$ 6,091,031	$ 6,247,800	$ 156,769
Licenses and Permits	157,000	157,000	212,393	55,393
Intergovernmental	609,504	609,504	577,259	(32,245)
Charges for Services	672,114	672,114	756,271	84,157
Fines and Forfeitures	70,000	70,000	48,596	(21,404)
Investment Income	5,000	5,000	46,706	41,706
Miscellaneous	20,000	20,000	146,154	126,154
Total Revenues	7,624,649	7,624,649	8,035,179	410,530
Expenditures				
General Government	2,414,011	2,549,011	2,476,641	72,370
Public Safety	1,949,123	2,069,123	2,064,902	4,221
Public Works	813,776	813,776	746,990	66,786
Parks and Recreation	256,952	256,952	256,554	398
Debt Service				-
Principal	380,000	380,000	350,000	30,000
Interest and Fiscal Charges	-	-	28,500	(28,500)
Total Expenditures	5,813,862	6,068,862	5,923,587	145,275
Excess of Revenues Over (Under) Expenditures	1,810,787	1,555,787	2,111,592	555,805
Other Financing Sources (Uses)				
Transfers Out	(1,800,000)	(2,800,000)	(2,800,000)	-
Net Change in Fund Balance	10,787	(1,244,213)	(688,408)	555,805
Fund Balance, Beginning	5,375,747	5,375,747	5,749,435	373,688
Fund Balance, Ending	$ 5,386,534	$ 4,131,534	$ 5,061,027	$ 929,493

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Budgetary Comparison Schedule
Open Space Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	$ 175,000	$ 176,929	$ 1,929
Charges for Services	4,000	-	(4,000)
Investment Income	-	7,966	7,966
Miscellaneous	-	600	600
Total Revenues	179,000	185,495	6,495
Expenditures			
Parks and Recreation	475,900	475,625	275
Total Expenditures	475,900	475,625	275
Net Change in Fund Balance	(296,900)	(290,130)	6,770
Fund Balance, Beginning	1,085,786	1,074,005	(11,781)
Fund Balance, Ending	$ 788,886	$ 783,875	$ (5,011)

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 1: Firemen's Pension Plan

Contributions

The City and the State of Colorado made contributions of $25,000 and $22,500, respectively, to the Firemen's Pension Plan during the year ended December 31, 2018. The plan members consist only of volunteer firefighters and, therefore, employee payroll information is not applicable.

Actuarial Assumptions

Significant actuarial methods and assumptions used to determine the contribution rates for the Firemen's Pension Plan are as follows:

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Amount
Remaining Amortization Period	20 years
Asset Valuation Method	Fair Value
Investment Return	3.5%, net of investment expenses, compounded annually
Inflation Rate	2.5%
Retirement Age	50 Years
Mortality	RP-2014 Mortality Table, with fully generational mortality improvement, using Scale MP-2018

Note 2: 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 expenditure but depreciation is not budgeted.

The City follows these procedures to establish 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 not presented in the financial statements.

Supplementary Information

City of Edgewater, Colorado

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Conservation Trust	Capital Equipment	Totals
Assets			
Cash and Investments	$ 68,449	$ 213,239	$ 281,688
Accounts Receivable	144,381	-	144,381
Total Assets	$ 212,830	$ 213,239	$ 426,069
Liabilities			
Accounts Payable	$ 34,168	$ 97,252	$ 131,420
Total Liabilities	34,168	97,252	131,420
Fund Balances			
Restricted for Parks and Open Space	178,662	-	178,662
Assigned to Capital Outlay	-	115,987	115,987
Total Fund Balances	178,662	115,987	294,649
Total Liabilities and Fund Balances	$ 212,830	$ 213,239	$ 426,069

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2018

	Conservation Trust	Capital Equipment	Totals
Revenues			
Intergovernmental	$ 198,542	$ -	$ 198,542
Investment Income	572	1,781	2,353
Total Revenues	199,114	1,781	200,895
Expenditures			
General Government	-	325,709	325,709
Public Safety	-	4,912	4,912
Public Works	-	58,721	58,721
Parks and Recreation	274,821	-	274,821
Total Expenditures	274,821	389,342	664,163
Excess of Revenues Over (Under) Expenditures	(75,707)	(387,561)	(463,268)
Other Financing Sources			
Transfers In	-	300,000	300,000
Net Change in Fund Balances	(75,707)	(87,561)	(163,268)
Fund Balances, Beginning	254,369	203,548	457,917
Fund Balances, Ending	$ 178,662	$ 115,987	$ 294,649

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Budgetary Comparison Schedule
Conservation Trust Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	$ 55,000	$ 198,542	$ 143,542
Investment Income	-	572	572
Total Revenues	55,000	199,114	144,114
Expenditures			
Parks and Recreation	298,500	274,821	23,679
Total Expenditures	298,500	274,821	23,679
Net Change in Fund Balance	(243,500)	(75,707)	167,793
Fund Balance, Beginning	256,126	254,369	(1,757)
Fund Balance, Ending	$ 12,626	$ 178,662	$ 166,036

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Budgetary Comparison Schedule
Capital Equipment Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Income	$ 200	$ 1,781	$ 1,581
Total Revenues	200	1,781	1,581
Expenditures			
General Government	300,000	325,709	(25,709)
Public Safety	8,452	4,912	3,540
Public Works	85,000	58,721	26,279
Total Expenditures	393,452	389,342	4,110
Excess of Revenues Over (Under) Expenditures	(393,252)	(387,561)	5,691
Other Financing Sources			
Transfers In	300,000	300,000	-
Net Change in Fund Balance	(93,252)	(87,561)	5,691
Fund Balance, Beginning	151,077	203,548	52,471
Fund Balance, Ending	$ 57,825	$ 115,987	$ 58,162

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Budgetary Comparison Schedule
Capital Improvements Fund
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 204,000	$ 204,000	$ 240,294	$ 36,294
Investment Income	-	-	50,956	50,956
Total Revenues	204,000	204,000	291,250	87,250
Expenditures				
Capital Outlay	9,905,000	10,905,000	11,031,149	(126,149)
Debt Service				-
Principal	485,285	485,285	200,000	285,285
Interest and Fiscal Charges	-	-	142,874	(142,874)
Total Expenditures	10,390,285	11,390,285	11,374,023	16,262
Excess of Revenues Over (Under) Expenditures	(10,186,285)	(11,186,285)	(11,082,773)	103,512
Other Financing Sources				
Debt Proceeds	7,900,000	7,900,000	-	(7,900,000)
Proceeds from Sale of Capital Assets	-	-	5,434,123	5,434,123
Transfers In	1,500,000	2,500,000	2,500,000	-
Total Other Financing Sources (Uses)	9,400,000	10,400,000	7,934,123	(2,465,877)
Net Change in Fund Balance	(786,285)	(786,285)	(3,148,650)	(2,362,365)
Fund Balance, Beginning	788,587	788,587	8,556,160	7,767,573
Fund Balance, Ending	$ 2,302	$ 2,302	$ 5,407,510	$ 5,405,208

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Budgetary Comparison Schedule
Water Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	$ 1,409,728	$ 1,303,770	$ (105,958)
Investment Income	1,000	10,111	9,111
Miscellaneous	5,000	4,431	(569)
Total Revenues	1,415,728	1,318,312	(97,416)
Expenditures			
Service Operating Expenses	1,313,108	1,038,154	274,954
Capital Outlay	26,500	-	26,500
Debt Service	72,000	59,090	12,910
Total Expenditures	1,411,608	1,097,244	314,364
Change in Net Position, Budgetary Basis	$ 4,120	221,068	$ 216,948
Reconciliation to GAAP Basis			
Depreciation		(76,493)	
Debt Principal		41,921	
Change in Net Position, GAAP Basis		$ 186,496	

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Budgetary Comparison Schedule
Sewer Fund
Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	$ 604,639	$ 604,639	$ 420,422	$ (184,217)
Investment Income	250	250	1,029	779
Total Revenues	604,889	604,889	421,451	(183,438)
Expenditures				
Service Operating Expenses	424,168	424,168	406,987	17,181
Capital Outlay	55,000	65,000	72,597	(7,597)
Total Expenditures	479,168	489,168	479,584	9,584
Change in Net Position, Budgetary Basis	$ 125,721	$ 115,721	(58,133)	$ (173,854)
Reconciliation to GAAP Basis				
Capital Outlay			61,751	
Depreciation			(50,134)	
Change in Net Position, GAAP Basis			$ (46,516)	

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Budgetary Comparison Schedule
Trash Fund
Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	$ 242,000	$ 244,315	$ 2,315
Miscellaneous	-	597	597
Total Revenues	242,000	244,912	2,912
Expenditures			
Service Operating Expenses	232,537	230,251	2,286
Total Expenses	232,537	230,251	2,286
Change in Net Position, Budgetary Basis	9,463	14,661	5,198
Net Position, Beginning	52,195	61,485	9,290
Net Position, Ending	$ 61,658	$ 76,146	$ 14,488

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado
Balance Sheet
Component Unit
December 31, 2018

	Edgewater Redevelopment Authority
Assets	
Cash and Investments	$ 1,222,402
Accounts Receivable	74
Taxes Receivable	66,149
Total Assets	$ 1,288,625
Liabilities	
Accounts Payable	$ 2,049
Total Liabilities	2,049
Deferred Inflows of Resources	
Property Taxes	66,149
Fund Balance	
Unrestricted, Unassigned	1,220,427
Total Fund Balance	1,220,427
Total Liabilities and Fund Balance	$ 1,288,625

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

Total Fund Balance of Component Unit	$ 1,220,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	155,326
Total Net Position of Component Unit	$ 1,375,753

See the accompanying Independent Auditors' Report.

City of Edgewater, Colorado

Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Year Ended December 31, 2018

	Edgewater Redevelopment Authority
Revenues	
Property Tax Increment	$ 59,615
Charges for Services	38,541
Investment Income	10,241
Total Revenues	108,397
Expenditures	
General Government	30,734
Total Expenditures	30,734
Net Change in Fund Balance	77,663
Fund Balance, Beginning	1,142,764
Fund Balance, Ending	$ 1,220,427

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

Net Change in Fund Balance of Component Unit	$ 77,663
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(2,666)
Change in Net Position of Component Unit	$ 74,997

See the accompanying Independent Auditors' Report.

State Compliance

Financial Planning 02/01

The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Edgewater
	YEAR ENDING : December 2018
This Information From The Records Of The City of Edgewater	Prepared By: Nichole Kirkpatrick 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

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	934,473
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	57,783
5. Transfers from toll facilities	0
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	0
b. Bonds - Refunding Issues	0
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	992,256
B. Private Contributions	0
C. Receipts from State government (from page 2)	160,276
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,152,532

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	31,560
2. Maintenance:	277,990
3. Road and street services:	
a. Traffic control operations	128,614
b. Snow and ice removal	3,580
c. Other	0
d. Total (a. through c.)	132,194
4. General administration & miscellaneous	30,889
5. Highway law enforcement and safety	679,899
6. Total (1 through 5)	1,152,532
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	1,152,532

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	1,152,532	1,152,532	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): 12/18

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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalities	21,496
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Mis Device Fees	0
6. Total (1. through 5.)	0	h. Other County Road & Bridge	36,287
c. Total (a. + b.)	0	i. Total (a. through h.)	57,783
	(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	144,309	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	15,967	d. Federal Transit Admin	0
d. Other (Specify) FEMA State Matcl	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	15,967	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	160,276	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	31,560	31,560
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	31,560	31,560
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	31,560	31,560
			(Carry forward to page 1)

Notes and Comments: