

**CITY OF DADE CITY
DADE CITY, FLORIDA**

**FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Honorable City Commission
City of Dade City
Dade City, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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.

Honorable City Commission
City of Dade City
Dade City, Florida

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 and 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dade City's basic financial statements. The introductory section, and combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to

Honorable City Commission
City of Dade City
Dade City, Florida

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 combining and individual non-major fund financial statements and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2014, on our consideration of the City of Dade City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dade City's internal control over financial reporting and compliance.

William, McLean, Wink : Cook, P.A.

Inverness, Florida

July 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides a discussion and analysis of the financial activities for the City of Dade City, Florida, for the period of October 1, 2012 through September 30, 2013. Please read this information in conjunction with the audited financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- Total net assets of the primary government increased \$3.9 million to \$39.5 million.
- Governmental activities had program revenues (including grants) of \$544,783, general revenues of \$4,901,248, and net transfers of \$98,442. Total expenses were \$5,157,861.
- Business-type activities had program revenues (including grants) of \$6,430,813, general revenues of \$41,969, and net transfers of (\$187,761). Total expenses were \$2,735,057.
- The County-wide one-cent infrastructure surtax, which was effective January 1, 2005, generated revenues of \$618,555, an increase of \$54,328 from the previous year.
- The City did not enter into any capital lease agreements during the fiscal year and paid one capital lease in full during the year. The City made principal payments of \$166,160 on notes issued to finance an automated meter reading system and utility system improvements. The City received additional loan disbursements of \$3,190,609 (not including capitalized interest), leaving an outstanding balance of \$5,035,755 at the end of the fiscal year. There was \$2,274,400 in utility revenue bonds remaining at year end.

USING THIS REPORT

Beginning with fiscal year 2003-2004, Statement No. 34 of the Governmental Accounting Standards Board (GASB 34) established new financial reporting requirements for state and local governments throughout the United States. The purpose of these changes was to make financial statements more comprehensive and easier to understand and use.

The financial statements consist of four parts:

- Government-wide financial statements – These statements report information about Dade City as a whole and have a longer-term viewpoint. The Statement of Net Assets reports the financial and capital resources of the City by showing the difference between assets and liabilities. The Statement of Activities presents information on the various functions and services of the City and how they are financed.
- Fund financial statements – These statements report information about Dade City by its different accounting units, called funds, and have a shorter-term focus. The Balance Sheet provides information about the current financial resources of each fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance shows how the activities of the year impacted the balance of financial resources available in each fund.
- Notes to the financial statements – These notes include additional information needed to provide a fair presentation and more complete understanding of the financial statements. These notes are an integral part of the basic financial statements.
- Required supplementary information (other than management's discussion and analysis) – This information gives additional details about the City's financial condition that is not included in the other statements.

OVERALL FINANCIAL POSITION

Dade City finished the fiscal year with \$39.5 million of net assets for the total primary government. The primary government has two parts, governmental activities and business-type activities, which are described in more detail under the fund analysis section. Investments in capital, such as buildings, equipment, and infrastructure, which are shown net of related debt, make up 57.6%, or \$22.7 million, of total net assets. An additional \$1.1 million, or 2.8%, of net assets are legally restricted for certain purposes and uses. The balance of \$15.6 million, or 39.6%, in net assets is unrestricted and available to meet the City's ongoing obligations.

	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 11,472,501	\$ 11,344,472	\$ 7,827,278	\$ 6,406,256	\$ 19,299,779	\$ 17,750,728
Capital assets	5,862,990	5,663,060	24,201,778	18,248,193	30,064,768	23,911,253
Total Assets	17,335,491	17,007,532	32,029,056	24,654,449	49,364,547	41,661,981
Liabilities:						
Current and other liabilities	514,618	448,897	4,496,033	362,763	5,010,651	811,660
Long-term liabilities	499,232	623,606	4,353,614	4,662,241	4,852,846	5,285,847
Total Liabilities	1,013,850	1,072,503	8,849,647	5,025,004	9,863,497	6,097,507
Net assets:						
Invested in capital, net of debt	5,862,990	5,663,060	16,891,623	14,073,105	22,754,613	19,736,165
Restricted	-	2,882,196	1,104,553	1,422,568	1,104,553	4,304,764
Unrestricted	10,458,651	7,389,773	5,183,233	4,133,772	15,641,884	11,523,545
Total Net Assets	\$ 16,321,641	\$ 15,935,029	\$ 23,179,409	\$ 19,629,445	\$ 39,501,050	\$ 35,564,474

Dade City also has a component unit, the Community Redevelopment Agency, which has net assets of \$903,002. This represents an increase of \$9,851. Compared to the previous year, agency expenses increased by \$26,459 while revenues increased by \$5,249. These assets are restricted for specific purposes within the defined redevelopment area.

Excluding the component unit, the total primary government had an increase of \$3.9 million in net assets as a result of activities during the fiscal year. Governmental activities had an operating surplus of \$288,170, while net transfers increased assets by \$98,442 creating a total increase of \$386,612. Compared to the previous year, operating results decreased by \$340,647 while net transfers increased by \$11,751, for a net decline of \$328,896 over last year's results. Reductions in program expenses were offset by lower property tax receipts and grant revenues. Business-type activities had an increase in net assets of \$3,549,964 which includes a \$187,761 net transfer out to governmental activities. The \$2,109,818 increase in the change to the net assets of business-type activities over the previous year's results is due primarily to more grant funding received in the current year.

Excluding grants, charges for services are the majority of revenues of the business-type activities, while taxes and intergovernmental revenues primarily fund the governmental activities.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
REVENUE						
Program revenue:						
Charges for services	\$ 494,372	\$ 531,988	\$ 3,444,525	\$ 3,463,657	\$ 3,938,897	\$ 3,995,645
Operating grants	45,101	50,994	2,986,288	509,489	3,031,389	560,483
Capital grants	5,310	59,300	-	-	5,310	59,300
General revenue:						
Property taxes	1,730,079	1,801,207	-	-	1,730,079	1,801,207
Other taxes and fees	2,853,529	2,736,429	-	-	2,853,529	2,736,429
Intergovernmental revenues	298,173	298,805	-	-	298,173	298,805
Other revenues	19,467	116,955	41,969	83,381	61,436	200,336
Total revenues	5,446,031	5,595,678	6,472,782	4,056,527	11,918,813	9,652,205
EXPENSES						
Program expenses:						
General government	1,224,717	1,002,106	-	-	1,224,717	1,002,106
Public safety	2,676,436	2,568,548	-	-	2,676,436	2,568,548
Physical environment	260,788	234,332	2,735,057	2,437,077	2,995,845	2,671,409
Transportation	681,425	839,155	-	-	681,425	839,155
Culture and recreation	314,495	322,720	-	-	314,495	322,720
Total expenses	5,157,861	4,966,861	2,735,057	2,437,077	7,892,918	7,403,938
Excess	288,170	628,817	3,737,725	1,619,450	4,025,895	2,248,267
Net transfers	98,442	86,691	(187,761)	(179,304)	(89,319)	(92,613)
Gain on sale of fixed assets	-	-	-	-	-	-
Change in net assets	386,612	715,508	3,549,964	1,440,146	3,936,576	2,155,654
Net assets - October 1, 2011		15,219,521		18,189,299		33,408,820
Net assets - September 30, 2012		15,935,029		19,629,445		35,564,474
Net assets - October 1, 2012	15,935,029	-	19,629,445	-	35,564,474	-
Net assets - September 30, 2013	\$ 16,321,641		\$ 23,179,409		\$ 39,501,050	

FUND ACTIVITY

Governmental activities include the general fund and the special revenue funds. The general fund is where most of the City's basic services are reported, including public safety, public works, and City administration. Special revenue funds are used to record receipts that are legally restricted in their uses, such as impact fees and certain taxes.

The 2011 taxable value in Dade City increased approximately 3.6%, or \$9.2 million; however, if new taxable value of over \$10.7 million is excluded, existing values declined. Taxable values for 2012 declined by 4.6%, more than erasing the increase from 2011. Taxable values for 2013 were relatively stagnant. State revenues continue to be negatively impacted by economic conditions and the City received less in grant revenue, impact fees, and other taxes and fees. The County provides fire suppression services within the City, charging property owners an additional ad valorem tax for that service, which limits the millage rate that the City can charge.

Business-type activities are City services that charge fees to pay the costs of those services. In Dade City, that includes the water and sewer utilities fund as well as the sanitation fund. The utility fund charges rates and fees that pay the costs of providing the water and sewer service. Rates were adjusted in March 2009, the result of a rate study and a facilities plan that determined the revenues needed to keep up with the rising costs of maintaining the utility system and making necessary improvements. The City has been awarded a combination of grant and loan funding for some utility improvement projects. The utility fund also transfers monies to the general fund. The sanitation fund is responsible for garbage collection through a service agreement with an outside contractor.

GENERAL FUND BUDGET VARIATIONS

	Original 2013 Budget	Final 2013 Budget	Actual 2013 Results	Actual 2012 Results
REVENUES				
Taxes and special assessments	\$ 3,253,810	\$ 3,253,810	\$ 3,191,822	\$ 3,278,725
Permits and fees	67,500	67,500	126,254	186,783
Intergovernmental revenue	804,220	851,036	814,866	858,027
Charges for services	50,800	50,800	75,318	110,623
Fines and forfeitures	30,900	40,316	28,553	54,070
Miscellaneous revenue	125,000	158,920	172,478	240,679
Net transfers and balances	573,140	582,375	400,721	1,130,793
Total revenues	4,905,370	5,004,757	4,810,012	5,859,700
EXPENSES				
Current:				
General government	609,365	788,999	1,093,705	842,870
Public safety	2,579,837	2,618,180	2,484,866	2,506,780
Physical environment	263,842	263,842	248,086	248,626
Transportation	684,679	718,119	657,400	717,679
Culture and recreation	1,078,554	1,079,934	291,800	292,845
Contingency	90,000	37,390	-	-
Capital outlay	248,700	248,700	135,759	876,181
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenses	5,554,977	5,755,164	4,911,616	5,484,981
Increase (decrease) in cash reserves	\$ -	\$ -	\$ (101,604)	\$ 374,719

Significant variations between the original budget and the final budget in the general fund are due to:

- changes to anticipated grant or loan receipts and expenditures,
- leave payouts for retiring employees not included in the original budget, and
- the addition of insurance proceeds and refunds along with their allocated uses.

Significant variations between the final budget and the actual results in the general fund (in addition to the changes mentioned above) are due to:

- funding for the business incubator project,
- the net appreciation on investments,
- insurance claims and settlements,
- reduction in fines, forfeitures, and fees collected,
- timing of capital projects, and
- contractual services costs were less than budgeted amounts.

As noted previously, tax collections and other revenues have been affected by economic conditions. Other variations mentioned above are not expected to have significant impacts on future budgets.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

Dade City lists capital assets totaling \$30.29 million. Most of those assets (\$24.2 million) are in the utility system improvements and infrastructure. Amounts in the following table are shown net of accumulated depreciation, where applicable. Capital assets of governmental activities were previously recorded in a separate account group and did not include depreciation, but are now reported as part of those activities and depreciated as appropriate.

	Governmental Activities		Business -Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 631,178	\$ 631,178	\$ 405,901	\$ 405,901	\$ 1,037,079	\$ 1,037,079
Buildings, Improvements, and Construction in Progress	-	258,842	9,465,882	8,634,839	9,465,882	8,893,681
Equipment	1,126,674	791,632	251,460	283,360	1,378,134	1,074,992
Infrastructure	4,105,138	3,981,408	14,078,536	8,924,093	18,183,674	12,905,501
Totals	\$5,862,990	\$5,663,060	\$24,201,779	\$18,248,193	\$30,064,769	\$23,911,253

LONG-TERM DEBT ACTIVITY

There are eight outstanding long-term debt obligations in the utility fund. During FY13, the City issued bond anticipation notes in the amount of \$3,248,000 to finance wastewater system improvements. Three of the debt obligations are loans from the United States Department of Agriculture, Rural Development, made under a grant/loan program for water and wastewater system improvements. The fifth obligation is a note to finance the installation of an automated meter reading system in 2007. Finally, the City has three open loan agreements with the State Revolving Fund for water and wastewater system improvements. The City anticipates acquiring additional funding from Rural Development and the State Revolving Fund in future years.

One capital lease was paid in full during the year. No new capital leases were initiated during the year.

	Governmental Activities		Business -Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenue bonds	\$ -	\$ -	\$ 7,310,155	\$ 4,165,546	\$ 7,310,155	\$ 4,165,546
Capital leases	-	-	-	9,542	-	9,542
Totals	\$ -	\$ -	\$ 7,310,155	\$ 4,175,088	\$7,310,155	\$ 4,175,088

POTENTIAL IMPACTS ON FUTURE FINANCIAL CONDITION

As previously noted, the transfer of fire suppression services to Pasco County has provided an ongoing cost savings for the City. Beginning with fiscal year 2004-2005, Pasco County has been charging a millage amount for fire services inside the City limits. This millage rate is counted against the City's overall millage cap of ten mills, which restricts the millage rate that Dade City will be able to charge for other municipal services.

Although there have been signs of economic improvement, new development within the City remains slow and a full recovery may still be a few years away, if it occurs at all. The housing market has shown some improvement but is still weak, and current conditions continue to have negative impacts on property tax revenues, other tax revenues received from the State of Florida, and interest earnings. In general, when new developments do occur, they should initially generate more permit and impact fees; after completion they should also provide increases in tax revenues and charges for services. There would also be increases in expenses to provide City services to those developments. The City recently suspended collection of its transportation impact fees for two years in an effort to spur development.

In the coming years, it will be necessary for the City's utility system to undergo both rehabilitation as well as expansion. The City has been pursuing grant and loan program funding for both water and wastewater facilities projects. Several of these projects are likely to be constructed over the next few years. The City increased its utility rates and utility impact fees during the 2008-2009 fiscal year, but will need to monitor revenues to ensure adequate funding for the current and future operation of the system.

In 2004, the voters of Pasco County approved a local government infrastructure surtax, which adds an additional penny to the County sales tax rate through December 2014. These funds are shared by the County, the School Board, and the municipalities within the County, and may only be used for infrastructure improvements. Voters renewed the tax for another ten years in November 2012 and under the proposed distribution formula the City may realize additional proceeds for these projects.

Increased pension funding requirements, rising fuel prices and insurance premiums, and potential federal and state legislation could have significant impacts on future budgets, reducing the resources available to maintain the levels of services that the City is providing.

CITY OF DADE CITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2013

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	UNITS
	ACTIVITIES	ACTIVITIES		COMMUNITY REDEVELOPMENT
Assets:				
Cash and cash equivalents	\$ 8,086,808	\$ 7,195,800	\$ 15,282,608	\$ 780,560
Investments	1,517,973	332,965	1,850,938	-
Receivables (net)	109,854	757,730	867,584	-
State grant receivable	-	1,106,065	1,106,065	-
Inventories	-	28,224	28,224	-
Due from other governments	163,522	-	163,522	-
Internal balances	1,594,344	(1,593,506)	838	(838)
Capital assets:				
Land, improvements, and construction in progress	631,178	9,871,783	10,502,961	-
Other capital assets, net of depreciation	5,231,812	14,329,995	19,561,807	134,703
Total capital assets	5,862,990	24,201,778	30,064,768	134,703
Total assets	17,335,491	32,029,056	49,364,547	914,425
Liabilities:				
Accounts payable and accrued expenses	355,365	782,498	1,137,863	11,423
Retainage payable	-	253,431	253,431	-
Deposits	51,320	-	51,320	-
Long-term liabilities:				
Due within one year				
Bonds payable	-	49,000	49,000	-
Notes payable	-	3,398,284	3,398,284	-
Compensated absences	107,933	12,820	120,753	-
Due in more than one year				
Bonds payable	-	2,225,400	2,225,400	-
Notes payable	-	1,637,471	1,637,471	-
Landfill closure costs	27,960	-	27,960	-
Customer deposits	-	439,462	439,462	-
OPEB liability	39,538	-	39,538	-
Compensated absences	431,734	51,281	483,015	-
Total liabilities	1,013,850	8,849,647	9,863,497	11,423
Net Assets				
Invested in capital assets, net of related debt	5,862,990	16,891,623	22,754,613	-
Restricted for:				
Other purposes	-	1,104,553	1,104,553	903,002
Unrestricted	10,458,651	5,183,233	15,641,884	-
Total net assets	\$ 16,321,641	\$ 23,179,409	\$ 39,501,050	\$ 903,002

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

CITY OF DADE CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		COMPONENT UNITS
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:						
General government	\$ 1,224,717	\$ 122,246	\$ 42,610	\$ (1,059,861)	\$ (1,059,861)	\$ -
Public safety	2,676,436	90,573	2,491	(2,583,372)	(2,583,372)	-
Physical environment	260,788	239,666	-	(15,812)	(15,812)	-
Transportation	681,425	41,887	-	(639,538)	(639,538)	-
Culture and recreation	314,495	-	-	(314,495)	(314,495)	-
Total governmental activities	5,157,861	494,372	45,101	(4,613,078)	(4,613,078)	-
Business-Type Activities:						
Sanitary landfill	204,475	238,826	-	-	34,351	-
Public utility	2,530,582	3,205,699	2,986,288	-	3,661,405	-
Total business-type activities	2,735,057	3,444,525	2,986,288	-	3,695,756	-
Total primary government	\$ 7,892,918	\$ 3,938,897	\$ 3,031,389	(4,613,078)	(917,322)	-
Component units:						
Community redevelopment	\$ 178,497	\$ -	\$ -			(178,497)
Total component units	\$ 178,497	\$ -	\$ -			(178,497)
General Revenues						
Taxes:						
Property taxes				1,730,079	-	95,284
Sales taxes				1,112,037	-	-
Gas taxes				279,749	-	-
Franchise fees				573,725	-	-
Communication tax				288,927	-	-
Utility tax				599,091	-	-
Intergovernmental revenues				298,173	-	-
Investment income				19,467	(31,618)	-
Miscellaneous				-	73,587	3,745
Transfers				98,442	(187,761)	89,319
Total General Revenues and Transfers				4,999,690	(145,792)	188,348
Change in Net Assets				386,612	3,549,964	9,851
Net Assets at Beginning of Year				15,935,029	19,629,445	893,151
Net Assets at End of Year				\$ 16,321,641	\$ 23,179,409	\$ 903,002

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

CITY OF DADE CITY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 5,694,703	\$ 2,392,106	\$ 8,086,809
Investments	1,517,973	-	1,517,973
Accounts receivable (net of allowance for uncollectible accounts)	109,216	-	109,216
Special assessments receivable	638	-	638
Due from other funds	1,594,343	656,211	2,250,554
Due from other governments	94,174	69,348	163,522
TOTAL ASSETS	\$ 9,011,047	\$ 3,117,665	\$ 12,128,712
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 355,343	\$ -	\$ 355,343
Compensated absences	107,933	-	107,933
Due to other funds	656,233	-	656,233
Deposits	51,320	-	51,320
Total Liabilities	1,170,829	-	1,170,829
Fund Balance:			
Restricted for:			
Building permit fees	111,336	-	111,336
Bond covenants	350,762	-	350,762
Public safety	-	38,287	38,287
Police education	6,807	-	6,807
Forfeiture fund	3,667	-	3,667
Special revenue	-	3,079,378	3,079,378
Committed to:			
Reserve policy	5,377,509	-	5,377,509
Tree fund	4,160	-	4,160
Park & recreation	9,099	-	9,099
Masoleum care	14,139	-	14,139
Assigned:			
Dog park	662	-	662
PO encumbrances	107,574	-	107,574
Budgeted reserve	612,234	-	612,234
Unassigned	1,242,269	-	1,242,269
Total Fund Balances	7,840,218	3,117,665	10,957,883
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,011,047	\$ 3,117,665	\$ 12,128,712

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

-CITY OF DADE CITY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the Statement of Net
 Assets are different because:

Total fund balance of governmental funds		\$ 10,957,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The costs of the assets are \$9,841,301 and the accumulated depreciation is \$3,978,311		5,862,990
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of:		
Landfill post closure costs	(27,960)	
OPEB liability	(39,538)	
Compensated absences	(431,733)	(499,231)
Net assets of governmental activities		<u>\$ 16,321,641</u>

CITY OF DADE CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues :			
Taxes and special assessments	\$ 3,191,822	\$ 895,400	\$ 4,087,222
Licenses and permits	126,254	-	126,254
Intergovernmental revenue	814,866	-	814,866
Charges for services	75,318	-	75,318
Fines and forfeitures	28,553	-	28,553
Miscellaneous revenue	172,478	165	172,643
Impact fees	-	141,049	141,049
Total Revenues	<u>4,409,291</u>	<u>1,036,614</u>	<u>5,445,905</u>
Expenditures :			
Current:			
General government	1,093,705	58,627	1,152,332
Public safety	2,484,866	-	2,484,866
Physical environment	248,086	-	248,086
Transportation	657,400	-	657,400
Culture and recreation	291,800	-	291,800
Capital outlay	135,759	398,441	534,200
Total Expenditures	<u>4,911,616</u>	<u>457,068</u>	<u>5,368,684</u>
Excess of Revenues Over (Under) Expenditures	(502,325)	579,546	77,221
Other Financing Sources (Uses) :			
Transfers in	490,040	-	490,040
Transfers out	(89,319)	(302,280)	(391,599)
Total Other Financing Sources (Uses)	<u>400,721</u>	<u>(302,280)</u>	<u>98,441</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(101,604)	277,266	175,662
Fund Balances - October 1	7,941,822	2,840,399	10,782,221
Fund Balances - September 30	<u>\$ 7,840,218</u>	<u>\$ 3,117,665</u>	<u>\$ 10,957,883</u>

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

CITY OF DADE CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Net change in fund balances - total governmental funds	\$	175,662
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current year.		534,200
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Depreciation expense on capital assets is reported in the government-wide Statement of Activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(507,204)
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The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		223,492
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds. The amounts comprising the difference in the treatment of expenses are:

OPEB Liabilities	<u>(39,538)</u>	<u>(39,538)</u>
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Change in net assets of governmental activities	\$	<u>386,612</u>
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CITY OF DADE CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	GENERAL FUND			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
Revenues :				
Taxes and special assessments	\$ 3,253,810	\$ 3,253,810	\$ 3,191,822	\$ (61,988)
Licenses and permits	67,500	67,500	126,254	58,754
Intergovernmental revenue	804,220	851,036	814,866	(36,170)
Charges for services	50,800	50,800	75,318	24,518
Fines and forfeitures	30,900	40,316	28,553	(11,763)
Miscellaneous revenue	125,000	158,920	172,478	13,558
Total Revenues	4,332,230	4,422,382	4,409,291	(13,091)
Expenditures :				
Current:				
General government	609,365	788,999	1,093,705	(304,706)
Public safety	2,579,837	2,618,180	2,484,866	133,314
Physical environment	263,842	263,842	248,086	15,756
Transportation	684,679	718,119	657,400	60,719
Culture and recreation	1,078,554	1,079,934	291,800	788,134
Contingency	90,000	37,390	-	37,390
Capital outlay	248,700	248,700	135,759	112,941
Total Expenditures	5,554,977	5,755,164	4,911,616	843,548
Excess of Revenues				
Under Expenditures	(1,222,747)	(1,332,782)	(502,325)	830,457
Other Financing Sources (Uses) :				
Transfers in	573,140	582,375	490,040	(92,335)
Transfers out	-	-	(89,319)	(89,319)
Total Other Financing Sources (Uses)	573,140	582,375	400,721	(181,654)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Uses	(649,607)	(750,407)	(101,604)	(101,604)
Fund Balances - October 1	7,941,822	7,941,822	7,941,822	-
Fund Balances - September 30	\$ 7,292,215	\$ 7,191,415	\$ 7,840,218	\$ (101,604)

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

CITY OF DADE CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

ASSETS

Current Assets:

Cash	\$ 5,346,604	\$ 744,643	\$ 6,091,247
Investments	332,965	-	332,965
Accounts receivable (net of allowance for uncollectible accounts)	746,259	11,471	757,730
State grant receivable	1,106,065	-	1,106,065
Inventory	28,224	-	28,224
Total Current Assets	<u>7,560,117</u>	<u>756,114</u>	<u>8,316,231</u>

Restricted Assets:

Cash	<u>1,104,553</u>	<u>-</u>	<u>1,104,553</u>
Total Restricted Assets	<u>1,104,553</u>	<u>-</u>	<u>1,104,553</u>

Property and equipment, net of accumulated
depreciation and amortization

<u>24,201,778</u>	<u>-</u>	<u>24,201,778</u>
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Total Assets

<u>\$ 32,866,448</u>	<u>\$ 756,114</u>	<u>\$ 33,622,562</u>
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The notes to the financial statements are an integral part of these statements.

CITY OF DADE CITY
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTAL
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities (payable from current assets):			
Accounts payable	\$ 731,339	\$ 16,554	\$ 747,893
Compensated absences	12,820	-	12,820
Retainage payable	253,431	-	253,431
Due to other funds	1,593,494	12	1,593,506
Notes payable, current portion	3,398,284	-	3,398,284
Revenue refunding bonds payable, current portion	49,000	-	49,000
Total Current Liabilities (payable from current assets)	<u>6,038,368</u>	<u>16,566</u>	<u>6,054,934</u>
Current Liabilities (payable from restricted assets):			
Accrued liabilities	<u>34,605</u>	<u>-</u>	<u>34,605</u>
Total Current Liabilities (payable from restricted assets)	<u>34,605</u>	<u>-</u>	<u>34,605</u>
Long - term Liabilities, less current portion			
Compensated absences	51,281	-	51,281
Notes payable, net of current portion	1,637,471	-	1,637,471
Payable from restricted assets- customer deposits	439,462	-	439,462
Revenue refunding bonds, net of current portion	<u>2,225,400</u>	<u>-</u>	<u>2,225,400</u>
Total Long - Term Liabilities	<u>4,353,614</u>	<u>-</u>	<u>4,353,614</u>
Total Liabilities	<u>10,426,587</u>	<u>16,566</u>	<u>10,443,153</u>
Net Assets:			
Invested in capital assets, net of related debt	16,891,623	-	16,891,623
Restricted for			
Debt service	630,486	-	630,486
Customer deposits	439,462	-	439,462
Accrued liabilities	34,605	-	34,605
Unrestricted	<u>4,443,685</u>	<u>739,548</u>	<u>5,183,233</u>
Total Net Assets	<u>22,439,861</u>	<u>739,548</u>	<u>23,179,409</u>
Total Liabilities and Net Assets	<u>\$ 32,866,448</u>	<u>\$ 756,114</u>	<u>\$ 33,622,562</u>

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

CITY OF DADE CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTALS
Operating Revenues :			
Charges for services	\$ 3,205,699	\$ 238,826	\$ 3,444,525
Total Operating Revenues	<u>3,205,699</u>	<u>238,826</u>	<u>3,444,525</u>
Operating Expenses :			
Personal services	646,189	-	646,189
Contractual services	529,059	197,373	726,432
General operating	643,636	7,102	650,738
Depreciation	508,704	-	508,704
Total Operating Expenses	<u>2,327,588</u>	<u>204,475</u>	<u>2,532,063</u>
Operating Income	878,111	34,351	912,462
Nonoperating Revenues (Expenses)			
Other income	51,941	21,646	73,587
Operating grants	2,986,288	-	2,986,288
Unrealized loss on investments	(54,777)	-	(54,777)
Interest income	23,159	-	23,159
Interest expense	(202,994)	-	(202,994)
Total Nonoperating Revenues (Expenses)	<u>2,803,617</u>	<u>21,646</u>	<u>2,825,263</u>
Income Before Transfers	3,681,728	55,997	3,737,725
Transfers out	<u>(176,061)</u>	<u>(11,700)</u>	<u>(187,761)</u>
Change in Net Assets	3,505,667	44,297	3,549,964
Net Assets - Beginning	18,934,194	695,251	19,629,445
Net Assets - Ending	<u>\$ 22,439,861</u>	<u>\$ 739,548</u>	<u>\$ 23,179,409</u>

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

CITY OF DADE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTALS
Cash flows from operating activities :			
Cash received from customers	\$ 3,165,375	\$ 240,429	\$ 3,405,804
Cash payments to suppliers for goods and services	(29,345)	(206,194)	(235,539)
Cash payments to employees for services	(646,189)	-	(646,189)
Net cash provided by operating activities	<u>2,489,841</u>	<u>34,235</u>	<u>2,524,076</u>
Cash flows from noncapital financing activities :			
Other income	51,941	21,647	73,588
Operating grants received	2,986,288	-	2,986,288
Transfers to other funds	(176,061)	(11,700)	(187,761)
Net cash provided by noncapital financing activities	<u>2,862,168</u>	<u>9,947</u>	<u>2,872,115</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(6,492,990)	-	(6,492,990)
Principal paid on debt	(268,632)	-	(268,632)
Proceeds from debt	3,403,424	-	3,403,424
Interest paid	(178,909)	-	(178,909)
Net cash used in capital and related financing activities	<u>(3,537,107)</u>	<u>-</u>	<u>(3,537,107)</u>
Cash flows from investing activities :			
Sale of investments	816,800	-	816,800
Interest on investments	23,159	-	23,159
Net cash provided by investing activities	<u>839,959</u>	<u>-</u>	<u>839,959</u>
Net increase in cash	2,654,861	44,182	2,699,043
Cash at beginning of year	3,796,296	700,461	4,496,757
Cash at end of year	<u>\$ 6,451,157</u>	<u>\$ 744,643</u>	<u>\$ 7,195,800</u>
Classified as:			
Cash	\$ 5,346,604	\$ 744,643	\$ 6,091,247
Restricted cash	1,104,553	-	1,104,553
Total	<u>\$ 6,451,157</u>	<u>\$ 744,643</u>	<u>\$ 7,195,800</u>

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

CITY OF DADE CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTALS
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 878,111	\$ 34,351	\$ 912,462
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	508,704	-	508,704
Changes in assets and liabilities :			
Increase in accounts receivable	(40,324)	1,609	(38,715)
Increase (decrease) in accounts payable	579,627	(1,719)	577,908
Increase (decrease)in due to other funds	459,546	(6)	459,540
Increase in accrued liabilities	6,417	-	6,417
Increase in customer deposits	8,484	-	8,484
Increase in retainage payable	89,276	-	89,276
Total Adjustments	1,611,730	(116)	1,611,614
Net cash provided by operating activities	\$ 2,489,841	\$ 34,235	\$ 2,524,076

CITY OF DADE CITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	FIREFIGHTERS' PENSION	POLICE OFFICERS' PENSION	TOTAL
<u>ASSETS</u>			
Cash	\$ 187,033	\$ 240,853	\$ 427,886
Investments	4,881,063	6,895,633	11,776,696
Accounts receivable, net of allowance for uncollectible accounts	4,325	74,243	78,568
Total Assets	<u>\$ 5,072,421</u>	<u>\$ 7,210,729</u>	<u>\$ 12,283,150</u>
<u>LIABILITIES AND NET ASSETS</u>			
Net assets held in trust for pension benefits	<u>\$ 5,072,421</u>	<u>\$ 7,210,729</u>	<u>\$ 12,283,150</u>
Total Net Assets	<u>\$ 5,072,421</u>	<u>\$ 7,210,729</u>	<u>\$ 12,283,150</u>

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

CITY OF DADE CITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>FIREFIGHTERS'</u> <u>PENSION</u>	<u>POLICE</u> <u>OFFICERS'</u> <u>PENSION</u>	<u>TOTAL</u>
<u>ADDITIONS</u>			
Contributions:			
Employee	\$ 3,675	\$ 9,906	\$ 13,581
City	169,278	200,691	369,969
Insurance premium tax	51,037	76,559	127,596
Total Contributions	<u>223,990</u>	<u>287,156</u>	<u>511,146</u>
Investment income:			
Interest and dividends	147,928	217,263	365,191
Gain on sale of assets	52,771	163,470	216,241
Net appreciation in fair value of investments	<u>169,022</u>	<u>185,076</u>	<u>354,098</u>
Total Investment Income	<u>369,721</u>	<u>565,809</u>	<u>935,530</u>
Less investment expense	<u>(48,492)</u>	<u>(69,544)</u>	<u>(118,036)</u>
Net investment income	<u>321,229</u>	<u>496,265</u>	<u>817,494</u>
Total Additions	<u>545,219</u>	<u>783,421</u>	<u>1,328,640</u>
<u>DEDUCTIONS</u>			
Retirement and disability benefits	<u>177,666</u>	<u>229,983</u>	<u>407,649</u>
Total Deductions	<u>177,666</u>	<u>229,983</u>	<u>407,649</u>
Change in net assets	367,553	553,438	920,991
Net assets held in trust for pension benefits:			
Beginning of year	4,704,868	6,657,291	11,362,159
End of year	<u>\$ 5,072,421</u>	<u>\$ 7,210,729</u>	<u>\$ 12,283,150</u>

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

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dade City (the "City") was incorporated June 5, 1889, under the laws of the State of Florida, Chapter 3957 (No. 111).

In accordance with the provision of accounting standards generally accepted in the United States of America, these financial statements present the financial position, results of operations, and changes in cash flows of the applicable fund types governed by the City of Dade City, Florida. As required by the Governmental Accounting Standards Board (GASB) Statement 14, these financial statements include the City (the primary government) and its component unit, for which the City is considered to be financially accountable. The City is financially accountable if (a) it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City, (b) the organization is fiscally dependent upon the City, or (c) it would cause the financial statements to be misleading by excluding the organization.

The reporting entity's financial statements should allow users to distinguish between the primary government (the City) and its component unit. However, some component units, because of the closeness of their relationships with the City should be blended as though they were part of the City. Otherwise, component units should be discretely presented. The City has no blended component units but provides an overview of one discretely presented component unit in a separate column.

Discretely presented component unit governmental type – The Dade City Community Redevelopment Agency (the "Agency") was created by City Resolution No. 538 as authorized by Part III of Chapter 163 of the Florida State Statutes. The members of the agency board are appointed by the City Commission. The Agency is fiscally dependent on the City and the City Commission approves the Agency's annual budget. This component unit is reported in a separate column in the accompanying financial statements to emphasize that it is legally separate from the City and in accordance with the provisions of GASB 14. Complete financial statements of the Agency can be obtained from the City of Dade City.

The City of Dade City Municipal Firefighters' Pension Trust Fund and the City of Dade City Municipal Police Officers' Pension Trust Fund were created under Chapters 175 and 185, respectively, of Florida State Statutes. These trust funds are administered by five member boards who have limited duties. Because these funds are not legally separable from the City, they are reported as part of the primary government.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The basic financial statements are composed of the Government-Wide Financial Statements, the Fund Financial Statements and the Notes to the Financial Statements.

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements report on the government as a whole and include separate columns for the governmental and business-type activities of the primary government. An additional separate column is presented for the component unit for which the City is accountable.

The Statement of Net Assets presents information on all of the assets and liabilities of the City. The difference between assets and liabilities is reported as net assets. Changes in net assets may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities reports functional categories of programs provided by the City, and demonstrates how and to what degree those programs are supported by specific revenue. The "Expenses" column reports direct expenses that are clearly identifiable with a specific function or program. "Program Revenues" are directly attributable to a specific function or program and are categorized as charges for services, operating grants and contributions, and capital grants and contributions. The net of program expenses less program revenues reflects the net cost of each function or program. The general revenues section includes revenues that are not program specific such as taxes and investment earnings.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements, except for the residual amounts between governmental and business-type activities reported as "internal balances." These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Fund accounting is used to ensure and demonstrate compliance with legal, legislative, contractual and other finance-related provisions. All of the funds of the City may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The City's major funds are reported as separate columns in the fund financial statements and nonmajor funds are aggregated and presented as a single column on each statement. Fund financial statements are presented after the government-wide financial statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments in accordance with the Government Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its business-type and proprietary operations, but has elected not to apply FASB pronouncements issued after November 30, 1989.

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements have been met.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds record both operating and non-operating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund such as user fees. Non-operating revenues are not related to the operations of the proprietary fund and include interest income and grants.

Operating expenses represent the cost of operations, which includes depreciation. Non-operating expenses are not related to operations, such as interest expense.

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. The City considers all revenues available if they are collected within sixty days after year-end with the exception of grant revenue, which is considered susceptible to accrual if collected within six months of year-end. Primary revenues, such as property taxes, special assessments, intergovernmental revenues, charges for services and interest are treated as susceptible to accrual under the modified accrual basis and so have been recognized as revenues. Expenditures reported in governmental fund financial statements are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes accumulated sick and vacation pay and principal and interest on general long-term debt, which are recognized when they have matured.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GASB Statement 34 sets forth minimum criteria for the determination of what are to be considered major funds for financial statement presentation. The City has used GASB 34 minimum criteria for major fund determination. The nonmajor funds are combined into one column in the fund financial statements and are detailed in the combining schedules, which appear after the notes.

The following is reported as a major governmental fund:

General Fund – This fund is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following is reported as a major enterprise fund:

Public Utility – Accounts for the operation of water and wastewater facilities.

The City also reports the following funds:

Fiduciary Funds – These are trust funds used to account for assets held by the City in a trustee capacity. The City maintains two Fiduciary Funds; the Municipal Firefighters' Pension Trust Fund and the Municipal Police Officers' Pension Trust Fund.

D. Budgetary Information

Budgets and Budgetary Accounting:

The annual budget, formally adopted by the City Commission serves as the legal authorization for expenditures. Legal budgetary authority and control is established on a fund basis in accordance with Florida Statutes 129.03; however, operational control for management purposes is maintained during the year at the lower of the department or fund level. The adopted budget can only be changed by a budget amendment or a budget supplement. Management can transfer appropriations within a department without the City Commission approval unless the transfer affects a budgeted reserve. Pursuant to Florida Statutes 129.06, budget amendments require the approval of the City Commission whenever the effect of the amendment is to increase the total appropriations of the fund, to transfer monies between the lower of the department or fund level, or to transfer budgeted reserve funds.

The City's annual budgetary process is governed by Florida Statutes, Chapters 129 and 200. The total of the estimated receipts, including balances brought forward, must equal the total of the appropriations and reserves, therefore enabling a balanced budget. During the budgeting process, budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized executive changes applicable to the fiscal year, whenever legally authorized.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Information (Continued)

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported in the fund financial statements as reservations of fund balances since they do not constitute expenditures of liabilities.

E. Cash and Investments

The City considers cash and cash equivalents to be cash on hand, demand deposits, highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased.

F. Receivables and Payables

The accounts receivable of the City are recorded in the government-wide and fund financial statements and are net of allowance for uncollectibles, which generally is equivalent to the receivables that are over 90 days in arrears.

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

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

G. Inventories and Prepaid items

Inventories are determined by physical count and are valued at cost using the first-in, first-out method. The cost is recorded as an expenditure using the consumption method at the time the individual inventory items are used.

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF DADE CITY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements.

The City has established the following thresholds for additions to capital assets, and estimated useful lives for depreciation purposes:

	Threshold	Useful Life Years
Land	\$ 5,000	-
Buildings	\$ 5,000	10 - 50
Infrastructure	\$ 50,000	10 - 50
Equipment	\$ 5,000	5 - 20

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Depreciation is charged as an expense against the operations of the governmental and business-type activities in the government-wide financial statements. Depreciation of assets in the proprietary funds is also charged as an expense at the fund level. Since the purpose of the governmental fund level statements is to show the sources and uses of current assets, capital assets and depreciation are not shown.

GASBS No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation were reported in the financial statements prior to the implementation of GASB 34. The retroactive reporting of infrastructure is not required for the City. The City has elected to implement the general provisions of GASBS No. 34 prospectively and has elected not to implement any infrastructure retroactively.

I. Compensated Absences

The City incurs liability for employees' rights to receive compensation for future absences when certain conditions are met. Both the current and long-term portion of compensated absences are accrued and reported in the government-wide and proprietary fund financial statements.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, material discount, premium and bond issuance costs related to long-term debt are deferred and amortized over the life of the bonds using the straight-line method of accounting. Discount, premium and issuance costs related to debt in the governmental fund financial statements are recorded as expenditures when paid and therefore are not accounted for in subsequent periods.

State and federal laws and regulations require the Sanitary Landfill to place a final cover on the landfill cells when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the landfill reports an estimated portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

K. Property Taxes

Property tax collections, sales, and liens are governed by Chapter 197 of the Florida Statutes. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due and payable on November 1, or as soon as the assessment roll is available to the county tax collector. Discounts, ranging from 4% to 1%, are given for payments prior to March 1 of the following calendar year. Taxes become delinquent April 1. Taxes are collected by the Pasco County Tax Collector and remitted to the City. The tax collector sells tax certificates on all delinquent property on or before June 1 each year and such proceeds are remitted to the City. Under this system, there remains no uncollectible delinquent taxes at year-end.

L. Due From Other Governments

Receivables from other governments include amounts due for entitlements for state revenue sharing, gas taxes, sales taxes, and other amounts collected by the State on behalf of the City and various grants.

M. Post-Retirement Health and Life Insurance Benefits

The City does not provide, at the City's expense, health and life insurance coverage for former employees.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Government-wide and proprietary fund net assets

As of September 30, 2013, net assets are classified as follows:

Invested in capital assets, net of related debt – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets – consists of net assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net assets are reported in this category.

O. Governmental fund balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used only for specific purposes determined by a formal action of City Council – the government's highest level of decision making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes. Under the City's adopted policy, only City Council may assign amounts for specific purposes. Assigned fund balances include all remaining amounts, (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Governmental fund balances (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

P. Subsequent Events

The Council has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date the financial statements were available to be issued, or July 28, 2014. No subsequent events have been recognized or disclosed.

NOTE 2 - CASH AND INVESTMENTS

At September 30, 2013, the City's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

A reconciliation of cash as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets is as follows:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Primary Government:			
Cash	\$ 14,178,055	\$ -	\$ 14,178,055
Restricted Cash	1,104,553	407,297	1,511,850
Total	<u>\$ 15,282,608</u>	<u>\$ 407,297</u>	15,689,905
Component Unit:			
Cash			<u>790,854</u>
Total			<u>\$ 16,480,759</u>

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

As of September 30, 2013, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Corporate stocks	\$ 8,821,776	\$ 8,821,776	\$ -	\$ -	\$ -
U.S. agencies	2,861,125	-	-	13,142	2,847,983
U.S. treasuries	720,412	309,065	263,528	147,818	-
Corporate bonds	970,783	208,987	607,604	54,007	100,186
Mortgage-backed securities	174,164	-	-	48,814	125,350
Municipal bonds	28,990	-	-	28,990	-
Foreign bonds	-	-	-	-	-
Certificate of Deposit	50,385	-	50,385	-	-
Total	<u>\$ 13,627,634</u>	<u>\$ 9,339,828</u>	<u>\$ 921,517</u>	<u>\$ 292,771</u>	<u>\$ 3,073,519</u>

Investments are reflected in the financial statements as follows:

Governmental funds	\$ 1,517,973
Enterprise funds	332,965
Fiduciary Funds:	
Pension Trust	11,776,696
Total Primary Government	<u>\$ 13,627,634</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is structured so that securities mature to meet anticipated cash requirements for ongoing operations.

Credit Risk

Statute 218.415 of the State of Florida allows municipalities to invest in the following:

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s.163.01.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Savings accounts in state-certified qualified public depositories, as defined in s.280.02.
4. Certificates of deposit in state-certified qualified public depositories, as defined in s.280.02.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

5. Direct obligations of the U.S. Treasury.
6. Federal agencies and instrumentalities.
7. Other investments authorized by a written policy adopted under s.218.415.

Statutes 175 and 185 of the State of Florida permit investments by the Police and Firefighter Pension Funds as follows:

1. Time or savings accounts of a national bank, a state bank insured by the Bank Insurance Fund, or a savings, building, and loan association insured by the Savings Association Insurance Fund, which is administered by the Federal Deposit Insurance Corporation or a state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance Fund.
2. Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.
3. Bonds issued by the State of Israel.
4. Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:
 - a. The corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service; and
 - b. The board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of that company, or the aggregate of its investments under this subparagraph at cost exceed 50 percent of the assets of the fund.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

The credit quality distribution of securities with credit exposure as a percentage of total investments is as follows:

Investment Type	Moody Ratings											Total
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Other	
Corporate stocks	-	1%	1%	1%	6%	6%	7%	3%	7%	4%	16%	52%
U.S. agencies	21%	-	-	-	-	-	-	-	-	-	-	21%
U.S. treasuries	17%	-	-	-	-	-	-	-	-	-	-	17%
Corporate bonds	-	-	-	-	-	-	-	-	-	-	-	7%
Mortgage-backed securities	1%	-	-	-	-	-	-	-	-	-	1%	2%
Municipal bonds	-	-	-	-	-	-	-	-	-	-	-	0%
Foreign bonds	-	-	-	-	-	-	-	1%	-	-	-	1%
Certificate of deposit	-	-	-	-	-	-	-	-	-	-	-	0%
Total	40%	1%	1%	1%	6%	6%	7%	5%	7%	4%	22%	100%

Custodial Credit Risk

The City does not have a formal investment policy that addresses custodial credit risk. However, Florida Statute, Section 218.415(18) requires every security purchased under this section on behalf of the City to be properly earmarked and:

1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the City's interest in the security;
2. If in book entry form, must be held for the credit of the City's interest by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in Florida as defined in Section 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in Florida, and must be kept by the depository in an account separate and apart from the assets of the financial institutions; or
3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

All of the City's investments are insured or registered and held by its agent in the City's name.

Foreign Currency Risk

The City does not have a formal investment policy that limits its investment in foreign currency. The City has no investments which are exposed to foreign currency risk at September 30, 2013.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable, at September 30, 2013 for the City's individual major funds and nonmajor funds in total including applicable allowances for uncollectibles, were as follows:

	Accounts Receivable, Gross	Allowance for Uncollectibles	Accounts Receivable, Net
Primary Government:			
General Fund	\$ 109,854	\$ -	\$ 109,854
Utility Fund	797,730	40,000	757,730
Total Primary Government	<u>\$ 907,584</u>	<u>\$ 40,000</u>	<u>\$ 867,584</u>

NOTE 4 - INTERFUND TRANSACTIONS

Due to/Due from other funds:

Individual interfund receivable and payable balances, all of which are expected to be repaid within one year and are recurring in nature, were as follows:

	Interfund Receivable	Interfund Payable
Governmental activities:		
General Fund	\$ 1,594,344	\$ 656,211
Nonmajor Governmental Funds	656,211	-
Business-type activities:		
Public Utility	-	1,593,506
Component Unit	66,077	66,915
Total Due To/Due From Other Funds	<u>\$ 2,316,632</u>	<u>\$ 2,316,632</u>

Interfund receivables and payables generally represent recurring activities between funds as well as temporary deficit cash balances.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers:

Individual interfund transfers were as follows:

	Transfers In	Transfers Out
General Fund	\$ 490,040	\$ 89,319
Nonmajor Governmental Funds	-	302,280
Governmental Fixed Assets	-	-
Business-type activities:		
Public Utility	-	176,060
Nonmajor Enterprise Fund	-	11,700
Component Unit	92,133	2,814
Total Transfers In/Transfers Out	<u>\$ 582,173</u>	<u>\$ 582,173</u>

Transfers between funds are primarily to move unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 631,178	\$ -	\$ -	\$ 631,178
Infrastructure	2,636,781	-	-	2,636,781
Total capital assets, not being depreciated	<u>3,267,959</u>	<u>-</u>	<u>-</u>	<u>3,267,959</u>
Capital assets, being depreciated:				
Infrastructure	1,470,777	205,244	-	1,676,021
Buildings	1,273,311	-	-	1,273,311
Machinery and Equipment	3,555,163	401,682	332,835	3,624,010
Total capital assets being depreciated	<u>6,299,251</u>	<u>606,926</u>	<u>332,835</u>	<u>6,573,342</u>
Less accumulated depreciation for:				
Infrastructure	126,150	81,514	-	207,664
Buildings	1,014,469	78,930	-	1,093,399
Machinery and Equipment	2,763,531	346,760	433,043	2,677,248
Total accumulated depreciation	<u>3,904,150</u>	<u>507,204</u>	<u>433,043</u>	<u>3,978,311</u>
Total capital assets, being depreciated, net	<u>2,395,101</u>	<u>99,722</u>	<u>(100,208)</u>	<u>2,595,031</u>
Governmental activities capital assets, net	<u>\$ 5,663,060</u>	<u>\$ 99,722</u>	<u>\$ (100,208)</u>	<u>\$ 5,862,990</u>

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 405,901	\$ -	\$ -	\$ 405,901
Construction in Progress	8,634,743	5,918,810	5,087,671	9,465,882
Total capital assets, not being depreciated	9,040,644	5,918,810	5,087,671	9,871,783
Capital assets, being depreciated:				
Buildings	334,740	1,060	-	335,800
Infrastructure	14,454,144	5,608,997	-	20,063,141
Machinery and Equipment	2,783,946	21,094	-	2,805,040
Total capital assets being depreciated	17,572,830	5,631,151	-	23,203,981
Less accumulated depreciation for:				
Buildings	276,961	16,843	-	293,804
Infrastructure	5,473,630	332,859	-	5,806,489
Machinery and Equipment	2,614,690	159,003	-	2,773,693
Total accumulated depreciation	8,365,281	508,704	-	8,873,985
Total capital assets, being depreciated, net	9,207,549	5,122,447	-	14,329,996
Business-Type activities capital assets, net	\$ 18,248,193	\$ 11,041,257	\$ -	\$ 24,201,779

Depreciation expense was charged to functions as follows:

Government activities:	
General Government	\$ 232,807
Public Safety	207,954
Physical Environment	12,680
Transportation	31,447
Culture and Recreation	22,316
Total depreciation for governmental activities	<u>\$ 507,204</u>
Business-type activities:	
Physical Environment	<u>\$ 508,704</u>
Total depreciation for business-type activities	<u>\$ 508,704</u>

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The major components of accounts payable and accrued expenses as of September 30, 2013, were as follows:

	Governmental Activities		Business-Type Activities		
	General Fund	Nonmajor Funds	Public Utility Fund	Nonmajor Funds	Total
Suppliers	\$ 355,365	\$ -	\$ 731,339	\$ 16,554	\$ 1,103,258
Interest	-	-	34,605	-	34,605
	<u>\$ 355,365</u>	<u>\$ -</u>	<u>\$ 765,944</u>	<u>\$ 16,554</u>	<u>\$ 1,137,863</u>

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Landfill Closure/Post Closure	\$ 27,960	\$ -	\$ -	\$ 27,960	\$ -
Compensated Absences	568,229	-	28,562	539,667	107,933
Total	<u>\$ 596,189</u>	<u>\$ -</u>	<u>\$ 28,562</u>	<u>\$ 567,627</u>	<u>\$ 107,933</u>
Business-Type Activities:					
Notes Payable	\$ 1,845,146	\$ 3,403,424	\$ 212,815	5,035,755	\$ 3,398,284
Bonds Payable	2,320,400	-	46,000	2,274,400	49,000
Capital leases	9,542	-	9,542	-	-
Compensated Absences	56,175	7,926	-	64,101	12,820
Customer Deposits	430,978	8,484	-	439,462	-
Total	<u>\$ 4,662,241</u>	<u>\$ 3,419,834</u>	<u>\$ 268,357</u>	<u>\$ 7,813,718</u>	<u>\$ 3,460,104</u>

Notes Payable

Business-Type Activities:

The following is a schedule of notes outstanding at September 30, 2013:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rates
Notes Payable:				
Meter System Lease	Meter System	\$ 1,701,686	\$ 810,430	4.39%
State Revolving Fund	Utility System	1,179,193	1,000,644	2.24%-2.31%
Bond Anticipation Note	Utility System	3,248,000	<u>3,224,681</u>	65.1% of BBA LIBOR + 1.25%
Total Notes Payable- Business-Type Activities			<u>\$ 5,035,755</u>	

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the business-type activity notes outstanding as of September 30, 2013:

Year	Principal	Interest	Total
2014	49,000	104,128	153,128
2015	51,000	101,878	152,878
2016	53,000	99,538	152,538
2017-2021	304,000	458,790	762,790
2022-2026	381,000	382,360	763,360
2027-2031	476,000	287,470	763,470
2032-2036	602,000	166,470	768,470
2037-2041	299,000	54,855	353,855
2042	59,400	2,673	62,073
Total	<u>\$ 2,274,400</u>	<u>\$ 1,658,162</u>	<u>\$ 3,932,562</u>

Bonds Payable

Business-Type Activities:

The following is a schedule of bonds outstanding at September 30, 2013:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rates
Revenue Bonds:				
Series 1997	Utility System	\$ 1,000,000	\$ 786,000	4.50%
Series 1997	Utility System	445,000	356,000	5.00%
Series 2003	Utility System	1,275,400	<u>1,132,400</u>	4.50%
Total Bonds Payable - Business-Type Activities			<u>\$ 2,274,400</u>	

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the business-type activity bonds outstanding as of September 30, 2013:

Year	Principal	Interest	Total
2014	49,000	104,128	153,128
2015	51,000	101,878	152,878
2016	53,000	99,538	152,538
2017-2021	304,000	458,790	762,790
2022-2026	381,000	382,360	763,360
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2032-2036	602,000	166,470	768,470
2037-2041	299,000	54,855	353,855
2042	59,400	2,673	62,073
Total	<u>\$ 2,274,400</u>	<u>\$ 1,658,162</u>	<u>\$ 3,932,562</u>

The Cities business-type activities incurred interest costs of \$169,001, all of which were charged to operations.

NOTE 8 - STATE OF FLORIDA RETIREMENT SYSTEM

City employees; except for participants in the separate firefighters' and police officers' pension funds (See Note 9) and the City Manager participate in the State of Florida Retirement System (the "System"), a multiple-employer public employee retirement system. However, as discussed in Note 10, the City has elected to opt out of the System beginning with employees hired after January 1, 1996. The payroll for employees covered by the System for the year ended September 30, 2013 was \$424,919; the City's total payroll was \$3,094,560.

All City employees, other than those described above, participate in the System. Employees who retire at or after age 62 with 10 years of credited service, or 30 years of credited service regardless of age, are entitled to a retirement benefit equal to 1.60% to 1.68% (dependent upon age and years of service) of their average final compensation. The average final compensation is the average of the five highest fiscal years of earnings. Benefits are adjusted annually for a cost of living increase in the Consumer Price Index up to a maximum of 3%.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 8 - STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

Benefits are payable monthly under one of four options elected by the participant upon retirement. The options range from a full benefit during life of the member to reduced benefits paid to survivors upon the death of the member. Benefits fully vest on reaching 6 years of service. Vested employees may retire at any time after vesting and receive a 5% benefit reduction for each year prior to normal retirement age or date. The System also provides death and disability benefits.

Contribution rates are established statewide for all participating governmental units by acts of the state legislature. These acts provide that if the accumulated funds are insufficient to pay the benefits due, future contributions to the plan will be adjusted upward accordingly. For the year ended September 30, 2013, the City contributed approximately 8.95% of covered salaries. The total contribution for the year ended September 30, 2013, and the preceding two years is as follows:

<u>Years Ending September 30,</u>	<u>Total Contribution</u>	<u>Percentage of Required Contribution</u>
2011	\$ 39,151	100%
2012	\$ 43,888	100%
2013	\$ 26,329	100%

The System's comprehensive annual financial report may be obtained from the State of Florida, Department of Management Services, Division of Retirement.

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS

Plan Descriptions

The City contributes to two pension trust funds, which are single employer, defined benefit pension plans.

All of the City's full-time certified police and fire employees participate in the plans. The current membership in the plans is comprised of the following:

<u>Group</u>	<u>Firefighters</u>	<u>Police Officers</u>
Retirees and beneficiaries		
currently receiving benefits	10	11
Vested terminated employees	9	1
Active employees	6	22
Total participants	<u>25</u>	<u>34</u>

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

Plan Descriptions (Continued)

Employees attaining the age of 52 who have completed 25 or more continuous years of service or age 55 and 10 years of service are entitled to annual benefits of 3.5% for Police Officers and 3.25% for Firefighters of their best 5 of the last 10 years earnings for each year of continuous service. The plans permit early retirement at the completion of 10 years of continuous service and at age 50. Active employees who become disabled receive their retirement benefits but not less than 42% of average monthly compensation.

Disability benefits are paid for 10 years. If an active employee dies and had at least 10 years of contributing service, his or her beneficiary receives the benefits otherwise payable to the employee at early or normal retirement.

If an employee terminates his or her employment with the police or fire departments and is not eligible for any other benefits under the plans, the employee is entitled to the following:

1. With less than 10 years of continuous service, a refund of member contributions, or
2. With 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at his or her normal retirement date or, at the option of the employee, a lump sum refund of member contributions.

Summary of Significant Accounting Policies

Basis of Accounting – The pension fund financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

Contributions and Reserves

The plans are established and operate under Florida State Statutes and City Ordinances. Chapter 175 of the Florida Statutes provides for a system of retirement plans for firefighters. Each incorporated municipality with fire-fighting equipment with a value exceeding \$5,000 is permitted to establish a firefighter's pension fund. Chapter 175 sets forth benefits and administrative arrangements. It also provides that a tax of 1.85% of fire and windstorm premiums written in the various cities is to be collected by the State and remitted to the pension funds to partially finance the benefits. Firefighters contribute 1% of their earnings to the fund, and the City, authorized by City ordinance, has made contributions from general revenues at the rate of 16.4% of covered earnings. The City contributed \$169,278 for the year ended September 30, 2013.

Chapter 185 of the Florida Statutes provides for a system of retirement plans for police officers. Each incorporated municipality with police equipment with a value exceeding \$500 is permitted to establish a police officers retirement fund. Chapter 185 sets forth benefits and administrative arrangements. It also provides that certain casualty premium taxes collected by the State will be remitted to these pension funds to partially finance the benefits. Policemen contribute 1% of their earnings to the fund, and the City, by City Ordinance, also makes contributions from general revenues at the rate of 4.4% of covered earnings. The City was required to contribute \$200,691 for the year ended September 30, 2013.

The contribution rates for members and the City are established by the state statutes and City Ordinances through actuarial valuations. The costs of administration are paid by the plans from investment earnings. The plans do not have any contracts for contributions. There are no legal or designated reserves other than the entire net assets of the plans are available only for retirement benefits. At September 30, 2013, the plans held no investments of a single issuer, other than U.S. government obligations, which accounted for 5% or more of the plan net assets.

The payroll covered by the two pension trusts for the year ended September 30, 2013 was \$1,357,949.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

Additional Information

The total contributions to the pension trust funds by the City and other entities for the year ended September 30, 2013, and the preceding three years are as follows:

Firefighters' Pension Trust			
Years Ending September 30,	Total Contribution		Percentage of Required Contribution
	City	State	
2010	\$ 87,034	\$ 41,584	100%
2011	\$ 106,862	\$ 36,813	100%
2012	\$ 131,191	\$ 32,204	100%
2013	\$ 169,278	\$ 32,271	100%

Police Officers' Pension Trust			
Years Ending September 30,	Total Contribution		Percentage of Required Contribution
	City	State	
2010	\$ 118,677	\$ 82,882	100%
2011	\$ 164,688	\$ 77,414	100%
2012	\$ 179,842	\$ 75,634	100%
2013	\$ 200,691	\$ 75,568	100%

There is no net pension obligation as of September 30, 2013 for either plan.

The information presented above, and in the required supplementary schedules included elsewhere in this report, was determined as part of the actuarial valuations dated October 1, 2012. Additional information relative to both of the pension trusts is as follows:

Actuarial cost method - Aggregate actuarial cost
Asset valuation method - 4 Year Smooth Market

Actuarial assumptions:

Investment rate of return 8%
Projected salary increases 6%
Inflation rate 3%

The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

CITY OF DADE CITY, FLORIDA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 10 - DEFINED CONTRIBUTION PLAN

During 1995, the Florida Legislature approved a bill allowing local governments the option of withdrawing from the Florida Retirement System. In December 1995, the City passed a resolution to adopt a defined contribution plan under Section 401(a) of the Internal Revenue Code, effective for employees hired after January 1, 1996, except those covered by the police officers' or firefighters' pension plans (Note 9).

The City of Dade City Money Purchase Plan adopted the Nationwide Life Insurance Company Prototype Money Purchase Plan and appointed Public Employees Benefit Services Corporation (PEBSO) as the plan administrators.

The City adopted Resolution No. 528, which established the City's contribution rate at 4% of all eligible employee wages. The payroll for employees covered by this plan for the year ended September 30, 2013 was \$1,533,043, and the City's contribution was \$58,263.

NOTE 11 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets are held in trust for the employees by a third party administrator and investments are directed by the participating employees. Therefore, the assets, liabilities, fund equity and operations of this plan are not presented on the City's financial statements.

NOTE 12 - RISK MANAGEMENT

The City has purchased commercial insurance to cover its risk of loss on the following categories:

Type of Coverage	Limits
General/Professional liability	\$ 2,000,000
Law enforcement liability	\$ 3,000,000
Automobile liability	\$ 2,000,000
Property damage	blanket/replacement cost
Worker's compensation	statutory
Employee dishonesty	\$ 1,000,000

There have been no significant reductions in insurance coverage for the past three years and the City does not participate in a risk sharing pool. No settlements exceeded insurance over the past three years.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 13 - SEGMENT INFORMATION FOR COMBINED PROPRIETARY FUND TYPES

As of September 30, 2013, the City had two enterprise funds, for which combined operations and cash flows are presented on pages 18 and 19. In addition to the information presented in these combined statements and the notes thereto, a summary of significant financial information is as follows:

	Utility Fund	Sanitation Fund	Total
<u>Condensed Statement of Net Assets</u>			
Current assets	\$ 7,560,117	\$ 756,114	\$ 8,316,231
Other assets	1,104,553	-	1,104,553
Capital assets	24,201,778	-	24,201,778
Total assets	<u>\$ 32,866,448</u>	<u>\$ 756,114</u>	<u>\$ 33,622,562</u>
Current liabilities	\$ 6,072,973	\$ 16,566	\$ 6,089,539
Non current liabilities	4,353,614	-	4,353,614
Total liabilities	<u>10,426,587</u>	<u>16,566</u>	<u>10,443,153</u>
Invested in capital assets, net of related debt	16,891,623	-	16,891,623
Restricted for			
Debt service	630,486	-	630,486
Customer deposits	439,462	-	439,462
Accrued liabilities	34,605	-	34,605
Unrestricted	4,443,685	739,548	5,183,233
Total net assets	<u>22,439,861</u>	<u>739,548</u>	<u>23,179,409</u>
Total liabilities and net assets	<u>\$ 32,866,448</u>	<u>\$ 756,114</u>	<u>\$ 33,622,562</u>

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 13 - SEGMENT INFORMATION FOR COMBINED PROPRIETARY FUND TYPES
(CONTINUED)

Condensed Statement of Revenues,
Expenses and Change in Net Assets

OPERATING REVENUES AND EXPENSES

Operating revenues	\$ 3,205,699	\$ 238,826	\$ 3,444,525
Operating expenses			
Depreciation	508,704	-	508,704
Other operating	1,818,884	204,475	2,023,359
Total operating expenses	2,327,588	204,475	2,532,063
Operating income	878,111	34,351	912,462

NONOPERATING REVENUES (EXPENSES)

Interest income	23,159	-	23,159
Interest expense	(202,994)	-	(202,994)
Grant income	2,986,288	-	2,986,288
Unrealized gain on investments	(54,777)	-	(54,777)
Other income	51,941	21,646	73,587
Transfers out	(176,061)	(11,700)	(187,761)
Total nonoperating revenues	2,627,556	9,946	2,637,502
Change in net assets	3,505,667	44,297	3,549,964
NET ASSETS, beginning of year	18,934,194	695,251	19,629,445
NET ASSETS, end of year	\$ 22,439,861	\$ 739,548	\$ 23,179,409

Condensed Statement of Cash Flows

Net cash provided by operating activities	\$ 2,489,841	\$ 34,235	\$ 2,524,076
Net cash flows from capital and related financing activities	(3,537,107)	-	(3,537,107)
Net cash flows from noncapital financing activities	2,862,168	9,947	2,872,115
Net cash flows from investing activities	839,959	-	839,959
Net increase in cash	2,654,861	44,182	2,699,043
Beginning cash	3,796,296	700,461	4,496,757
Ending cash	\$ 6,451,157	\$ 744,643	\$ 7,195,800

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 14 - CONTRACT FOR SOLID WASTE COLLECTION

In April 2009, the City entered into an agreement with a private contractor to collect solid waste. The agreement is for five years.

For all traditional waste collection services provided for the City residents the contractor is compensated as follows:

1. For residential collection, the City paid \$8.88 per resident, less 1% of the monthly billing.
2. For commercial collection, the contractor earns the City commercial billing less a 10% fee retained by the City.

The total expense recorded by the City under this contract for the year ended September 30, 2013 was \$197,373.

NOTE 15 - LANDFILL POST-CLOSURE COSTS

Regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) required the City to place final cover on its internally used debris landfill when it was closed in 1991 and perform certain maintenance and monitoring functions at the landfill site for 20 years after its closure. All amounts recognized are based on what it would cost to perform the post-closure functions in current dollars. Actual costs may be different due to inflation, changes in technology, or changes in laws and regulations.

The landfill has ceased operations and the required closure work has been completed. The entire estimated future cost for post-closure maintenance is reported in the Government-Wide Statement of Net Assets.

NOTE 16 - COMMITMENTS

At September 30, 2013, the City had outstanding construction contracts for various projects totaling \$8,634,739, with costs to complete of approximately \$11,816,793.

NOTE 17 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description

The City administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

The City does not contribute to the cost of the current-year premiums for eligible, retired plan members and their spouses.

CITY OF DADE CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

NOTE 17 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and the related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

OPEB CALCULATION

Annual required contribution	\$ 23,448
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	<u>23,448</u>
Employer contributions made	<u>(11,035)</u>
Increase in net OPEB obligation	12,413
Net OPEB obligation - beginning of year	<u>27,125</u>
Net OPEB obligation - end of year	<u>\$ 39,538</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended September 30, 2013 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2011	\$ 26,030	44%	\$ 14,520
9/30/2012	\$ 22,826	49%	\$ 27,125
9/30/2013	\$ 23,448	49%	\$ 39,538

Funded Status and Funding Progress

As of September 30, 2013, the actuarial accrued liability for benefits was \$183,204 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,453,343 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13 percent.

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

Honorable City Commission
City of Dade City
Dade City, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dade City, Florida as of and for the year ended September 30, 2013, which collectively comprise the City of Dade City's basic financial statements and have issued our report thereon dated July 28, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs to significant deficiencies [2012-01].

Honorable City Commission
City of Dade City
Dade City, Florida

Compliance and Other Matters

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

City of Dade City, Florida's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit for the information and use of management, the audit committee, City Commission, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William McLean, P.A.

Inverness, Florida
July 28, 2014



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

Honorable City Commission
City of Dade City
Dade City, Florida

Compliance

We have audited the City of Dade City, Florida's compliance with the types of compliance requirements described in the *Department of Financial Services State Projects Compliance Supplement* that could have a direct and material effect on each of City of Dade City, Florida's major state projects for the year ended September 30, 2013. City of Dade City, Florida's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state projects is the responsibility of City of Dade City, Florida's management. Our responsibility is to express an opinion on the City of Dade City, Florida's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Department of Financial Services State Projects Compliance Supplement*. Those standards and *Department of Financial Services State Projects Compliance Supplement* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about City of Dade City, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Dade City, Florida's compliance with those requirements.

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

Honorable City Commission
City of Dade City
Dade City, Florida

Internal Control Over Compliance

Management of City of Dade City, Florida is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state projects. In planning and performing our audit, we considered City of Dade City, Florida's internal control over compliance with the requirements that could have a direct and material effect on a major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *Department of Financial Services State Projects Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Dade City, Florida's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of management, City Commission, others within the entity, state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William McLean, Wal: Cal, P.H.

Inverness, Florida
July 28, 2014

CITY OF DADE CITY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Grantor/Pass-Through Program Title	CSFA Number	Contract Number	Program or Award Amount	Expenditures
<u>State Projects</u>				
Florida Department of Environmental Protection				
<i>Passed through the Environmental Protection Agency</i>				
Financially Disadvantaged Small Community Grant	37.039	SG670040	\$ 4,848,450	\$ 1,879,567
			<u>\$ 4,848,450</u>	<u>\$ 1,879,567</u>

Notes to Schedule of Expenditures of State Financial Assistance

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the "Schedule") includes the state grant activity of City of Dade City, Florida under programs of the State of Florida for the year ended September 30, 2013. The information in this Schedule is presented in accordance with the requirements of Chapter 69I-05, Rules of the Florida Department of Financial Services and Chapter 10.550, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of City of Dade City, Florida, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Dade City, Florida.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

PART A – SUMMARY OF AUDIT RESULTS

Financial Statements

- The independent auditor's report expresses an unqualified opinion on the financial statements of City of Dade City, Florida.
- For material weaknesses disclosed during the audit of the financial statements of the City of Dade City, See Part B – Findings – Financial Statements of this report.
- No instances of noncompliance material to the financial statements of City of Dade City, Florida were disclosed during the audit.

State Projects

- The auditors' report on compliance with requirements applicable to the major state projects of City of Dade City, Florida expresses our unqualified opinion.
- There were no material weaknesses in internal control over the major state projects of City of Dade City, Florida.
- The dollar threshold used to distinguish between Types A and B programs was \$300,000.
- The City of Dade City did not qualify as a low-risk auditee.
- The programs tested as major programs included the following:

Florida Department of Environment Protection
Passed through the Environmental Protection Agency
Financially Disadvantaged Small Community Grant
CSFA No. 37.039.

PART B – FINANCIAL STATEMENT FINDINGS

No findings to report

PART C – MAJOR STATE PROJECTS AUDIT FINDINGS & QUESTIONED COSTS

No findings to report.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

PART D – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Reference
Number
2012-01

Criteria:	Internal control over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States (GAAP).
Condition:	A deficiency in internal control over financial reporting existed because of multiple material adjustments were required to be posted to the General Fixed Asset Accounting Group and the Utility Fund during the year ended September 30, 2012. At September 30, 2013 this condition still existed.
Cause:	The City did not properly reconcile the fixed assets and depreciation schedule to the general ledger, record the addition and disposition of assets, and properly record the transfer of an asset to the Utility Fund.
Effect:	The weaknesses resulted in material adjustments to fixed assets, accumulated depreciation, and transfers of the General Fixed Asset Accounting Group and the Utility Fund.
Recommendation:	We recommend that the City maintain an updated depreciation schedule (which should include all fixed asset items even if fully depreciated) and reconcile it to the general ledger on a monthly basis.
Response:	See Corrective Action Plan submitted by the City.

Reference
Number
2012-02

Criteria:	Internal control over financial reporting should be in place to ensure the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States (GAAP).
Condition:	According to the City's personnel manual, employees may accumulate unlimited sick leave credits however; under no circumstances will an employee be paid for more than 480 hours of unused sick leave.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

PART D – PRIOR YEAR FINANCIAL STATEMENT FINDINGS (CONTINUED)

Reference
Number
2012-02 (continued)

Cause:	The City recorded a liability for the total of compensated absences. A material adjustment was made to correct the liability in accordance with the 480 hour cap for each employee.
Effect:	The weakness resulted in material adjustments to compensated absences in the General Fund and the General Long Term Debt Fund.
Recommendation:	We recommend that the City review their personnel policies and properly apply their policies to the financials.
Response:	At September 30, 2013 this condition had been resolved.

PART E – PRIOR YEAR MAJOR STATE PROJECTS AUDIT FINDINGS & QUESTIONED COSTS

No prior year findings to report.

INFORMATION REGARDING DEFINED BENEFIT
PENSION TRUSTS REQUIRED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

CITY OF DADE CITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF FUNDING PROGRESS

The City's Firefighters' Pension Trust and the Police Officers' Pension Trust utilize the aggregate cost method in determining funding requirements. Statement No. 25 of the Governmental Accounting Standards Board establishes the requirement for presentation of a schedule of funding progress for pension trusts. However, paragraph 124 of Statement No. 24 specifically exempts plans utilizing the aggregate cost method from providing such a schedule.

CITY OF DADE CITY
REQUIRED SUPPLEMENTARY INFORMATION
BENEFIT PENSION TRUSTS
SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30,	Firefighters' Pension Trust				Police Officers' Pension Trust			
	Annual Required Contribution		Contribution		Annual Required Contribution		Contribution	
	\$		City	State	\$		City	State
1992	36,038	\$	26,486	\$ 31,012	-		21,806	\$ 47,427
1993	28,719		31,420	32,441	-		23,815	50,408
1994	27,983		34,667	33,618	-		22,915	50,264
1995	29,514		29,324	35,193	-		25,601	55,097
1996	45,489		29,447	36,492	-		27,287	51,346
1997	67,433		29,999	37,434	-		28,133	58,733
1998	73,274		19,426	53,848	-		6,963	59,177
1999	-		-	8,599	-		-	81,240
2000	69,793		69,793	108,628	-		-	86,459
2001	-		-	60,367	-		-	67,403
2002	-		-	44,844	-		-	76,374
2003	98,251		44,958	54,850	-		-	113,217
2004	119,499		41,982	77,517	-		-	115,438
2005	149,789		60,461	89,328	-		-	118,839
2006	137,968		54,619	83,349	-		-	132,839
2007	134,874		36,686	98,188	174,617		41,778	130,873
2008	126,606		45,519	81,087	197,542		66,669	120,938
2009	130,762		67,746	63,016	218,718		97,780	106,204
2010	128,618		87,034	41,584	240,461		134,257	82,882
2011	143,675		106,862	36,813	201,559		118,677	77,414
2012	163,395		131,191	32,204	242,102		164,688	75,634
2013	201,549		169,278	32,271	255,476		179,842	75,568
					276,259		200,691	

**SUPPLEMENTARY INFORMATION
CITY OF DADE CITY
DADE CITY, FLORIDA**

SEPTEMBER 30, 2013

CITY OF DADE CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2013

SPECIAL REVENUE						
	PUBLIC SAFETY IMPACT FEE FUND	TRANSPORTATION IMPACT FEE FUND	LOCAL OPTION GAS TAX FUND	WATER & SEWER IMPACT FEE FUND	LGIS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS						
Cash	\$ 31,630	\$ 538,577	\$ -	\$ 1,821,899	\$ -	\$ 2,392,106
Due from other funds	-	-	-	-	656,211	656,211
Due from other governments	-	-	28,237	-	41,111	69,348
TOTAL ASSETS	<u>\$ 31,630</u>	<u>\$ 538,577</u>	<u>\$ 28,237</u>	<u>\$ 1,821,899</u>	<u>\$ 697,322</u>	<u>\$ 3,117,665</u>
LIABILITIES AND FUND BALANCES						
Fund Balances:						
Reserved	\$ 31,630	\$ 538,577	\$ 28,237	\$ 1,821,899	\$ 697,322	\$ 3,117,665
Total Fund Balances	<u>31,630</u>	<u>538,577</u>	<u>28,237</u>	<u>1,821,899</u>	<u>697,322</u>	<u>3,117,665</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,630</u>	<u>\$ 538,577</u>	<u>\$ 28,237</u>	<u>\$ 1,821,899</u>	<u>\$ 697,322</u>	<u>\$ 3,117,665</u>

CITY OF DADE CITY
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE					
	PUBLIC SAFETY IMPACT FEE FUND	TRANSPORTATION IMPACT FEE FUND	LOCAL OPTION GAS TAX FUND	WATER & SEWER IMPACT FEE FUND	LGIS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues :						
Taxes and special assessments	\$ -	\$ -	\$ 276,845	\$ -	\$ 618,555	\$ 895,400
Impact fees	2,574	-	-	138,475	-	141,049
Miscellaneous revenue	3	42	-	120	-	165
Total Revenues	<u>2,577</u>	<u>42</u>	<u>276,845</u>	<u>138,595</u>	<u>618,555</u>	<u>1,036,614</u>
Expenditures :						
Current:						
General government	-	-	-	-	58,627	58,627
Capital outlay	-	-	-	-	398,441	398,441
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,068</u>	<u>457,068</u>
Excess of Revenues Over Expenditures	2,577	42	276,845	138,595	161,487	579,546
Other Financing Uses :						
Transfers out	(9,234)	-	(269,106)	-	(23,940)	(302,280)
Total Other Financing Uses	<u>(9,234)</u>	<u>-</u>	<u>(269,106)</u>	<u>-</u>	<u>(23,940)</u>	<u>(302,280)</u>
Excess of Revenues Over (Under) Expenditures and Other Uses	(6,657)	42	7,739	138,595	137,547	277,266
Fund Balances - October 1	38,287	538,535	20,498	1,683,304	559,775	2,840,399
Fund Balances - September 30	<u>\$ 31,630</u>	<u>\$ 538,577</u>	<u>\$ 28,237</u>	<u>\$ 1,821,899</u>	<u>\$ 697,322</u>	<u>\$ 3,117,665</u>

SCHEDULES

CITY OF DADE CITY
SCHEDULE OF MATURITIES
UTILITY SYSTEM REVENUE BONDS, SERIES 1997

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	20,000	35,370
2015	21,000	34,470
2016	22,000	33,525
2017	23,000	32,535
2018	24,000	31,500
2019	25,000	30,420
2020	26,000	29,295
2021	27,000	28,125
2022	29,000	26,910
2023	30,000	25,605
2024	31,000	24,255
2025	33,000	22,860
2026	34,000	21,375
2027	36,000	19,845
2028	37,000	18,225
2029	39,000	16,560
2030	41,000	14,805
2031	42,000	13,960
2032	45,000	11,070
2033	46,000	9,045
2034	49,000	6,975
2035	50,000	4,770
2036	56,000	2,528
	<u>\$ 786,000</u>	<u>\$ 494,028</u>

CITY OF DADE CITY
SCHEDULE OF MATURITIES
UTILITY SYSTEM REVENUE BONDS, SERIES 1997

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	9,000	17,800
2015	9,000	17,350
2016	9,000	16,900
2017	10,000	16,450
2018	10,000	15,950
2019	11,000	15,450
2020	11,000	14,900
2021	12,000	14,350
2022	13,000	13,750
2023	13,000	13,100
2024	14,000	12,450
2025	15,000	11,750
2026	15,000	11,000
2027	16,000	10,250
2028	17,000	9,450
2029	18,000	8,600
2030	19,000	7,700
2031	19,000	6,750
2032	21,000	5,800
2033	21,000	4,750
2034	23,000	3,700
2035	24,000	2,550
2036	27,000	1,350
	<u>\$ 356,000</u>	<u>\$ 252,100</u>

CITY OF DADE CITY
SCHEDULE OF MATURITIES
UTILITY SYSTEM REVENUE BONDS, SERIES 2003

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2014	20,000	50,958
2015	21,000	50,058
2016	22,000	49,113
2017	23,000	48,123
2018	24,000	47,088
2019	25,000	46,008
2020	26,000	44,883
2021	27,000	43,713
2022	28,000	42,498
2023	29,000	41,238
2024	31,000	39,933
2025	32,000	38,538
2026	34,000	37,098
2027	35,000	35,568
2028	37,000	33,993
2029	38,000	32,328
2030	40,000	30,618
2031	42,000	28,818
2032	44,000	26,928
2033	46,000	24,948
2034	48,000	22,878
2035	50,000	20,718
2036	52,000	18,468
2037	55,000	16,128
2038	57,000	13,653
2039	60,000	11,088
2040	62,000	8,388
2041	65,000	5,598
2042	59,400	2,673
	<u>\$ 1,132,400</u>	<u>\$ 912,042</u>

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

Honorable City Commission
City of Dade City
Dade City, Florida

We have audited the financial statements of the City of Dade City, Florida, as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated July 28, 2013.

We conducted our audit in accordance with auditing standards accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements that could have a direct and material effect on each to each Major State Project and on Internal Control Over Compliance in Accordance with Chapter 10.550, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 26, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedules.

Section 10.554(1)(i)1., Rules of the Auditor General require that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Section 10.554(1)(i)2., Rules of the Auditor General require our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Dade City complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General require that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)4., Rules of Auditor General require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General require, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City of Dade City, the primary government, was incorporated in 1885. The Dade City Community Redevelopment Agency was created by City Resolution No. 538 as authorized by Part III of Chapter 163 of the Florida State Statutes.

Section 10.554(1)(i)7.a., Rules of the Auditor General require a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Dade City did not meet any of the conditions described in Section 218.053(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General require that we determine whether the annual financial report for the City of Dade City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(i)(7)c. and 10.556(7) Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City of Dade City, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Honorable City Commission
City of Dade City
Dade City, Florida

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the City of Dade City, Florida's management, the City Commission, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

William McGinnis, Wink : Cork, P.A.

Inverness, Florida
July 28, 2014



CITY OF DADE CITY

"Proud Heritage, Promising Future"

Camille Hernandez, Mayor
Eunice M. Penix, Mayor Pro-Tem
Scott Black, Commissioner
William L. Dennis, Commissioner
James D. Shive, Commissioner

William C. Poe, Jr., City Manager
Leslie Porter, Finance Director
Suzanne DeAugustino, City Clerk
Karla S. Owens, City Attorney

August 1, 2014

Honorable David W. Martin
Auditor General
State of Florida
P. O. Box 1735
Tallahassee, FL 32302

RE: Management Response to Auditor's Comments

Dear Mr. Martin:

Pursuant to provisions of "Rules of the Auditor General - Local Government Entity Audits," city management submits the following explanations concerning the auditor's comments:

Action on recommendations made in the preceding annual financial audit report

- There were no recommendations from the preceding year requiring action.

Recommendations to improve financial management

- There were no recommendations made for the current year.

Response to Schedule of Findings and Questioned Costs

- Please refer to the Corrective Action Plan found in this report.

We hope you find these comments in order.

Sincerely,

Leslie Porter
Finance Director

William C. Poe, Jr.
City Manager

Established 1889

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CITY OF DADE CITY

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Leslie Porter, Finance Director
Suzanne DeAugustino, City Clerk
Karla S. Owens, City Attorney

August 1, 2014

Williams McCranie Wardlow & Cash, P.A.
450 Pleasant Grove Road
Inverness, FL 34452

RE: Corrective Action Plan for Financial Statement Findings

Dear Sir/Madam:

Pursuant to provisions of "Rules of the Auditor General - Local Government Entity Audits," the following Corrective Action Plan is offered in response to the Schedule of Findings and Questioned Costs:

Reference Number 2012-01 regarding fixed assets and depreciation

- Staff was unable to complete the depreciation schedule prior to closing the fiscal year, so some entries could not be made. Staff will work with the auditors to improve this process and complete depreciation and fixed asset entries prior to closing the fiscal year. Staff will also try to use existing software to assist in the process.

We hope you find these comments in order.

Sincerely,

Leslie Porter
Finance Director

William C. Poe, Jr.
City Manager

Established 1889

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