

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2014

**FINANCIAL STATEMENTS
AND
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DADE CITY, FLORIDA**

SEPTEMBER 30, 2014

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and 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, each major fund, and the aggregate remaining fund information of the City of Dade City, Florida (the City) as of and for the year ended September 30, 2014, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design auditor procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

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Honorable Mayor and City Commission
City of Dade City
Dade City, Florida

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and Community Redevelopment Agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Corrections of Errors

As fully described in Note 18 to the financial statements, the City was required to correct errors in the previously issued financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Honorable Mayor and City Commission
City of Dade City
Dade City, Florida

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida

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, 2013 through September 30, 2014. Please read this information in conjunction with the audited financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The net position of the primary government increased \$5.6 million to \$45.1 million.
- Governmental activities had program revenues (including grants) of \$1,119,524, general revenues of \$5,325,241, and net transfers of \$422,371. Total expenses were \$5,353,419.
- Business-type activities had program revenues of \$4,957,611 including grants of \$1,508,141, general revenues of \$13,291, and net transfers of (\$422,371). Total expenses were \$2,816,539.
- The County-wide one-cent infrastructure surtax, which was effective January 1, 2005, generated revenues of \$657,898, an increase of \$39,343 from the previous year.
- The City completed \$8.8 million in major upgrades and improvements to the water and wastewater infrastructure.
- The City began design of the new City Hall/Police Department; the design phase was approximately 60% complete 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 Position 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

OVERALL FINANCIAL POSITION

Dade City finished the fiscal year with a \$45.1 million net position 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. Net investments in capital, such as buildings, equipment, and infrastructure, make up 58%, or \$26.2 million, of total net position. An additional \$7.1 million, or 16%, of net position is legally restricted for certain purposes and uses. The balance of \$11.8 million, or 26%, in net position is unrestricted and available to meet the City's ongoing obligations.

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 13,016,277	\$ 11,472,501	\$ 8,249,842	\$ 7,827,278	\$ 21,266,119	\$ 19,299,779
Capital assets	6,514,876	5,862,990	26,187,317	24,201,778	32,702,193	30,064,768
Total Assets	19,531,153	17,335,491	34,437,159	32,029,056	53,968,312	49,364,547
Liabilities:						
Current and other liabilities	527,421	514,618	1,086,802	4,496,033	1,614,223	5,010,651
Long-term liabilities	450,886	499,232	6,788,136	4,353,614	7,239,022	4,852,846
Total Liabilities	978,307	1,013,850	7,874,938	8,849,647	8,853,245	9,863,497
Net position:						
Net investment in capital assets	6,514,876	5,862,990	19,763,451	16,891,623	26,278,327	22,754,613
Restricted	4,780,393	-	2,271,771	1,104,553	7,052,164	1,104,553
Unrestricted	7,257,577	10,458,651	4,526,999	5,183,233	11,784,576	15,641,884
Total Net Position	\$ 18,552,846	\$ 16,321,641	\$ 26,562,221	\$ 23,179,409	\$ 45,115,067	\$ 39,501,050

The total primary government had an increase of \$3,245,709 in net position as a result of activities during the fiscal year. Governmental activities had an operating surplus of \$1,091,346, while net transfers increased net position by \$422,371, creating a total increase of \$1,513,717. Compared to the previous year, operating results increased by \$803,176 while net transfers increased by \$323,929, for a net increase of \$1,127,105 over last year's results. The increase in the net position is primarily due to grant funding received in the current year. Business-type activities had an increase in net position of \$1,731,992 which includes a \$422,371 net transfer out to governmental activities. The increase in net position is due primarily to loan funding 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
REVENUE						
Program revenue:						
Charges for services	\$ 554,146	\$ 494,372	\$ 3,449,470	\$ 3,444,525	\$ 4,003,616	\$ 3,938,897
Operating grants	-	45,101	-	2,986,288	-	3,031,389
Capital grants	565,378	5,310	1,508,141	-	2,073,519	5,310
General revenue:						
Property taxes	1,859,620	1,730,079	-	-	1,859,620	1,730,079
Other taxes and fees	2,786,362	2,853,529	-	-	2,786,362	2,853,529
Intergovernmental revenues	594,729	298,173	-	-	594,729	298,173
Other revenues	84,530	19,467	13,291	41,969	97,821	61,436
Total revenues	6,444,765	5,446,031	4,970,902	6,472,782	11,415,667	11,918,813
EXPENSES						
Program expenses:						
General government	1,511,983	1,224,717	-	-	1,511,983	1,224,717
Public safety	2,595,923	2,676,436	-	-	2,595,923	2,676,436
Physical environment	220,246	260,788	2,816,539	2,735,057	3,036,785	2,995,845
Transportation	691,482	681,425	-	-	691,482	681,425
Culture and recreation	333,785	314,495	-	-	333,785	314,495
Total expenses	5,353,419	5,157,861	2,816,539	2,735,057	8,169,958	7,892,918
Excess deficiency before transfers	1,091,346	288,170	2,154,363	3,737,725	3,245,709	4,025,895
Net transfers	422,371	98,442	(422,371)	(187,761)	-	(89,319)
Gain on sale of fixed assets	-	-	-	-	-	-
Change in net position	1,513,717	386,612	1,731,992	3,549,964	3,245,709	3,936,576
Net position - October 1, 2012		15,935,029		19,629,445		35,564,474
Net position - September 30, 2013		16,321,641		23,179,409		39,501,050
Net position - October 1, 2013 (restated)	17,039,129	-	24,830,229	-	41,869,358	-
Net position - September 30, 2014	\$ 18,552,846		\$ 26,562,221		\$ 45,115,067	

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.

Taxable values for 2013 and 2014 were relatively stagnant. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

GENERAL FUND BUDGET VARIATIONS

	Original 2014 Budget	Final 2014 Budget	Actual 2014 Results	Actual 2013 Results
REVENUES				
Taxes and special assessments	\$ 3,202,450	\$ 3,219,450	\$ 3,296,857	\$ 3,191,822
Permits and fees	100,000	100,000	166,736	126,254
Intergovernmental revenue	778,940	709,440	861,266	814,866
Charges for services	71,800	54,800	199,182	75,318
Fines and forfeitures	29,100	31,500	43,720	28,553
Miscellaneous revenue	81,950	81,950	122,518	172,478
Net transfers and balances	600,690	600,690	1,183,750	400,721
Total revenues	4,864,930	4,797,830	5,874,029	4,810,012
EXPENSES				
Current:				
General government	1,513,491	1,471,762	1,396,509	1,093,705
Public safety	2,709,803	2,691,185	2,548,436	2,484,866
Physical environment				248,086
Transportation	678,010	719,660	601,849	657,400
Culture and recreation	319,360	312,981	310,227	291,800
Contingency				-
Capital outlay	161,000	210,775	596,803	135,759
Principal retirement				-
Interest and fiscal charges				-
Total expenses	5,381,664	5,406,363	5,453,824	4,911,616
Increase (decrease) in cash reserves	\$ (516,734)	\$ (608,533)	\$ 420,205	\$ (101,604)

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,
- 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:

- the net appreciation on investments,
- insurance claims and settlements,
- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

Dade City lists capital assets totaling \$32.7 million. Most of those assets (\$26.2 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 634,878	\$ 631,178	\$ 6,800	\$ 405,901	\$ 641,678	\$ 1,037,079
Buildings	2,115,985		10,024		2,126,009	
Improvements			25,619,732		25,619,732	
Construction in Progress			527,211	9,465,882	527,211	9,465,882
Equipment	966,368	1,126,674	23,550	251,460	989,918	1,378,134
Infrastructure	2,797,645	4,105,138	0	14,078,536	2,797,645	18,183,674
Totals	\$ 6,514,876	\$5,862,990	\$26,187,317	\$24,201,779	\$32,702,193	\$30,064,769

LONG-TERM DEBT ACTIVITY

There are eight outstanding long-term debt obligations in the utility fund. Four 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.

	Governmental Activities		Business -Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 7,060,694	\$ 7,310,155	\$ 7,060,694	\$ 7,310,155
Capital leases	-	-	-	-	-	-
Totals	\$ -	\$ -	\$ 7,060,694	\$ 7,310,155	\$7,060,694	\$ 7,310,155

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

POTENTIAL IMPACTS ON FUTURE FINANCIAL CONDITION *(Concluded)*

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 suspended collection of its transportation impact fees in an effort to spur development.

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.

This financial report is designed to provide a general overview of the City of Dade City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director.

BASIC FINANCIAL STATEMENTS

**CITY OF DADE CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 10,325,430	\$ 3,405,871	\$ 13,731,301
Restricted Cash	-	2,271,771	2,271,771
Investments	2,341,847	1,556,577	3,898,424
Receivables, Net	116,984	449,218	566,202
Due from Other Governments	177,768	473,061	650,829
Due from Other Funds	320	-	320
Inventories	-	25,970	25,970
Prepays	-	67,374	67,374
Net Pension Asset	53,928	-	53,928
Capital Assets Not Being Depreciated:			
Land	634,878	6,800	641,678
Infrastructure	2,636,781	-	2,636,781
Construction in Progress	-	527,211	527,211
Capital Assets, Net of Accumulated Depreciation:			
Buildings	2,115,985	10,024	2,126,009
Improvements, Other than Building Infrastructure	-	25,619,732	25,619,732
Machinery and Equipment	160,864	-	160,864
Total Capital Assets	966,368	23,550	989,918
Total Assets	6,514,876	26,187,317	32,702,193
Total Assets	19,531,153	34,437,159	53,968,312
Liabilities			
Accounts Payable and Accrued Expenses	451,915	343,157	795,072
Due to Other Funds	-	320	320
Due to Other Governments	1,714	-	1,714
Deposits	52,240	426,738	478,978
Long-term Liabilities:			
Due Within One Year	21,552	316,587	338,139
Due in More than One Year	450,886	6,788,136	7,239,022
Total Liabilities	978,307	7,874,938	8,853,245
Net Position			
Net Investment in Capital Assets	6,514,876	19,763,451	26,278,327
Restricted for:			
Other Purposes	4,780,393	2,271,771	7,052,164
Unrestricted	7,257,577	4,526,999	11,784,576
Total Net Position	\$ 18,552,846	\$ 26,562,221	\$ 45,115,067

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 1,511,983	\$ 341,629	\$ -	\$ -	\$ (1,170,354)	\$ -	\$ (1,170,354)
Public Safety	2,595,923	53,247	-	-	(2,542,676)	-	(2,542,676)
Physical Environment	220,246	136,784	-	-	(83,462)	-	(83,462)
Transportation	691,482	18,886	-	565,378	(107,218)	-	(107,218)
Culture and Recreation	333,785	3,600	-	-	(330,185)	-	(330,185)
Total Governmental Activities	5,353,419	554,146	-	565,378	(4,233,895)	-	(4,233,895)
Business-type Activities:							
Nonmajor - Sanitation	208,767	260,238	-	-	-	51,471	51,471
Public Utility	2,607,772	3,189,232	-	1,508,141	-	2,089,601	2,089,601
Total Business-type Activities	2,816,539	3,449,470	-	1,508,141	-	2,141,072	2,141,072
Total Primary Government	\$ 8,169,958	\$ 4,003,616	\$ -	\$ 2,073,519	(4,233,895)	2,141,072	(2,092,823)
			General Revenues				
			Taxes:				
			Property Taxes		1,859,620	-	1,859,620
			Sales Taxes		354,281	-	354,281
			Franchise Fees		617,111	-	617,111
			Communication Tax		239,540	-	239,540
			Fuel Tax		274,408	-	274,408
			Discretionary Tax		657,898	-	657,898
			Utility Tax		643,124	-	643,124
			Intergovernmental Revenues		594,729	-	594,729
			Investment Income		63,799	13,291	77,090
			Disposition of Fixed Assets/Surplus		19,516	-	19,516
			Miscellaneous		1,215	-	1,215
			Transfers		422,371	(422,371)	-
			Total General Revenues and Transfers		5,747,612	(409,080)	5,338,532
			Change in Net Position		1,513,717	1,731,992	3,245,709
			Net Position, Beginning of Year (As Restated)		17,039,129	24,830,229	41,869,358
			Net Position, End of Year		\$ 18,552,846	\$ 26,562,221	\$ 45,115,067

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

**CITY OF DADE CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Cash Equivalents	\$ 6,148,585	\$ 817,327	\$ 3,359,518	\$ 10,325,430
Investments	2,341,847	-	-	2,341,847
Receivables (Net of Allowance for Uncollectible Accounts)	116,984	-	-	116,984
Due from Other Funds	64,258	-	-	64,258
Due from Other Governments	92,807	-	84,961	177,768
Total Assets	<u>8,764,481</u>	<u>817,327</u>	<u>3,444,479</u>	<u>13,026,287</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	428,552	-	23,363	451,915
Compensated Absences	21,552	-	-	21,552
Due to Other Funds	-	62,579	1,359	63,938
Due to Other Governments	1,714	-	-	1,714
Deposits	52,240	-	-	52,240
Total Liabilities	<u>504,058</u>	<u>62,579</u>	<u>24,722</u>	<u>591,359</u>
Fund Balances				
Restricted for:				
Building Permit Fees	286,171	-	-	286,171
Bond Covenants	308,556	-	-	308,556
Public Safety	-	-	35,755	35,755
Police Education	7,470	-	-	7,470
Forfeiture Fund	3,691	-	-	3,691
Special Revenue	-	754,748	3,384,002	4,138,750
Committed to:				
Reserve Policy	1,216,233	-	-	1,216,233
Tree Fund	4,160	-	-	4,160
Park and Recreation	12,699	-	-	12,699
Mausoleum Care	14,140	-	-	14,140
Market Place	595	-	-	595
Assigned to:				
Dog Park	2,742	-	-	2,742
Purchase Order Encumbrances	131,246	-	-	131,246
Budgeted Reserve	5,862,626	-	-	5,862,626
Unassigned	410,094	-	-	410,094
Total Fund Balances	<u>8,260,423</u>	<u>754,748</u>	<u>3,419,757</u>	<u>12,434,928</u>
Total Liabilities and Fund Balances	<u>\$ 8,764,481</u>	<u>\$ 817,327</u>	<u>\$ 3,444,479</u>	<u>\$ 13,026,287</u>

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

**CITY OF DADE CITY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Total Fund Balance for Governmental Funds \$ 12,434,928

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

Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds. The costs of the assets are \$10,595,454, and the accumulated depreciation is \$4,080,578. 6,514,876

Net Pension Asset does not represent a financial asset and, therefore, not reported in governmental funds. 53,928

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 position. Long-term liabilities at year-end consist of:

Landfill Post Closure Costs	(27,960)
OPEB Liability	(63,402)
Compensated Absences	(359,524)
	(449,886)

Net Position of Governmental Activities \$ 18,552,846

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes and Special Assessments	\$ 3,296,857	\$ 96,212	\$ 932,306	\$ 4,325,375
Licenses and Permits	166,736	-	-	166,736
Intergovernmental Revenue	861,266	-	565,378	1,426,644
Charges for Services	199,182	-	-	199,182
Fine and Forfeitures	43,720	-	-	43,720
Pension Contributions - State	33,925	-	-	33,925
Impact Fees	-	-	140,907	140,907
Investment Earnings	63,622	-	167	63,789
Miscellaneous Revenue	24,971	-	-	24,971
Total Revenues	<u>4,690,279</u>	<u>96,212</u>	<u>1,638,758</u>	<u>6,425,249</u>
Expenditures				
Current:				
General Government	1,396,509	-	-	1,396,509
Public Safety	2,548,436	-	-	2,548,436
Physical Environment	-	196,994	16,754	213,748
Transportation	601,849	-	26,542	628,391
Culture and Recreation	310,227	-	-	310,227
Capital Outlay	596,803	-	470,376	1,067,179
(Total Expenditures)	<u>(5,453,824)</u>	<u>(196,994)</u>	<u>(513,672)</u>	<u>(6,164,490)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(763,545)</u>	<u>(100,782)</u>	<u>1,125,086</u>	<u>260,759</u>
Other Financing Sources (Uses)				
Transfers in	1,158,134	87,231	-	1,245,365
Transfers (out)	-	-	(822,994)	(822,994)
Sale of Capital Assets	25,616	-	-	25,616
Total Other Financing Sources (Uses)	<u>1,183,750</u>	<u>87,231</u>	<u>(822,994)</u>	<u>447,987</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	420,205	(13,551)	302,092	708,746
Fund Balances, Beginning of Year	<u>7,840,218</u>	<u>768,299</u>	<u>3,117,665</u>	<u>11,726,182</u>
Fund Balances, End of Year	<u>\$ 8,260,423</u>	<u>\$ 754,748</u>	<u>\$ 3,419,757</u>	<u>\$ 12,434,928</u>

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

**CITY OF DADE CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 708,746
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current year.	1,067,179
Change in net pension asset does not represent a current financial resource and, therefore, is not reported in governmental funds.	(3,194)
Depreciation expense on capital assets is reported in the government-wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(409,193)
Loss on Disposal of Capital Assets	(6,100)
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	(23,864)
Compensated Absences	180,143
Change in Net Position of Governmental Activities	<u><u>\$ 1,513,717</u></u>

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and Special Assessments	\$ 3,202,450	\$ 3,219,450	\$ 3,296,857	\$ 77,407
Licenses and Permits	100,000	100,000	166,736	66,736
Intergovernmental Revenue	778,940	709,440	861,266	151,826
Charges for Services	71,800	54,800	199,182	144,382
Fine and Forfeitures	29,100	31,500	43,720	12,220
Pension Contributions - State	31,950	31,950	33,925	1,975
Miscellaneous Revenue	-	-	24,971	24,971
Investment Earnings	50,000	50,000	63,622	13,622
Total Revenues	<u>4,264,240</u>	<u>4,197,140</u>	<u>4,690,279</u>	<u>493,139</u>
Expenditures				
Current:				
General Government	1,513,491	1,471,762	1,396,509	75,253
Public Safety	2,709,803	2,691,185	2,548,436	142,749
Transportation	678,010	719,660	601,849	117,811
Culture and Recreation	319,360	312,981	310,227	2,754
Capital Outlay	161,000	210,775	596,803	(386,028)
(Total Expenditures)	<u>(5,381,664)</u>	<u>(5,406,363)</u>	<u>(5,453,824)</u>	<u>(47,461)</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(1,117,424)</u>	<u>(1,209,223)</u>	<u>(763,545)</u>	<u>445,678</u>
Other Financing Sources				
Transfers in	600,690	600,690	1,158,134	557,444
Sale of Capital Assets	-	-	25,616	25,616
Total Other Financing Sources	<u>600,690</u>	<u>600,690</u>	<u>1,183,750</u>	<u>583,060</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Uses	(516,734)	(608,533)	420,205	1,028,738
Fund Balances, Beginning of Year	<u>7,840,218</u>	<u>7,840,218</u>	<u>7,840,218</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 7,323,484</u>	<u>\$ 7,231,685</u>	<u>\$ 8,260,423</u>	<u>\$ 1,028,738</u>

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - COMMUNITY REDEVELOPMENT AGENCY
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and Special Assessment	\$ 103,000	\$ 99,500	\$ 96,212	\$ (3,288)
Total Revenues	<u>103,000</u>	<u>99,500</u>	<u>96,212</u>	<u>(3,288)</u>
Expenditures				
Current:				
Physical Environment	745,070	745,070	196,994	548,076
Capital Outlay	215,000	215,000	-	215,000
(Total Expenditures)	<u>(960,070)</u>	<u>(960,070)</u>	<u>(196,994)</u>	<u>763,076</u>
(Deficiency) Excess of Revenues (Under)				
Over Expenditures	<u>(857,070)</u>	<u>(860,570)</u>	<u>(100,782)</u>	<u>759,788</u>
Other Financing Sources (Uses)				
Transfers in	100,000	96,500	87,231	(9,269)
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>96,500</u>	<u>87,231</u>	<u>(9,269)</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Uses	(757,070)	(764,070)	(13,551)	750,519
Fund Balances, Beginning of Year	<u>768,299</u>	<u>768,299</u>	<u>768,299</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 11,229</u>	<u>\$ 4,229</u>	<u>\$ 754,748</u>	<u>\$ 750,519</u>

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	Business-type Activities Enterprise Funds		
	Public Utility	Nonmajor Enterprise Fund	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,659,405	\$ 746,466	\$ 3,405,871
Investments	1,556,577	-	1,556,577
Accounts Receivable, Net	439,419	9,799	449,218
Due from Other Governments	473,061	-	473,061
Prepays	67,374	-	67,374
Inventory	25,970	-	25,970
Total Current Assets	<u>5,221,806</u>	<u>756,265</u>	<u>5,978,071</u>
Restricted Assets:			
Cash and Cash Equivalents	2,271,771	-	2,271,771
Total Restricted Assets	<u>2,271,771</u>	<u>-</u>	<u>2,271,771</u>
Noncurrent Assets:			
Capital Assets:			
Land	6,800	-	6,800
Buildings	327,723	-	327,723
Improvements Other than Buildings	32,727,255	-	32,727,255
Machinery Equipment and Vehicles	1,927,215	-	1,927,215
Construction in Process	527,211	-	527,211
Less Accumulated Depreciation	(9,328,887)	-	(9,328,887)
Total Noncurrent Assets	<u>26,187,317</u>	<u>-</u>	<u>26,187,317</u>
Total Assets	<u>\$ 33,680,894</u>	<u>\$ 756,265</u>	<u>\$ 34,437,159</u>

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Business-type Activities		
	Enterprise Funds		
	Public Utility	Nonmajor Enterprise Fund	Totals
Liabilities and Net Position			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$ 304,941	\$ -	\$ 304,941
Accrued Salary Related Expenses	29,436	-	29,436
Interest Payable	8,780	-	8,780
Due to Other Funds	-	320	320
Capital Lease, Current Portion	181,380	-	181,380
Compensated Absences, Current Portion	7,550	-	7,550
Notes Payable, Current Portion	36,707	-	36,707
Revenue Bonds Payable, Current Portion	90,950	-	90,950
Total Current Liabilities	<u>659,744</u>	<u>320</u>	<u>660,064</u>
Long-term Liabilities:			
Payable from Restricted Assets - Customer Deposits	426,738	-	426,738
Compensated Absences	30,199	-	30,199
Notes Payable	913,760	-	913,760
Capital Lease	455,447	-	455,447
OPEB Liability	6,280	-	6,280
Revenue Refunding Bonds	5,382,450	-	5,382,450
Total Long-term Liabilities	<u>7,214,874</u>	<u>-</u>	<u>7,214,874</u>
Total Liabilities	<u>7,874,618</u>	<u>320</u>	<u>7,874,938</u>
Net Position:			
Net Investment in Capital Assets	19,763,451	-	19,763,451
Restricted for:			
Debt Service	2,271,771	-	2,271,771
Unrestricted	3,771,054	755,945	4,526,999
Total Net Position	<u>25,806,276</u>	<u>755,945</u>	<u>26,562,221</u>
Total Liabilities and Net Position	<u>\$ 33,680,894</u>	<u>\$ 756,265</u>	<u>\$ 34,437,159</u>

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	Business-type Activities Enterprise Funds		
	Public Utility	Nonmajor Enterprise Fund	Total
	<u>Public Utility</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>
Operating Revenues			
Charges for Services	\$ 3,189,232	\$ 260,238	\$ 3,449,470
Total Operating Revenues	<u>3,189,232</u>	<u>260,238</u>	<u>3,449,470</u>
Operating Expenses			
Personal Services	641,519	3,807	645,326
Contractual Services	442,730	203,978	646,708
General Operating	737,893	982	738,875
Depreciation	520,814	-	520,814
Total Operating Expenses	<u>(2,342,956)</u>	<u>(208,767)</u>	<u>(2,551,723)</u>
Operating Income	<u>846,276</u>	<u>51,471</u>	<u>897,747</u>
Nonoperating Revenues (Expenses)			
Capital Grants	1,508,141	-	1,508,141
Investment Earnings	13,291	-	13,291
Interest Expense	(264,816)	-	(264,816)
Total Nonoperating Revenues (Expenses)	<u>1,256,616</u>	<u>-</u>	<u>1,256,616</u>
Income Before Transfers	<u>2,102,892</u>	<u>51,471</u>	<u>2,154,363</u>
Transfers (out)	<u>(410,671)</u>	<u>(11,700)</u>	<u>(422,371)</u>
Change in Net Position	1,692,221	39,771	1,731,992
Net Position, Beginning of Year (as Restated)	<u>24,114,055</u>	<u>716,174</u>	<u>24,830,229</u>
Net Position, End of Year	<u>\$ 25,806,276</u>	<u>\$ 755,945</u>	<u>\$ 26,562,221</u>

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities		
	Enterprise Funds		
	Public Utility	Nonmajor Enterprise Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 1,924,821	\$ 238,536	\$ 2,163,357
Cash Payments to Suppliers and Service Providers	(661,591)	(3,807)	(665,398)
Cash Payments to Employees for Salaries and Benefits	(1,677,310)	(221,206)	(1,898,516)
Net Cash Provided by (Used in) Operating Activities	<u>(414,080)</u>	<u>13,523</u>	<u>(400,557)</u>
Cash Flows from Noncapital Financing Activities			
Transfers to Other Funds	(410,671)	(11,700)	(422,371)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(410,671)</u>	<u>(11,700)</u>	<u>(422,371)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(487,553)	-	(487,553)
Capital Grant Proceeds	1,508,141	-	1,508,141
Principal Paid on Debt	(3,497,461)	-	(3,497,461)
Proceeds from Debt	3,248,000	-	3,248,000
Interest Paid on Debt	(256,036)	-	(256,036)
Net Cash Used for Capital and Related Financing Activities	<u>515,091</u>	<u>-</u>	<u>515,091</u>
Cash Flows from Investing Activities			
Proceeds from Sale of Investments	7,565	-	7,565
Purchased Investments	(1,223,612)	-	(1,223,612)
Interest on Investments	5,726	-	5,726
Net Cash Provided by (Used in) for Investing Activities	<u>(1,210,321)</u>	<u>-</u>	<u>(1,210,321)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,519,981)	1,823	(1,518,158)
Cash and Cash Equivalents, Beginning of Year	<u>6,451,157</u>	<u>744,643</u>	<u>7,195,800</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,931,176</u>	<u>\$ 746,466</u>	<u>\$ 5,677,642</u>
Cash	\$ 2,659,405	\$ 746,466	\$ 3,405,871
Restricted Cash	2,271,771	-	2,271,771
Total	<u>\$ 4,931,176</u>	<u>\$ 746,466</u>	<u>\$ 5,677,642</u>

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

CITY OF DADE CITY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014
(Concluded)

	Business-type Activities		
	Enterprise Funds		
	Public Utility	Nonmajor Enterprise Fund	Total
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by (Used in) Operating Activities</u>			
Operating Income	\$ 846,276	\$ 51,471	\$ 897,747
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation Expense	520,814	-	520,814
Bad Debt Expense	13,019	655	13,674
Increase (Decrease) in Accounts Receivable	(50,785)	(22,357)	(73,142)
Increase (Decrease) in Accounts Payable	(431,567)	(16,554)	(448,121)
Increase (Decrease) in Due to Other Funds	(1,593,494)	308	(1,593,186)
Increase (Decrease) in Due to Other Governments	633,004	-	633,004
Increase (Decrease) in OPEB Liability	6,280	-	6,280
Increase (Decrease) in Prepays	(67,374)	-	(67,374)
Increase (Decrease) in Inventory	2,254	-	2,254
Increase (Decrease) in Compensated Absences	(26,352)	-	(26,352)
Increase (Decrease) in Customer Deposits	(12,724)	-	(12,724)
Increase (Decrease) in Retainage Payable	(253,431)	-	(253,431)
Total Adjustments	(1,260,356)	(37,948)	(1,298,304)
Net Cash Provided by (Used in) Operating Activities	\$ (414,080)	\$ 13,523	\$ (400,557)
Schedule of Non-cash Capital and Related Financing Activities:			
Contributions of Capital Assets	\$ 2,018,800	\$ -	\$ 2,018,800

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

	Total
Assets	
Cash and Cash Equivalents	\$ 139,808
Investments	13,298,373
Interest and Dividends Receivable	1,922
Accounts Receivable	13,755
Due from Other Governments	129,536
Total Assets	13,583,394
 Liabilities	
Accounts Payable	36,663
Total Liabilities	36,663
 Net Position - Held in Trust for Pension Benefits	\$ 13,546,731

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

	Total
Additions	
Contributions:	
Employee	\$ 29,542
Employer	345,522
Insurance Premium Tax - State	123,285
Total Contributions	498,349
Net Investment Earnings	1,338,880
Total Additions	1,837,229
Deductions	
Benefits Paid	444,604
Administrative Expenses	129,044
Total Deductions	573,648
Change in Net Position	1,263,581
Net Position - Beginning of Year	12,283,150
Net Position - End of Year	\$ 13,546,731

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

NOTES TO BASIC FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA**

Note 1 - Description and Summary of Significant Accounting Policies

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).

The financial statements of the government have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations.

The City's financial statements should allow users to distinguish between the primary government 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.

Blended 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 for the purpose of rehabilitation, conservation, and redevelopment of certain slum and blighted areas in order to serve the interest of public health, safety, morals, and welfare of the community residents. The members of the Agency Board are the City Commission. The Agency is fiscally dependent on the City and the City Commission approves the Agency's annual budget. The Agency is presented as a special revenue fund in the accompanying financial statements.

The City's municipal Firefighters' Pension Trust Fund and the City's 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.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements (Concluded)

Indirect expenses are allocated automatically and certain indirect costs are included in program expenses reported for individual function and activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category: governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The following are reported as major governmental funds:

- **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.
- **Special Revenue Community Redevelopment Agency Fund**—Accounts for the governmental community redevelopment activities for the purpose of eliminating and preventing the development of slum and blighted areas.

The following is reported as a major enterprise fund:

- **Public Utility**—Accounts for the operation of water and wastewater facilities.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies *(Continued)*

Fund Financial Statements *(Concluded)*

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: 1) the Municipal Firefighters' Pension Trust Fund; and 2) the Municipal Police Officers' Pension Trust Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies *(Continued)*

Measurement Focus and Basis of Accounting *(Concluded)*

Proprietary funds record both operating and nonoperating revenues and expenses. Operating revenues are those that are obtained from the operations of the proprietary fund such as user fees. Nonoperating 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. Nonoperating expenses are not related to operations, such as interest expense.

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.

Budgetary Information

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.

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 assigned fund balances since they do not constitute expenditures of liabilities.

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

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies (Continued)

Investments

Investments, including pension funds, are stated at fair value-quoted market price or the best available estimate thereof.

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.

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:

<u>Assets</u>	<u>Threshold</u>	<u>Years</u>
Land	\$ 5,000	N/A
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.

GASB Statement 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 Statement No. 34. The retroactive reporting of infrastructure is not required for the City. The City has elected to implement the general provisions of GASB Statement No. 34 prospectively and has elected not to implement any infrastructure retroactively.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 City has the following minimum reserve requirements:

- Minimum balances for restricted reserve funds will be 100% of the unexpended balance of the restricted reserve funds.
- Minimum balances for limited reserve funds will be 25% of the original budget of a fund for the current fiscal year. If an authorized use causes limited reserve funds to fall below the minimum balance, the amount below the minimum should be repaid, within one calendar year of its use unless specific funding for that use has not been received within that time.
- Minimum balances for assigned reserve funds will be the amount currently assigned for each specific purpose.
- The cost basis will be used to determine minimum balance requirements for reserve funds that have been invested.

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, by laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances (Concluded)

- *Committed Fund Balance*—These amounts can only be used only for specific purposes determined by a formal action of City Commissioners - the City's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Commissioners.

- *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 Commissioners 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.

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.

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.

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 rolls are 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.

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.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 1 - Description and Summary of Significant Accounting Policies (Concluded)

Government-wide and Proprietary Fund Net Position

As of September 30, 2014, net position is classified as follows:

Net Investment in Capital Assets—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 Position—Consists of net position that is 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 position is reported in this category.

Governmental Fund Balances

When 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 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 Commissioners have provided otherwise in its commitment or assignment actions.

Management 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, June 24, 2015. No subsequent events have been recognized or disclosed.

New Accounting Pronouncements

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows or Resources, and Net Position*. The requirements of this statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial elements by providing guidance.
- GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement will provide decision-useful information, supporting assessments of accountability and inter-period equity, and create additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 2 - Cash and Investments

At September 30, 2014, 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. Authorized investments per the City's policy are: local government surplus trust fund, or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, SEC registered money market funds with highest credit quality ratings from a national recognized rating agency, interest bearing time deposits or savings accounts in qualified public depositories, direction obligations of the United States Treasury, Federal agencies and instrumentalities, securities of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the *Investment Company Act of 1940*, as amended and overnight repurchase agreement that are collateralized by approved investments - maintaining liquidity.

A reconciliation of cash as shown on the statement of net position and statement of fiduciary net position is as follows:

<u>Type</u>	<u>Fair Value</u>	<u>WAM</u>	<u>Ratings</u>
Cash and Cash Equivalents			
Cash Deposits	\$ 16,142,236	N/A	N/A
Petty Cash	645	N/A	N/A
Certificates of Deposit	<u>550,344</u>	N/A	N/A
Total Cash and Cash Equivalents	<u>16,693,225</u>		
Investments			
U.S. Treasury Notes/Bonds	3,246,747	21.36 Years	AAA/N/R
Mortgage Back Securities	101,332	20.42 Years	Aaa/AA+/AAA/N/R
Police Officers' Pension:			
Mutual Funds	7,836,435	.826 Years	BB
Firefighters' Pension:			
Mutual Funds	<u>5,461,938</u>	.86 Years	BB
Total Investments	<u>16,646,452</u>		
Total Cash, Cash Equivalents, and Investments			
	<u>\$ 33,339,677</u>		
Entity-wide Cash and Cash Equivalents	\$ 13,731,301		
Entity-wide Investments	3,898,424		
Business-type Restricted Cash	2,271,771		
Fiduciary Cash and Investments	<u>13,438,181</u>		
Total	<u>\$ 33,339,677</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.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 2 - Cash and Investments (Continued)

Credit Risk

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

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in the Florida Statute 163.01.
- Securities and Exchange Commission-registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02.
- Certificates of deposit in state-certified qualified public depositories, as defined in Florida Statute 280.02.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.
- Other investments authorized by a written policy adopted under Florida Statute 218.415.

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

- 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 (FDIC) or state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance fund.
- Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.
- Bonds issued by the State of Israel.
- 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:
 - 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.
 - The Board of Trustees shall not invest more than 5% of its assets in the common stock or capital stock of any one issuing corporation, nor shall the aggregate investment in any one issuing corporation exceed 5% of the outstanding capital stock of that corporation, or the aggregate of its investments under this subparagraph at cost 50% of the assets of the fund.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 2 - Cash and Investments (Concluded)

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:

- 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.
- 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 58.12, 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.
- 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, 2014.

Note 3 - Interfund Transactions

Due to/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	\$ 64,258	\$ -
Nonmajor Governmental Funds	-	1,359
Community Redevelopment District	-	62,579
Business-type Activities		
Nonmajor Utility Fund	-	320
Total Due to/from Other Funds	\$ 64,258	\$ 64,258

Interfund receivables and payables generally represent recurring activities between funds.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 3 - Interfund Transactions (Concluded)

Interfund Transfers

Individual interfund transfers were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 1,158,134	\$ -
Nonmajor Governmental Funds	-	822,994
Community Redevelopment District	87,231	-
Business-type Activities:		
Public Utility	-	410,671
Nonmajor Enterprise Fund	-	11,700
Total Transfers in/out	<u>\$ 1,245,365</u>	<u>\$ 1,245,365</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 4 - Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustment</u>	<u>Ending Balance</u>
Governmental-type Activities					
Capital Assets					
Not Being Depreciated:					
Land	\$ 631,178	\$ 3,700	\$ -	\$ -	\$ 634,878
Infrastructure	<u>2,636,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636,781</u>
Total Capital Assets					
Not Being Depreciated	<u>3,267,959</u>	<u>3,700</u>	<u>-</u>	<u>-</u>	<u>3,271,659</u>
Capital Assets					
Being Depreciated:					
Buildings	1,676,021	757,277	-	-	2,433,298
Infrastructure	1,273,311	9,234	-	-	1,282,545
Machinery and Equipment	<u>3,624,010</u>	<u>296,968</u>	<u>(313,026)</u>	<u>-</u>	<u>3,607,952</u>
Total Capital Assets					
Being Depreciated	<u>6,573,342</u>	<u>1,063,479</u>	<u>(313,026)</u>	<u>-</u>	<u>7,323,795</u>
Less Accumulated					
Depreciation for:					
Buildings	(207,664)	(109,649)	-	-	(317,313)
Infrastructure	(1,093,399)	(28,282)	-	-	(1,121,681)
Machinery and Equipment	<u>(2,677,248)</u>	<u>(271,262)</u>	<u>306,926</u>	<u>-</u>	<u>(2,641,584)</u>
Total Accumulated					
Depreciation	<u>(3,978,311)</u>	<u>(409,193)</u>	<u>306,926</u>	<u>-</u>	<u>(4,080,578)</u>
Total Capital Assets Being					
Depreciated, Net	<u>2,595,031</u>	<u>654,286</u>	<u>(6,100)</u>	<u>-</u>	<u>3,243,217</u>
Total Governmental-type					
 Activities Capital Assets, Net	<u>\$ 5,862,990</u>	<u>\$ 657,986</u>	<u>\$ (6,100)</u>	<u>\$ -</u>	<u>\$ 6,514,876</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 4 - Capital Assets (Concluded)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustment</u>	<u>Ending Balance</u>
Business-type Activities					
Capital Assets					
Not Being Depreciated:					
Land	\$ 405,901	\$ -	\$ -	\$ (399,101)	\$ 6,800
Construction in Process	<u>9,465,882</u>	<u>8,958</u>	<u>(8,947,624)</u>	<u>(5)</u>	<u>527,211</u>
Total Capital Assets Not					
Being Depreciated	<u>9,871,783</u>	<u>8,958</u>	<u>(8,947,624)</u>	<u>(399,106)</u>	<u>534,011</u>
Capital Assets					
Being Depreciated:					
Buildings	335,800	-	-	(8,077)	327,723
Infrastructure	22,210,800	455,046	8,947,624	1,113,785	32,727,255
Machinery and Equipment	<u>2,805,040</u>	<u>23,436</u>	<u>(189,866)</u>	<u>(711,395)</u>	<u>1,927,215</u>
Total Capital Assets					
Being Depreciated	<u>25,351,640</u>	<u>478,482</u>	<u>8,757,758</u>	<u>394,313</u>	<u>34,982,193</u>
Less Accumulated					
Depreciation for:					
Buildings	(293,804)	(15,818)	-	(8,077)	(317,699)
Infrastructure	(5,935,349)	(473,649)	-	(698,525)	(7,107,523)
Machinery and Equipment	<u>(2,773,693)</u>	<u>(31,347)</u>	<u>189,866</u>	<u>711,509</u>	<u>(1,903,665)</u>
Total Accumulated					
Depreciation	<u>(9,002,846)</u>	<u>(520,814)</u>	<u>189,866</u>	<u>4,907</u>	<u>(9,328,887)</u>
Total Capital Assets Being					
Depreciated, Net	<u>16,348,794</u>	<u>(42,332)</u>	<u>8,947,624</u>	<u>399,220</u>	<u>25,653,306</u>
Business-type Activities					
Capital Assets, Net	<u>\$ 26,220,577</u>	<u>\$ (33,374)</u>	<u>\$ 0</u>	<u>\$ 114</u>	<u>\$ 26,187,317</u>

Depreciation expense was charged to functions as follows:

Governmental Activities		
General Government		\$ 157,414
Public Safety		124,023
Physical Environment		12,917
Transportation		81,963
Culture and Recreation		<u>32,876</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 409,193</u>
Business-type Activities		
Physical Environment		<u>\$ 520,814</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 520,814</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 5 - Pledged Revenues

The City has pledged certain revenues to repay certain bonds and notes outstanding as of September 30, 2014. The following table reports the revenues, sometimes net of related operating expenses, pledged for each debt issue, the amounts of such revenues received in current year, the current year principal and interest paid on the debt, the approximate percentage of each revenue which is pledged to meet the debt obligation, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenues for each debt, which is the amount of the remaining principal and interest on the bonds and notes at September 30, 2014:

<u>Type</u>	<u>Revenue Pledged</u>	<u>Revenues (Net)</u>	<u>Principal and Interest Paid</u>	<u>Estimated Revenue Percentage Pledged</u>	<u>Outstanding Principal and Interest</u>	<u>Pledged Through</u>
Business-Type Activities						
Revenue Bonds - 1997 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	\$ 1,997,398	\$ 82,170	4%	\$ 1,805,950	2036
Revenue Bonds - 2003 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	1,915,228	70,958	4%	1,973,484	2042
Meter Lease Utility System	Net Utility System Revenues (2)	1,844,270	205,715	11%	685,723	2018
State Revolving Funds - DW510440 - Utility System	Net Utility System Revenues (2)	610,772	14,359	2%	236,927	2031
State Revolving Funds - WW67005P - Utility System	Net Utility System Revenues (2)	596,413	40,491	7%	610,723	2029
State Revolving Funds - WW67006P - Utility System	Net Utility System Revenues (2)	555,922	18,341	3%	293,449	2030
Revenue Bonds - 2013 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	1,565,363	101,301	6%	6,138,523	2052

(1) Net System Revenues are defined as gross revenues less operating expenses, not including depreciation.

(2) Net System Revenues are defined as gross revenues less operating expenses, not including depreciation minus previous issuances.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 6 - Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Landfill Closure/Postclosure	\$ 27,960	\$ -	\$ -	\$ 27,960	\$ -
OPEB	39,538	23,864	-	63,402	-
Compensated Absences	539,667	51,784	210,375	381,076	21,552
Total	<u>\$ 607,165</u>	<u>\$ 75,648</u>	<u>\$ 210,375</u>	<u>\$ 472,438</u>	<u>\$ 21,552</u>
Business-type Activities					
Notes Payable	\$ 4,225,325	\$ -	\$ 3,274,858	\$ 950,467	\$ 36,707
Bonds Payable	2,274,400	3,248,000	49,000	5,473,400	90,950
Capital Leases	810,430	-	173,603	636,827	181,380
OPEB	-	6,280	-	6,280	-
Compensated Absences	64,101	22,745	49,097	37,749	7,550
Total	<u>\$ 7,374,256</u>	<u>\$ 3,277,025</u>	<u>\$ 3,546,558</u>	<u>\$ 7,104,723</u>	<u>\$ 316,587</u>

Business-type Activities

The following is a schedule of debt outstanding at September 30, 2014:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Meter System Lease	Meter System	\$ 1,701,686	\$ 636,827	4.39%
State Revolving Funds Series 1997	Utility System	1,424,461	950,467	2.31/2.31/2.43%
Series 1997	Utility System	1,000,000	766,000	4.5%
Series 2003	Utility System	445,000	347,000	5.0%
Series 2013	Utility System	1,275,400	1,112,400	3.59%
		3,248,000	<u>3,248,000</u>	3.75%
Total Business-type Activities			<u>\$ 7,060,694</u>	

The following are the debt service requirements until maturity for the business-type activity outstanding as of September 30, 2014:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 323,689	\$ 270,070	\$ 593,759
2016	336,522	256,897	593,419
2017	350,804	243,188	593,992
2018	225,641	230,635	456,276
2019	163,663	224,380	388,043
2020-2024	908,265	1,029,565	1,937,830
2025-2029	1,086,972	852,299	1,939,271
2030-2034	958,995	654,375	1,613,370
2035-2039	880,593	450,405	1,330,998
2040-2044	726,855	284,957	1,011,812
2045-2049	649,680	159,072	808,752
2050-2054	449,015	28,242	477,257
Totals	<u>\$ 7,060,694</u>	<u>\$ 4,684,085</u>	<u>\$ 11,744,779</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 6 - Long-term Liabilities (Concluded)

Business-type Activities (Concluded)

The City's business-type activities incurred interest costs of \$264,816, all of which were charged to operations.

Note 7 - Lease Obligations

Capital Lease

The City entered into a lease agreement for financing the acquisition of meters. It is the City's policy to expense meters at the time of acquisition.

Future Minimum Lease Payments

Year Ending	
2015	\$ 205,716
2016	205,716
2017	205,716
2018	68,573
Total Minimum Lease Payments	685,721
(Less Amount Representing Interest)	(48,894)
Present Value of Minimum Lease Payments	\$ 636,827

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, 2014, was \$823,464; the City's total payroll was \$3,109,711.

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%.

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, 2014, the City contributed approximately 6.95% of covered salaries. The total contribution for the year ended September 30, 2014, and the preceding two years is as follows:

**NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)**

Note 8 - State of Florida Retirement System (Concluded)

Percentage Years Ending September 30,	Total Contribution
2012	\$ 43,888
2013	26,329
2014	39,859

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. The pension plans do not issue stand-alone financial statements.

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

Group	Firefighters	Police Officers
Retirees and Beneficiaries Currently		
Receiving Benefits	10	12
Vested Terminated/Disabled Employees	9	4
Active Employees	6	20
Total Participants	25	36

Summary of Plan Provisions - Firefighters and Police Officers

Eligibility	Full-time or part-time employees who are classified as Firefighters or full-time sworn Police Officers shall participate in the System as a condition of employment.
Credited Service	Total years and fractional parts of years of employment with the City as a Firefighter or Police Officer (Credited Service is calculated separately for periods of full-time and part-time service).
Salary - Firefighters	Fixed compensation reportable on form W-2, plus tax deferred, tax sheltered, and tax exempt items.
Salary - Police Officers	Total W-2 earnings plus all tax deferred, tax sheltered, or tax exempt items of income. For Service after October 1, 2011, Salary shall only include up to 300 hours of overtime per year and include lump sum sick and vacation time.
Average Final Compensation	Average Salary for the highest 5 years during the 10 years immediately preceding retirement or termination (Average is determined separately for full-time and part-time service).
Member Contributions	1.0% of Salary
City and State Contributions	Remaining amount necessary to pay current costs and amortize past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Continued)

Summary of Plan Provisions - Firefighters and Police Officers (Continued)

Normal Retirement

Date	Earlier of age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.
Benefit	3.25% of Average Final Compensation times Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit, reduced 3.0% per year.
Cost of Living Adjustment - Police Officers	Normal Retirees after June 24, 2003, receive 2% annual benefit increases each October 1, beginning on the October 1st following 1 full year of retirement.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit Amount	Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

Death Benefits

Pre-retirement:	
Vested	Monthly accrued benefit payable to designated beneficiary for 10 years.
Nonvested	Refund of accumulated contributions without interest.
Post-retirement	Benefits payable to beneficiary in accordance with option selected at retirement.

Deferred Retirement Option Plan

Eligibility	Satisfaction of Normal Retirement requirements [earlier of: 1) Age 55 and 10 years of Credited Service; or 2) Age 52 and 25 years of Credited Service.]
Participation	Not to exceed 60 months.
Rate of Returns	Participants' Election: <ul style="list-style-type: none"> a. Interest at 6.5% per Year, or b. Actual net rate of investment return (total return net of fees) credited each fiscal quarter. Members may change option twice during the DROP period.
Form of Distribution	Cash lump sum (options available) at termination of employment.
Board of Trustees	<ul style="list-style-type: none"> a. Two Commission Appointees. b. Two Members of the Department elected by the membership, and Fifth Member elected by other four and appointed by Commission.

Disability benefits are paid for 10 years. Active employees who become disabled receive their retirement benefits but not less than 42% of average monthly compensation. 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.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Continued)

Summary of Plan Provisions - Firefighters and Police Officers (Concluded)

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:

- With less than 10 years of continuous service, a refund of member contributions.
- 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.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2014:

	FIREFIGHTERS	POLICE OFFICERS
Asset Class	Target Allocation	Target Allocation
Cash/Cash Alternatives	3%	3%
Intermediate Inv. Grade	9%	9%
Long-term Inv. Grade	2%	2%
International Fixed Income	3%	3%
High-Yield	8%	8%
Emerging Market Debt	6%	6%
REIT	3%	3%
Commodities	2%	2%
Large Cap Value	14%	14%
Large Cap Growth	13%	13%
Mid Cap Value	6%	6%
Mid Cap Growth	6%	6%
Small Cap Value	5%	5%
Small Cap Growth	5%	5%
International Equity	7%	7%
Emerging Market Equity	8%	8%
Total	100%	100%

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Continued)

Summary of Significant Accounting Policies (Continued)

Concentrations:

The Plans did not hold investments in any one organization that represent 5 percent or more of the Pension Plans' fiduciary net position.

Rate of Return:

For the year ended September 30, 2014, the annual money-weighted rate of return on Pension Plan investments net of pension plan investment expense was 9.98%.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of September 30, 2014, are summarized in the following table:

	FIREFIGHTERS	POLICE OFFICERS
Asset Class	Long-term Expected Real Rate of Return	Long-term Expected Real Rate of Return
Cash/Cash Alternatives	.49%	.49%
Intermediate Inv Grade	1.07%	1.07%
Long-term Inv Grade	1.26%	1.26%
International Fixed Income	1.36%	1.36%
High-Yield	3.88%	3.88%
Emerging Market Debt	3.59%	3.59%
REIT	4.27%	4.27%
Commodities	3.69%	3.69%
Large Cap Value	4.76%	4.76%
Large Cap Growth	5.05%	5.05%
Mid Cap Value	5.24%	5.24%
Mid Cap Growth	5.63%	5.63%
Small Cap Value	5.73%	5.73%
Small Cap Growth	5.92%	5.92%
International Equity	5.15%	5.15%
Emerging Market Equity	6.60%	6.60%

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%.

The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current Plan members.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Continued)

Summary of Significant Accounting Policies (Concluded)

Discount Rate (Concluded):

Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current Discount</u> <u>Rate - 7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
Sponsor's Net Pension Liability - Firefighters	\$ 1,657,115	\$ 901,354	\$ 373,983
Sponsor's Net Pension Liability - Police Officers	\$ 1,198,243	\$ 87,664	\$ (830,148)

Deferred Retirement Option Program—Police Officers:

Eligibility	Satisfaction of normal retirement requirements.
Participation	Not to exceed 60 months.
Rate of Return	At member's election (may change once), 6.5% or net investment return.

The DROP balance as of September 30, 2014, is \$115,025.

Actuarial Assumptions and Methods

Mortality Rate:	RP-2000 Table with no projection based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Interest Rate:	7.5% (previously 7.6%) per year compounded annually, net of investment related expenses.
Inflation Rate:	3.00% per year.
Retirement Age:	Earlier of age 55 with 10 years of credited service or age 52 and 25 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Disability Rate:	See Table in Required Supplementary Information. It is assumed that 75% of disablements and active Member deaths are service related.
Termination Rate:	See Table in Required Supplementary Information.
Salary Increases:	
Firefighters	5.75% per year until the assumed retirement age; see table below.
Police Officers	Included in the Required Supplementary Information.
Payroll Growth:	N/A
Administrative Expenses:	
Firefighters	\$16,578 Annually.
Police Officers	\$18,000 Annually.
Funding Method:	
Firefighters	Entry Age Normal Actuarial Cost Method
Police Officers	Aggregate Actuarial Cost Method
Actuarial Asset Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

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 \$99,989 for the year ended September 30, 2014.

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. Police Officers contribute 1% of their earnings to the fund, and the City, by City Ordinance, contributes from general revenues at the rate of 4.4% of covered earnings. The City was required to contribute \$198,998 for the year ended September 30, 2014.

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 position of the Plans are available only for retirement benefits. At September 30, 2014, 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 positions.

The payroll covered by the two pension trusts for the year ended September 30, 2014, was \$1,474,678.

■ **Annual Pension Costs**

The Board of Trustees of the Plans establishes, and may amend, the contribution requirements of Plan members and the City. Based on the most recent, available pension actuarial reports, the City's contribution rates, annual pension cost, and related information are shown below:

	October 1, 2014 Firefighters	October 1, 2014 Police Officers
Contribution Rates:		
Employer and State	59.5%	27.0%
Employee	1.0%	1.0%
Actuarially Determined		
Contribution (A)	\$ 223,497	\$ 253,650
Interest on NPO	(3,051)	(1,347)
Adjustment to (A)	<u>5,410</u>	<u>2,181</u>
Annual Pension Cost	225,856	254,484
Contribution Made	<u>223,496</u>	<u>253,650</u>
(Decrease in Net Pension Obligation (Asset)	2,360	834
Net Pension Obligation (Asset), Beginning of Year	<u>(39,629)</u>	<u>(17,493)</u>
Net Pension Obligation (Asset), End of Year	<u>\$ (37,269)</u>	<u>\$ (16,659)</u>

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Continued)

Contributions and Reserves (Continued)

■ **Three-year Trend Information**

Three-year trend information for the plan based on the most recent available actuarial valuation reports dated October 1, 2014, is as follows:

<u>Plan</u>	<u>Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of (APC) Contributed</u>	<u>Net Pension (Asset)</u>
Firefighters' Pension Plan	9/30/14	\$ 225,846	99%	\$ (37,269)
	9/30/13	221,487	99%	(39,629)
	9/30/12	182,415	99%	(42,114)
Police Officers' Pension Plan	9/30/14	254,484	100%	(16,659)
	9/30/13	269,230	100%	(17,493)
	9/30/12	256,292	100%	(18,266)

The required schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contract funding limitations.

Below is a summarized schedule for the most recent year available of the Firefighters' and Police Officers' schedule of funding progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll [(b-a)/c]</u>
Firefighters' Pension Plan 10/1/2014	\$ 5,590,274	\$ 6,491,628	\$ 901,354	86.12%	\$ 375,625	239.96%
Police Officers' Pension Plan 10/1/2014	\$ 7,982,987	\$ 8,070,651	\$ 87,664	98.82%	\$ 939,443	9.33%

■ **Net Pension Liability**

The components of the net pension liability of the sponsor on September 30, 2014, were as follows:

	<u>Firefighters' Pension</u>	<u>Police Officers' Pension</u>
Total Pension Liability	\$ 6,491,628	\$ 8,070,651
Plan Fiduciary Net Position	(5,590,274)	(7,982,987)
Sponsor's Net Pension Liability	<u>\$ 901,354</u>	<u>\$ 87,664</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.12%	98.91%

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 9 - Firefighters' and Police Officers' Pension Funds (Concluded)

Contributions and Reserves (Concluded)

■ **Net Pension Liability (Concluded)**

The differences between the actuarial financial statements and the pension financial statements were due to the recording of investment expense as a direct reduction of investment income and timing differences related to broker sold investments.

	Combining Statement of Net Position		
	Police Officers'	Firefighters'	
	Pension	Pension	Total
Assets			
Cash and Cash Equivalents	\$ 75,876	\$ 63,932	\$ 139,808
Investments	7,836,435	5,461,938	13,298,373
Interest and Dividends Receivable	822	1,100	1,922
Accounts Receivable	6,199	7,556	13,755
Due from Other Governments	72,788	56,748	129,536
Total Assets	7,992,120	5,591,274	13,583,394
Liabilities			
Accounts Payable	18,778	17,885	36,663
Total Liabilities	18,778	17,885	36,663
Net Positions - Held in Trust			
For Pension Benefits	\$ 7,973,342	\$ 5,573,389	\$ 13,546,731

	Combining Statement of Changes in Net Position		
	Police Officers'	Firefighters'	
	Pension	Pension	Total
Additions			
Contributions:			
Employer	\$ 188,740	\$ 156,782	\$ 345,522
State	72,789	50,496	123,285
Employee	10,258	19,284	29,542
Total Contributions	271,787	226,562	498,349
Net Investment Earnings	795,865	543,015	1,338,880
Total Additions	1,067,652	769,577	1,837,229
Deductions			
Benefits Paid	229,979	214,625	444,604
Administrative Expenses	75,060	53,984	129,044
Total Deductions	305,039	268,609	573,648
Change in Net Position	762,613	500,968	1,263,581
Net Position, Beginning of Year	7,210,729	5,072,421	12,283,150
Net Position End of Year	\$ 7,973,342	\$ 5,573,389	\$ 13,546,731

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

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 (see 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 (PEBSCO) as the Plan administrators. Changes to the Plan can be made via City Commission resolution.

The City adopted Resolution No. 528, which established the City's contribution rate at 4% of all eligible employee wages. The City's contribution was \$66,407 for the fiscal year ended September 30, 2014.

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 - Other Disclosures

Allowances for Doubtful Accounts

Allowances for doubtful accounts at September 30, 2014, are as follows:

Utility Funds	\$ 420,998
Total Allowances for Doubtful Accounts	\$ 420,998

Note 13 - Risk Management

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

<u>Type of Coverage</u>	<u>Limits</u>
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

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 13 - Risk Management (Concluded)

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.

Note 14 - Contract for Solid Waste Collection

The City entered into an agreement with a private contractor to collect solid waste. The total expense recorded by the City under this contract for the year ended September 30, 2014, was \$203,978.

Note 15 - Landfill Postclosure Costs

Regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) required the City to place a 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 postclosure 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 postclosure maintenance is reported in the Government-wide statement of net position.

Note 16 - Commitments

The City has the following commitments outstanding for future projects as of September 30, 2014:

<u>Projects</u>	<u>Contract Amount</u>	<u>Amount Expended To-Date</u>
FDEP Grant - Hydrant and Valve Replacement	\$ 520,000	\$ 0
FDEP Grant - Orange Valley Well Project	713,900	0
State Revolving Funds - Phase 1B WWTP Rehab	4,265,466	0
New City Hall and Police Station	6,643,092	146,569
Dade Oaks Pond Project	900,000	0
CDBG Street Paving Project	727,450	565,378
FDOT Beautification Grant	120,000	0

Note 17 - Postemployment Benefits Other than Pension (OPEB)

Plan Description

The Other Postemployment Benefit Plan is a single employer benefit plan administered by the City. Pursuant to the provision of Section 112.0801, Florida Statutes, former employees who retire from the City are eligible to participate in the City administered single-employer defined benefit healthcare plan (the Retiree Health Plan). The Retiree Health 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 stand-alone report and is not included in the report of another entity.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 17 - Postemployment Benefits Other than Pension (OPEB) *(Continued)*

Plan Description *(Continued)*

For the OPEB Plan, contribution requirements of the City are established and may be amended through action from the City's Commissioners. Currently, the City's OPEB benefits are unfunded. The actual contributions are based on a pay-as-you-go financing requirement.

There is no separate trust fund or equivalent arrangement into which the City would make contributions to advance-fund the obligation, as it does for its pension funds. Disclosures related to the funding progress are immediately following the notes for multi-year information.

The actuarial valuation, dated October 1, 2013, involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend.

Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the substantive OPEB Plan at the time of the valuation and on the pattern of sharing of costs between the employer and OPEB Plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation Measurement Date	October 1, 2013										
Fiscal Year-end	September 30, 2014										
Actuarial Value of Assets	Market Value										
Mortality Rate	RP-2000 Combined Healthy Mortality Table with no Projection										
Interest Rate	4.00% per Year Compounded Annually, Net of Investment Related Expenses										
Interest Rate	0.00%										
Payroll Growth Rate	0.00%										
Retirement Rate	100% at Age 55										
Termination Rates	Selected Rates for Various Ages Listed Below:										
% Remaining Employed											
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: right;"><u>Until Assumed Retirement Age:</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">20</td> <td style="text-align: right;">29.60%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: right;">59.30%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: right;">84.10%</td> </tr> <tr> <td style="text-align: center;">50</td> <td style="text-align: right;">100.00%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Until Assumed Retirement Age:</u>	20	29.60%	30	59.30%	40	84.10%	50	100.00%
<u>Age</u>	<u>Until Assumed Retirement Age:</u>										
20	29.60%										
30	59.30%										
40	84.10%										
50	100.00%										
Participation Rate	25% of Active Employees are Assumed to Maintain Benefit Coverage After Retirement										
Spousal Coverage	50% of Active Employees who Have Elected Benefit Coverage Assumed to Cover Their Spouse										
Administrative Expenses	\$2,500										
Credited Service	Total Completed Years of Employment with the City										
Eligibility for Insurance Coverage	Must Meet the Eligibility Requirements for Normal or Early Retirement										
Health Contributions											
Employee	100% of the Active Premium Rate										
City	Remaining Amount Necessary for Payment of Claims										

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 17 - Postemployment Benefits Other than Pension (OPEB) *(Continued)*

Plan Description *(Continued)*

<u>Age</u>	<u>Percent Remaining Employed Until Assumed Retirement Age</u>
20	29.60%
30	59.30%
40	84.10%
50	100.00%

Employee Contribution Information

Retirees participating in the group insurance plans offered by the City are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums.

Note that the projected employee contributions for the Dental and Vision benefits are assumed to cover the entire cost of the program.

Annual OPEB Cost and Net OPEB Obligation

The City's annual 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 No. 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:

Annual Required Contribution	\$ 52,784
Interest on Net OPEB Obligation	1,582
Adjustment of Annual Required Contribution	<u>(2,287)</u>
Annual OPEB Cost (Expense)	52,079
Estimated Employer Contributions Made	<u>(21,945)</u>
Increase in Net OPEB Obligation	30,134
Net OPEB Obligation, Beginning of Year	<u>39,538</u>
Net OPEB Obligation, End of Year	<u><u>\$ 69,672</u></u>
Funded Status as of:	October 1, 2013
Actuarial Accrued Liability (AAL)	\$ 363,897
Actuarial Value of Assets (AVA)	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 363,897</u></u>
Funded Ratio	0.0%
Covered Payroll	<u><u>\$ 2,425,339</u></u>
Ratio of UAAL to Covered Payroll	15.0%

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, 2014, 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>
September 30, 2014	\$ 52,089	42.0%	\$ 69,672
September 30, 2013	23,448	49.0%	39,538
September 30, 2012	22,826	49.0%	27,125

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Continued)

Note 17 - Postemployment Benefits Other than Pension (OPEB) (Concluded)

Plan Description (Concluded)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll [(b-a)/c]</u>
October 1, 2013	\$ 0	\$ 363,897	\$ 363,897	0.00%	\$ 2,425,339	15.0%

Note 18 - Prior-Period Adjustments

Business-type Funds Adjustments

Tommytown Project—In fiscal year 2010, Pasco County completed a joint project with the City to bring water and sewer services to the Tommytown area. At the conclusion of this project, the City accepted ownership and maintenance of the Tommytown area infrastructure. However, the inclusion of the transferred asset in the City’s capital asset records had not occurred. Therefore, a prior period adjustment was recorded to properly reflect the transfer to the City’s capital asset records. The asset value as of fiscal year 2010 was \$2,147,659. The related depreciation from the 2010 fiscal year to the 2013 fiscal year was \$128,860. The net amount adjusted for the prior period was \$2,018,799.

Allowance for Doubtful Accounts—The City’s utility accounts receivable aging report indicated that the City had a material amount of accounts receivable past due greater than 120 days. Per additional research by the finance department it was determined that a large amount of this balances was several years old. Therefore, the City determined that all items over 120 days past due should have been included in the allowance for doubtful accounts balance in the prior year. An adjustment was made to the prior year financial information to properly state the net accounts receivable balance. The net effect was an increase of \$344,606 to the Public Utility fund and an increase of \$23,373 to the nonmajor Utility fund’s allowance for doubtful accounts. The net amount adjusted for the prior period was \$367,979.

Governmental Funds Adjustments

Net Pension Asset—Per the actuarial reports, the City had a net pension asset for the Firefighters’ Pension Trust Fund of \$39,629 and for the Police Officers’ Pension Trust Fund of \$17,493 for the prior period. These assets were not recorded at the entity-wide level in the prior audit report. Therefore, the amounts were adjusted into the restated beginning net position, for a total amount of \$57,122.

Community Redevelopment Area (CRA)—The CRA of the City is composed of the City’s commissioners who approve uses of the funds, the budget, and other formation changes. As a result of the oversight and control that the City commission possesses, the CRA should be presented as a major fund of the financial statements, not a discretely presented component unit. Therefore, the beginning fund balance of the governmental funds was adjusted to properly include the CRA. The net adjustment was \$768,299 - the ending fund balance of the CRA as of September 30, 2013.

NOTES TO FINANCIAL STATEMENTS
CITY OF DADE CITY, FLORIDA
(Concluded)

Note 18 - Prior-Period Adjustments (Concluded)

Governmental Funds Adjustments (Concluded)

Compensated Absences at the Fund Level—Per GASB, compensated absences are not recorded at the fund level due to their long-term nature unless the City has known retirements as of the fiscal year end. Therefore, the balance that was recorded at the fund level was adjusted to properly reflect general accepted accounting principles. The net effect on the governmental fund was a decrease of \$107,933.

	Governmental Funds	Business-type Funds
Net Position September 30, 2013	\$ 16,321,641	\$ 23,179,409
Tommytown Asset Adjustment (Net)	-	2,018,799
Net Pension Asset Adjustment	57,122	-
Inclusion of CRA	768,299	-
Fund Level Compensated Absence Adjustment	(107,933)	-
Allowance for Doubtful Accounts Adjustment	-	(367,979)
Restated Beginning Net Position	<u>\$ 17,039,129</u>	<u>\$ 24,830,229</u>

Note 19 - Community Development Block Grant (CDBG) Fund and Expenditures

During the fiscal year, the City expended funds for the purpose of the CDBG grant. The funds expended were transferred to the General Fund although the expenditures were originally budgeted in the CDBG fund. The negative fund balance in the CDBG fund is a timing difference of when the transfer between these funds were due.

REQUIRED SUPPLEMENTARY INFORMATION

The following supplementary schedules present trend information regarding the retirement plans for the City's Firefighters and Police Officers, and Other Postemployment Benefits. This information is necessary for a fair presentation in conformity with generally accepted accounting principles.

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

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

**CITY OF DADE CITY, FLORIDA
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		Percentage Contributed	Annual Required Contribution	Contribution		Percentage Contributed		
		City/County	State			City	State			
2004	\$ 119,499	\$ 41,982	\$ 77,517	100%	\$ -	\$ -	\$ 115,438	0%		
2005	149,789	60,461	89,328	100%	-	-	118,839	0%		
2006	137,968	54,619	83,349	100%	174,617	41,778	132,839	100%		
2007	134,874	36,686	98,188	100%	197,542	66,669	130,873	100%		
2008	126,606	45,519	81,087	100%	218,718	97,780	120,938	100%		
2009	130,762	67,746	63,016	100%	240,461	134,257	106,204	100%		
2010	128,618	87,034	41,584	100%	201,559	118,677	82,882	100%		
2011	143,675	106,862	36,813	100%	242,102	164,688	77,414	100%		
2012	163,395	131,191	32,204	100%	255,476	179,842	75,634	100%		
2013	201,549	169,278	32,271	100%	276,249	200,691	75,558	100%		
2014	225,846	156,995	32,515	84%	254,484	183,396	72,789	101%		

**CITY OF DADE CITY, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS
 OTHER POSTEMPLOYMENT BENEFITS**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
October 1, 2014	\$ -	\$ 363,897	\$ 363,897	0.00%	\$ 2,425,339	15.0%
October 1, 2013	-	**	**	**	**	**
October 1, 2012	-	**	**	**	**	**

** The City completed their own evaluation in prior fiscal years and therefore this information was not available.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)

FIREFIGHTERS' PENSION PLAN

	<u>2014</u>	<u>2013</u>
Total Pension Liability		
Service Cost	\$ 69,178	\$ 64,292
Interest on the Total Pension Liability	444,362	421,333
Changes of Assumption	62,185	-
Employee Contributions	(197,332)	(177,666)
Net Change in Total Pension Liability	<u>378,393</u>	<u>307,959</u>
Total Pension Liability, Beginning of Year	<u>6,113,235</u>	<u>5,805,276</u>
Total Pension Liability, End of Year (a)	<u>\$ 6,491,628</u>	<u>\$ 6,113,235</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 173,000	\$ 169,273
Contributions - State	50,496	49,729
Contributions - Employee	3,756	3,675
Net Investment Income	503,118	336,055
Employee Contributions	(197,332)	(177,666)
Administrative Expense	(16,578)	(12,125)
Net Change in Plan Fiduciary Net Position	<u>516,460</u>	<u>368,941</u>
Plan Fiduciary Net Position, Beginning of Year	<u>5,073,814</u>	<u>4,704,873</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 5,590,274</u>	<u>\$ 5,073,814</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 901,354</u>	<u>\$ 1,039,421</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.12%	83.00%
Covered Employee Payroll**	<u>\$ 375,625</u>	<u>\$ 367,453</u>
Net Pension Liability as a Percentage of Covered Employee Payroll	239.96%	282.87%

* GASB Statement No. 67 was adopted for the 2014 Fiscal Year and the 10-year trend information will be developed from that date forward.

**Actual covered payroll for the fiscal year ended September 30, 2014.

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)**

POLICE OFFICERS' PENSION PLAN

	<u>2014</u>	<u>2013</u>
Total Pension Liability		
Service Cost	\$ 222,220	\$ 206,524
Interest on the Total Pension Liability	570,466	530,188
Changes of Assumption	99,655	-
Employee Contribution	(211,201)	(233,668)
Net Change in Total Pension Liability	<u>681,140</u>	<u>503,044</u>
Total Pension Liability, Beginning of Year	<u>7,389,511</u>	<u>6,886,467</u>
Total Pension Liability, End of Year (a)	<u><u>\$ 8,070,651</u></u>	<u><u>\$ 7,389,511</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 180,861	\$ 192,889
Contributions - State	72,789	75,568
Contributions - Employee	9,394	9,906
Net Investment Income	736,583	523,467
Employee Contributions	(211,201)	(233,668)
Administrative Expense	(17,925)	(12,968)
Net Change in Plan Fiduciary Net Position	<u>770,501</u>	<u>555,194</u>
Plan Fiduciary Net Position, Beginning of Year	<u>7,212,486</u>	<u>6,657,292</u>
Plan Fiduciary Net Position, End of Year (b)	<u><u>\$ 7,982,987</u></u>	<u><u>\$ 7,212,486</u></u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 87,664</u></u>	<u><u>\$ 177,025</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.91%	97.60%
Covered Employee Payroll**	<u><u>\$ 939,443</u></u>	<u><u>\$ 990,617</u></u>
Net Pension Liability as a Percentage of Covered Employee Payroll	9.33%	17.87%

* GASB Statement No. 67 was adopted for the 2014 Fiscal Year and the 10-year trend information will be developed from that date forward.

**Actual covered payroll for the fiscal year ended September 30, 2014.

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION PLAN**

	2014	2013
Actuarially Determined Contribution	\$ 223,496	\$ 219,002
Contributions in Relation to the Actuarially Determined Contribution	223,496	219,002
Contribution Deficiency	\$ 0	\$ 0
Covered Employee Payroll	\$ 375,625	\$ 367,453
Contributions as a Percentage of Covered Employee Payroll	59.50%	59.60%

Notes to Schedule

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

Methods and Assumptions Used to Determine Contribution Rates

Funding Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Dollar
Remaining Amortization Period	15 Years (as of 10/01/2012)
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Inflation	3.0% per year.
Salary Increases	5.75% per year until the assumed retirement age.
Interest Rate	7.7% (previously 7.8%) per year compounded annually, net of investment related expenses.
Payroll Growth	N/A
Retirement Age	Earlier of age 55 with 10 years of credited service or age 52 and 25 years of credited service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement	Commencing with the earliest Early Retirement Age (age 50 with 10 years of Credited Service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination Rates	See Table Below
Disability Rates	See Table Below. It is assumed that 7.5% of disablements and deaths are service related.
Mortality	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Other Information	Termination and Disability Rate Table

Age	Percent Terminating During the Year	Percent Becoming Disabled in the Year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS' PENSION PLAN**

	2014	2013
Actuarially Determined Contribution	\$ 253,650	\$ 268,457
Contributions in Relation to the Actuarially Determined Contribution	253,650	268,457
Contribution Deficiency	\$ 0	\$ 0
Covered Employee Payroll	\$ 939,443	\$ 990,617
Contributions as a Percentage of Covered Employee Payroll	27.00%	27.10%

Notes to Schedule

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

Methods and Assumptions Used to Determine Contribution Rates

Funding Method	Aggregate Actuarial Cost Method
Asset Valuation Method	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Inflation	3.0% per year.
Salary Increases	5.5% per year until the assumed retirement age. Projected Salary at retirement is increased to account for non-regular compensation as follows (previously 20%): 20% if hired before 1/1/2009 10% if hired between 1/1/2009 - 12/31/2010 5% if hired between 1/1/2011 - 6/30/2011 0% if hired on or after 7/01/2011
Interest Rate	7.7% (previously 7.8%) per year compounded annually, net of investment related expenses.
Payroll Growth	N/A
Retirement Age	Attainment of age 55 and 10 years of service or age 52 and 25 year of service. Also, any member who has reached Normal Retirement Age is assumed to continue employment for one additional year.
Early Retirement	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination Rates	See Table Below
Disability Rates	See Table Below
Mortality	RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.
Other Information	Termination and Disability Rate Table

	Percent Terminating During the Year	Percent Becoming Disabled in the Year
Age		
20	12.0%	0.03%
30	10.0%	0.04%
40	5.2%	0.07%
50	1.6%	0.18%

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS
FIREFIGHTERS' PENSION PLAN**

	September 30, 2014	September 30, 2013
Annual Money-Weighted Rate of Return		
Net of Investment Expense	9.98%	7.12%

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF INVESTMENT RETURNS
LAST 10 FISCAL YEARS
POLICE OFFICERS' PENSION PLAN**

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	10.24%	7.84%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF DADE CITY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>Special Revenue</u>						
	<u>Public Safety Impact Fee Fund</u>	<u>Transportation Impact Fee Fund</u>	<u>Local Option Gas Tax Fund</u>	<u>Water and Sewer Impact Fee Fund</u>	<u>LGIS Fund</u>	<u>Community Redevelopment Block Grant</u>	<u>Total Nonmajor Governmental Funds</u>
Assets							
Cash	\$ 35,755	\$ 538,615	\$ -	\$ 1,958,810	\$ 826,338	\$ -	\$ 3,359,518
Due from Other Governments	-	-	19,846	-	41,751	23,364	84,961
Total Assets	<u>35,755</u>	<u>538,615</u>	<u>19,846</u>	<u>1,958,810</u>	<u>868,089</u>	<u>23,364</u>	<u>3,444,479</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	-	-	-	-	-	23,364	23,364
Due to Other Funds	-	-	-	-	-	1,358	1,358
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,722</u>	<u>24,722</u>
Fund Balances:							
Restricted	<u>35,755</u>	<u>538,615</u>	<u>19,846</u>	<u>1,958,810</u>	<u>868,089</u>	<u>(1,358)</u>	<u>3,419,757</u>
Total Fund Balances	<u>35,755</u>	<u>538,615</u>	<u>19,846</u>	<u>1,958,810</u>	<u>868,089</u>	<u>(1,358)</u>	<u>3,419,757</u>
Total Liabilities and Fund Balances	<u>\$ 35,755</u>	<u>\$ 538,615</u>	<u>\$ 19,846</u>	<u>\$ 1,958,810</u>	<u>\$ 868,089</u>	<u>\$ 23,364</u>	<u>\$ 3,444,479</u>

CITY OF DADE CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue						Total Nonmajor Governmental Funds
	Public Safety Impact Fee Fund	Transportation Impact Fee Fund	Local Option Gas Tax Fund	Water and Sewer Impact Fee Fund	LGIS Fund	Community Redevelopment Block Grant	
Revenues							
Taxes and Special Assessments	\$ -	\$ -	\$ 274,408	\$ -	\$ 657,898	\$ -	\$ 932,306
Impact Fees	4,123	-	-	136,784	-	-	140,907
Intergovernmental Revenues	-	-	-	-	-	565,378	565,378
Miscellaneous Revenue	2	38	-	127	-	-	167
Total Revenues	4,125	38	274,408	136,911	657,898	565,378	1,638,758
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Physical Environment	-	-	-	-	16,754	-	16,754
Transportation	-	-	-	-	-	26,542	26,542
Capital Outlay	-	-	-	-	470,376	-	470,376
Total Expenditures	-	-	-	-	487,130	26,542	513,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,125	38	274,408	136,911	170,768	538,836	1,125,086
Other Financing Source (Uses)							
Transfer in	-	-	-	-	-	-	-
Transfer (out)	-	-	(282,800)	-	-	(540,194)	(822,994)
Total Other Financing Sources (Uses)	-	-	(282,800)	-	-	(540,194)	(822,994)
Net Change in Fund Balances	4,125	38	(8,392)	136,911	170,768	(1,358)	302,092
Fund Balances, Beginning	31,630	538,577	28,237	1,821,899	697,322	-	3,117,665
Fund Balances, Ending	\$ 35,755	\$ 538,615	\$ 19,845	\$ 1,958,810	\$ 868,090	\$ (1,358)	\$ 3,419,757

COMPLIANCE SECTION

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<u>Federal/Pass-Through Grantor/Program Title</u>	<u>CFDA/ CSFA #</u>	<u>Grantor's Contract Number</u>	<u>Program Award</u>	<u>Expenditures</u>
Federal Awards				
<u>U.S. Department of Justice</u>				
Passed through the Florida Department of Law Enforcement: Justice Assistance Grant	16.738	2014-JAGD-PASC-1E6-128	\$ 2,360	\$ 2,360
Total U.S. Department of Justice			<u>2,360</u>	<u>2,360</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Florida Department of Economic Opportunity: Small Cities Community Development Block Grant (CDBG)	14.228	12DB-OH-08-61-02-N 17	727,450	565,378
Passed through Florida Department of Children and Families: Emergency Shelter Grant Program	14.231	QPZ4H	67,629	67,629
Total U.S. Department of Housing and Urban Development			<u>795,079</u>	<u>633,007</u>
<u>U.S. Department of Agriculture</u>				
Passed through USDA Rural Development: Water and Waste Disposal Systems for Rural Communities*	10.760	08CS0000029	1,035,080	1,035,080
Water and Waste Disposal Systems for Rural Communities*	10.760	08CS0000029	3,428,000	3,428,000
Total U.S. Department of Agriculture			<u>4,463,080</u>	<u>4,463,080</u>
Total Federal Awards			<u>\$ 5,260,519</u>	<u>\$ 5,098,447</u>

*The loan proceeds and grant revenues were received during the current fiscal year although the grant project costs were expensed primarily in prior years.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
CITY OF DADE CITY, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Dade City, Florida (the City) for the year ended September 30, 2014. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

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

Honorable Mayor and City Commissioners
City of Dade City, Florida
Dade City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dade City, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected, and corrected on a timely basis. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be material weaknesses: 2012-1 and 2014-1.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309
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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and City Commissioners
City of Dade City, Florida
Dade City, Florida

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Concluded)**

Internal Control Over Financial Reporting (Concluded)

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies: 2014-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the City in a separate letter dated June 24, 2015, titled Management Letter Comments required by Chapter 10.550, *Rules of the Auditor General*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompany schedule of findings and questions costs and the management letter comments response. The City's responses were 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 on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE OFFICE OF
MANAGEMENT AND BUDGET CIRCULAR A-133**

Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

Report on Compliance for Each Major Federal Program

We have audited the City of Dade City, Florida's (the City) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a federal occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

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Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE OFFICE OF
MANAGEMENT AND BUDGET CIRCULAR A-133
(Concluded)**

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida

**CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

PART A - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Dade City, Florida (the City) as of and for the year ended September 30, 2014.
2. For material weaknesses and significant deficiencies disclosed during the audit of the financial statements of the City, see Part B, Financial Statement Findings.
3. No instances of noncompliance material to the basic financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the federal awards for the City expresses an unmodified opinion on all federal awards.
5. No significant deficiencies in internal control over federal awards programs were disclosed during the audit in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133.
6. The threshold used for distinguishing Type A and Type B programs was \$300,000.
7. The auditee does not qualify as a low-risk auditee per criteria set forth in Section .530 of OMB Circular A-133.
8. The programs tested as major federal awards were:
 - U.S. Department of Housing and Urban Development
 - Passed Through the Department of Economic Opportunity
 - ▶ CFDA No. 14.228
 - U.S. Department of Agriculture
 - Passed Through USDA Rural Utility Services
 - ▶ CFDA No. 10.760

PART B - FINANCIAL STATEMENT FINDINGS

Reference Number 2014-1

<i>Criteria</i>	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).
<i>Condition</i>	A deficiency in internal control over financial reporting existed because multiple material adjustments were required to be posted to the prior and current period net position, accounts receivable, and allowance for doubtful accounts in the Utility Fund. This deficiency is considered to be a material weakness in internal control.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

PART B - FINANCIAL STATEMENT FINDINGS *(Concluded)*

Reference Number 2014-1 *(Concluded)*

<i>Cause</i>	While reviewing the accounts receivable and customer deposit subsidiary ledgers for the utility fund, we noted that those ledgers did not agree to the general ledger. Additionally, we noted that the accounts receivable subsidiary ledger included a material balance in the aged receivables column. After further review, it was determined that the balance consisted of multiple utility customer receivable accounts that were several years old, with an insufficient allowance for uncollectibility recorded to adjust to an accurate net receivable balance.
<i>Effect</i>	The weaknesses resulted in material adjustments to the accounts receivable, customer deposit, net position, and allowance for doubtful accounts balances.
<i>Recommendation</i>	First, we recommend that the City investigate what the correct balances in these ledgers should be based on their current listing of active utility customers, make the necessary adjustments to balance these ledgers to the general ledger, and continue to balance and reconcile these ledgers on a monthly basis. Secondly, we recommend that management determine whether the old outstanding customer receivables are collectible and either begin a process of collecting the funds using a third-party collection agency, or consider which accounts may need to be permanently written off as uncollectible.
<i>Response</i>	See Corrective Action Plan submitted by the City.

Reference Number 2014-2

<i>Criteria</i>	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).
<i>Condition</i>	The City operates with a small finance and accounting department and does not have the resources to properly segregate duties among employees so that no one employee has sole control over approving, recording, and accounting for transactions. Additionally, for the size of the City and the amount of financial transactions that occur, the finance and accounting department does not have enough personnel on staff to effectively perform their accounting duties to allow for timely accounting and financial reporting. We consider this condition to be a significant deficiency.
<i>Cause</i>	The review of the key transactional areas of the City noted insufficient separation of duties among personnel to properly receipt, reconcile, and record transactions. Additionally, we noted that there were not enough personnel available to timely perform all the accounting functions required by the City.
<i>Effect</i>	The City lacks sound internal control over financial reporting due to a lack of separation of duties among personnel. Timely reconciliations of accounting transactions is deficient because of the lack of personnel to perform all necessary duties.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Continued)

PART B - FINANCIAL STATEMENT FINDINGS (Concluded)

Reference Number 2014-2 (Concluded)

Recommendation Because significant deficiencies in internal control over financial reporting exist when there is not sufficient separation of incompatible accounting duties, we recommend that the City's finance and accounting departments continue to develop and expand its current staff to ensure more effective internal control structure over financial reporting.

Response See Corrective Action Plan submitted by the City.

PART C - MAJOR FEDERAL AWARDS AUDIT FINDINGS AND QUESTIONED COSTS

No Findings to Report.

PART D - PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Reference Number 2012-01—(Updated for the fiscal year ending September 30, 2014)

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 due to multiple material adjustments were required to be posted to the capital assets records in both the governmental and business-type activities during the year ended September 30, 2012 and 2013. At September 30, 2014, this condition still existed. This deficiency is considered to be a material weakness in internal control.

Cause The City did not properly reconcile the capital assets and depreciation schedules to the general ledger, record all the addition and disposition of assets, calculate depreciation expense accurately and record the transfer of assets from the County that occurred in a prior year.

Effect The weaknesses resulted in material adjustments to the capital assets records.

Recommendation We recommend that the City maintain an updated depreciation schedule (which should include all capital asset items even if fully depreciated) and reconcile it to the general ledger on a monthly basis. Additionally, we recommend that the City begin utilizing a capital asset software system that will efficiently inventory all capital assets and correctly depreciate the assets for financial reporting. The City should complete their physical inventory of all capital assets to ensure that the records are complete and accurate.

Response See Corrective Action Plan submitted by the City.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(Concluded)

PART E - PRIOR YEAR MAJOR FEDERAL AWARDS PROGRAM AUDIT FINDINGS AND QUESTIONED COSTS

No prior year findings to report.



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
Angelia Guy, City Clerk
Karla S. Owens, City Attorney

June 24, 2015

Purvis, Gray & Company
Laurel Ridge Professional Center
2347 S.E. 17th Street
Ocala, FL 34471

RE: Corrective Action Plan for Financial Statement Findings
Audit Period: September 30, 2014

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:

Finding 2014-01

Recommendation:

- City should investigate the correct balances in accounts receivable and customer deposit subsidiary ledgers and make any necessary adjustments to balance these to the general ledger; balances should be reconciled monthly. City should determine whether old outstanding customer receivables are collectible and either begin the process of collecting the funds or writing them off permanently as uncollectible.

Action Taken:

- Staff has worked with an outside consultant to develop a plan to determine the correct balances in the accounts receivable and customer deposit subsidiary ledgers. Staff is developing a policy for writing off uncollectible customer receivables and plans to engage a third party collection agency.

Finding 2014-02

Recommendation:

- Finance/Accounting department should continue to develop and expand its current staff to ensure more effective internal control over financial reporting.

Action Taken:

- The Finance Department has a small staff with a limited budget. Management is reviewing the current segregation of duties and will reassign job duties for more effective internal controls as permitted. Management will, when it is financially feasible, seek to expand staffing for this department to further ensure an appropriate internal control structure over financial reporting.

Established 1889

Finding 2012-01

Recommendation:

- The City should maintain an updated depreciation schedule and reconcile it to the general ledger monthly, complete its physical inventory, and begin utilizing a capital asset software system.

Action Taken:

- City staff is completing a thorough physical inventory of capital assets. Staff has worked with an outside consultant to develop a plan to accurately report and track capital assets. Staff will utilize a capital asset software system to track assets and compute depreciation, and will utilize outside help if needed to accomplish this task.

Sincerely,



Leslie Porter
Finance Director



William C. Poe, Jr.
City Manager

MANAGEMENT LETTER
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

We have audited the financial statements of the City of Dade City, Florida (the City) as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 24, 2015.

Auditors' Responsibility

We conducted our audit 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 24, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the Schedule of Prior Year Findings.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements (see Note 1 to the financial statements).

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that we report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Certified Public Accountants

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MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

MANAGEMENT LETTER
REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)

Financial Condition (Concluded)

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

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. Please see the following Management Letter Comments.

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal, state, and other granting agencies, the Mayor and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida

MANAGEMENT LETTER COMMENTS

Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

Current Year Comments

2014-3—Implementation of Pooled Cash

During the year, the accounting department attempted to implement a method to allocate cash transactions between funds by using one cash account. This method of pooling cash assists in eliminating the use of multiple cash deposit accounts between several funds and is commonly used in governmental accounting with local governments that have multiple funds. However, the system of pooling the cash accounts was not consistently set up among the funds. The inconsistency made it difficult to properly reconcile the bank accounts and identify the cash accounts among the funds.

We recommend that management continue to correct this implementation of the pooled cash method including renaming the accounts in the funds and working with the financial software provider to ensure that the implementation is successful.

2014-4—Payment of Pension Benefits

During the year, the City changed the timing of when pension benefits are paid to beneficiaries. Prior to this change, the City would pay the benefits at the end of each month for the benefit earned for the subsequent month. The change in the timing occurred with the City began paying the beneficiaries at the beginning of the month for that current month.

With this change, the beneficiaries received only eleven payments in the 2014 fiscal year and only eleven payments in the 2014 calendar year. Through review of the prior year payments and the review of the subsequent year payments to date, there is an uncertainty whether the beneficiaries received the proper amount of payments caused by this change.

We recommend that the City seek the assistance of their Pension administrator to determine whether this change was performed correctly and whether the pension beneficiaries have cumulatively received their benefits earned.

2014-5—Preparation and Reporting of the Schedule of Federal Awards

During the review of federal and state awards received and earned by the City, we noted that the Schedule of Federal Awards was not accurately prepared to ensure that all awards earned were reported in the correct fiscal period. As a result of this, we were required to review and report on grant expenditures that were transacted in prior years but had never been reported by the City until the related revenues or loans were received.

Certified Public Accountants

P.O. Box 141270 • 222 N.E. 1st Street • Gainesville, Florida 32614-1270 • (352) 378-2461 • FAX (352) 378-2505
Laurel Ridge Professional Center • 2347 S.E. 17th Street • Ocala, Florida 34471 • (352) 732-3872 • FAX (352) 732-0542
443 East College Avenue • Tallahassee, Florida 32301 • (850) 224-7144 • FAX (850) 224-1762
5001 Lakewood Ranch Blvd. N., Suite 101 • Sarasota, Florida 34240 • (941) 907-0350 • FAX (941) 907-0309

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Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

MANAGEMENT LETTER COMMENTS
(Concluded)

2014-5—Preparation and Reporting of the Schedule of Federal Awards (Concluded)

We recommend that the City establish a system of monitoring all federal and state grants awarded to ensure timely reporting of the awarding of the grant, expending of grant funds, and receipting of the grant reimbursements for timely and accurately reporting in the Schedule of Federal Awards.

We would like to take this opportunity to express our appreciation for the courtesies that have been extended to our staff. If you have any questions or comments about the contents of this letter, please do not hesitate to contact us.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida



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
Angelia Guy, City Clerk
Karla S. Owens, City Attorney

June 24, 2015

To: Honorable Mayor and Commission Members
Re: Management response to the auditor's management letter

This letter of explanation is being offered in accordance with the "Rules of the Auditor General", in particular, Chapter 10.500 thereof.

Specifically, this letter responds to Purvis, Gray and Company "Management Letter" comments, dated June 24, 2015. In their report, Purvis, Gray and Company, LLP (PG&C) made several recommendations for improvement in different areas of the City's accounting financial management functions. The specific areas identified in their recommendations are as follows:

CURRENT YEAR RECOMMENDATIONS:

➤ 2014-3 Implementation of Pooled Cash

Management recognizes the benefits of using pooled cash, and acknowledges the initial implementation was not completed consistently among the funds, making reconciliations difficult. The audit firm recommends and management agrees to work with Tyler Technologies to complete the implementation of the pooled cash method. The targeted completion date is early 2016.

➤ 2014-4 Payment of Pension Benefits

Management believes no pension payments were missed due to the change in timing of when pension benefits are paid to beneficiaries. Management agrees it is essential to confirm all pension benefit payments have been paid as due, and agrees to work with the Pension administrator to determine whether the change was performed correctly and whether the pension beneficiaries have cumulatively received their benefits earned.

➤ 2014-5 Preparation and Reporting of the Schedule of Federal Awards

Management acknowledges the importance of monitoring all grants awarded to the City. The audit firm recommends and management agrees staff will develop a tracking system for grants to ensure timely reporting and receipt of grant reimbursements.

Sincerely,

Leslie Porter
Finance Director

William C. Poe, Jr.
City Manager

Established 1889

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and City Commissioners
City of Dade City
Dade City, Florida

We have examined the City of Dade City's (the City) compliance with the requirements of Section 218.415, Florida Statutes with regards to the City's investments during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

Purvis, Gray and Company, LLP

June 24, 2015
Ocala, Florida

Certified Public Accountants

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