

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

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

SEPTEMBER 30, 2018

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SEPTEMBER 30, 2018

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SEPTEMBER 30, 2018

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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, 2018, 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

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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, 2018, 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the financial statements, in 2018 the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required schedules for the Police Officers' Pension Trust; the Firefighters' Pension Trust Fund; and the Florida Retirement System Pension Funds, and the schedule of changes in the City's total OPEB liability and related ratios, 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, 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 combining and individual nonmajor fund financial statements 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 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 May 20, 2019, 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 solely 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 the effectiveness of the City's 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

May 20, 2019
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 (the City) for the period of October 1, 2017 through September 30, 2018. Please read this information in conjunction with the audited financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows, resulting in a net position of \$46.14 million. Of this amount, \$6.53 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- Governmental activities had program revenues of \$572,731, general revenues of \$5,875,937, and net transfers of \$485,460. Total expenses were \$6,786,356.
- Business-type activities had program revenues of \$3,621,781 (including grants of \$105,000), general revenues of \$1,812, and net transfers of (\$485,460). Total expenses were \$3,483,113.
- The County-wide one-cent infrastructure surtax generated revenues of \$1,033,324, an increase of \$61,099 from the previous year.
- The Commission adopted new water and sewer rates and fees for fiscal year 2018.
- The City completed the Orange Valley Well and Water project.
- Design work continued on the Hardy Trail.
- The City received grant funding for the Beauchamp Pond project.
- The City established a retirement reserve to help offset fluctuations in retirement contributions.

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 the 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 the 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)

STATEMENT OF NET POSITION

The primary government has two parts, governmental activities and business-type activities, which are described in more detail under the fund analysis section.

Net position may serve over time as a useful indicator of a government's financial position and condition. Assets and deferred outflows exceeded liabilities and deferred inflows by \$46,141,226 at September 30, 2018, compared to \$46,255,304 on September 30, 2017, a decrease of \$114,078.

Net investments in capital, such as buildings, equipment, and infrastructure, make up 73%, or \$33.9 million, of total net position. An additional \$5.7 million, or 12%, of net position is legally restricted for certain purposes and uses. The balance of \$6.5 million, or 15%, in net position is unrestricted and available to meet the City's ongoing obligations.

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017*	2018	2017*	2018	2017*
Assets:						
Current and other assets	\$ 8,817,089	\$ 7,991,962	\$ 7,533,624	\$ 7,419,483	\$ 16,350,713	\$ 15,411,445
Capital assets	14,342,870	14,737,596	28,514,987	29,226,381	42,857,857	43,963,977
Total Assets	23,159,959	22,729,558	36,048,611	36,645,864	59,208,570	59,375,422
Deferred Outflow of Resources	454,378	678,880	1,639	23,679	456,017	702,559
Liabilities:						
Current and other liabilities	415,241	421,509	239,891	944,260	655,132	1,365,769
Net pension liability	2,571,182	2,452,447	-	58,517	2,571,182	2,510,964
Long-term liabilities	619,613	717,417	9,328,256	8,816,398	9,947,869	9,533,815
Total Liabilities	3,606,036	3,591,373	9,568,147	9,819,175	13,174,183	13,410,548
Deferred Inflow of Resources	349,178	386,102	-	26,027	349,178	412,129
Net Position:						
Net investment in capital assets	14,235,441	14,548,237	19,647,235	20,168,405	33,882,676	34,716,642
Restricted	4,366,700	3,876,469	1,365,505	1,197,510	5,732,205	5,073,979
Unrestricted	1,056,982	1,006,257	5,469,363	5,458,426	6,526,345	6,464,683
Total Net Position	\$ 19,659,123	\$ 19,430,963	\$ 26,482,103	\$ 26,824,341	\$ 46,141,226	\$ 46,255,304

* Prior year data has not been restated to show effects of GASB Statement No. 75 implementation.

CONDENSED STATEMENT OF ACTIVITIES

The total primary government had an increase of \$228,160 in net position as a result of activities during the fiscal year. Governmental activities had an operating deficit of \$270,879, while net transfers increased net position by \$485,460. Compared to the previous year, charges for services increased slightly, while grant revenues decreased due to the timing of capital projects. Program expenses increased primarily due to attorney fees, personnel changes, and the retirement payout of the Police Captain. Business-type activities had a decrease in net position of \$346,792, which includes a \$485,460 net transfer out to governmental activities. The City recognized an increase in opening net position as a result of implementing GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions* (OPEB). Of the \$18,122 total amount, \$13,579 was recognized as an increase in the governmental funds opening net position and \$4,554 was recognized as an increase in the business-type funds opening net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CONDENSED STATEMENT OF ACTIVITIES (Concluded)

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.

	Governmental Activities		Business-Type Activities		Total Government	
	2018	2017	2018	2017	2018	2017
REVENUE						
Program Revenue:						
Charges for services	\$ 572,731	\$ 535,683	\$ 3,514,969	\$ 3,542,480	\$ 4,087,700	\$ 4,078,163
Operating grants	13,855	-	-	-	13,855	-
Capital grants	52,954	-	105,000	884,289	157,954	884,289
General Revenue:						
Property taxes	2,027,699	2,018,418	-	-	2,027,699	2,018,418
Other taxes and fees	3,222,903	3,066,100	-	-	3,222,903	3,066,100
Intergovernmental revenues	624,825	703,608	-	-	624,825	703,608
Other revenues	510	211,187	1,812	3,377	2,322	214,564
Total Revenues	6,515,477	6,534,996	3,621,781	4,430,146	10,137,258	10,965,142
EXPENSES						
Program Expenses:						
General government	1,661,654	1,410,659	-	-	1,661,654	1,410,659
Public safety	3,400,037	3,282,988	-	-	3,400,037	3,282,988
Physical environment	201,292	234,012	3,483,113	3,403,389	3,684,405	3,637,401
Transportation	1,177,181	1,307,987	-	-	1,177,181	1,307,987
Culture and recreation	346,192	353,033	-	-	346,192	353,033
Total Expenses	6,786,356	6,588,679	3,483,113	3,403,389	10,269,469	9,992,068
Excess deficiency before transfers	(270,879)	(53,683)	138,668	1,026,757	(132,211)	973,074
Net transfers	485,460	457,147	(485,460)	(457,147)	-	-
Gain on sale of fixed assets	-	-	-	-	-	-
Change in net position	214,581	403,464	(346,792)	569,610	(132,211)	973,074
Net Position - October 1, 2016		19,041,078		26,259,285		45,300,363
Prior Period Adjustment - October 1, 2016		13,579		4,554		18,133
Net Position - September 30, 2017		19,444,542		26,828,895		46,273,437
Net Position - October 1, 2017	19,444,542		26,828,895		46,273,437	
Net Position - September 30, 2018	\$ 19,659,123		\$ 26,482,103		\$ 46,141,226	

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 have remained 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 the 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. The City has been awarded a combination of grant and loan funding for some utility improvement projects. The utility and sanitation funds transfer 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 2018	Final 2018	Actual 2018	Actual 2017
	Budget	Budget	Results	Results
REVENUE				
Taxes and special assessments	\$ 3,314,635	\$ 3,314,635	\$ 3,446,871	\$ 3,364,115
License and permits	110,000	110,000	125,490	91,533
Intergovernmental revenues	2,029,600	2,029,600	980,995	1,040,246
Charges for services	121,350	121,350	92,634	101,514
Fines and forfeitures	40,000	40,000	55,577	37,431
Miscellaneous revenue	106,500	106,500	19,657	143,986
Pension contributions - State	20,000	60,800	81,679	-
Net transfers and balances	-	-	-	852,450
Total Revenues	5,742,085	5,782,885	4,802,903	5,631,275
EXPENSES				
Current:				
General government	1,544,430	1,524,730	1,468,435	1,275,327
Public safety	3,058,490	3,106,490	2,972,693	2,796,050
Transportation	548,660	548,660	488,549	478,055
Culture and recreation	302,570	302,570	270,642	279,381
Capital outlay	1,272,500	1,272,500	124,070	248,965
Total Expenses	6,726,650	6,754,950	5,324,389	5,077,778
Increase (Decrease) in Cash Reserves	\$ (984,565)	\$ (972,065)	\$ (521,486)	\$ 553,497

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

- Interest earnings and the net appreciation on investments.
- Building permit and third-party inspection fee.
- Fluctuating cost of utilities and fuel.
- Insurance claims.
- Timing of capital projects.
- Timing of grants.

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

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

The City lists capital assets totaling \$42.86 million. Most of those assets (\$28.5 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY (Concluded)

CAPITAL ASSETS (Concluded)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 859,797	\$ 859,797	\$ 117,862	6,800	977,659	866,597
Buildings	6,271,254	6,511,647	6,044,490	6,226,360	12,315,744	12,738,007
Improvements	3,130,364	3,339,851	17,064,506	16,698,883	20,194,870	20,038,734
Construction in progress	250,095	141,785	223,482	827,001	473,577	968,786
Equipment	1,194,579	1,247,735	5,064,647	5,467,337	6,259,226	6,715,072
Infrastructure	2,636,781	2,636,781	-	-	2,636,781	2,636,781
Totals	\$ 14,342,870	\$ 14,737,596	\$ 28,514,987	\$ 29,226,381	\$ 42,857,857	\$ 43,963,977

LONG-TERM DEBT ACTIVITY

Two capital leases (street sweeper and boom lift) are the only general governmental debt. There are seven outstanding long-term debt obligations in the utility fund. Two 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 City has five 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	
	2018	2017	2018	2017	2018	2017
Notes payables	\$ -	\$ -	\$ 4,721,754	\$ 4,776,892	\$ 4,721,754	\$ 4,776,892
Revenue bonds	-	-	4,145,998	4,213,001	4,145,998	4,213,001
Capital leases	107,429	189,359	-	68,083	107,429	257,442
Totals	\$ 107,429	\$ 189,359	\$ 8,867,752	\$ 9,057,976	\$ 8,975,181	\$ 9,247,335

POTENTIAL IMPACTS ON FUTURE FINANCIAL CONDITION

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

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

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. The City realized additional proceeds for these projects due to a revised distribution formula.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Concluded)

POTENTIAL IMPACTS ON FUTURE FINANCIAL CONDITION *(Concluded)*

Increased pension funding requirements, increasing 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.

The City completed a rate study to evaluate the sufficiency of the current water and sewer rate structure. As part of the study, a five percent (5%) rate increase in water and sewer rates will go into effect in FY2019.

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, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 6,451,330	\$ 2,147,964	\$ 8,599,294
Restricted Cash	-	1,398,756	1,398,756
Investments	1,969,898	3,450,408	5,420,306
Receivables, Net	120,512	428,875	549,387
Due from Other Governments	203,497	-	203,497
Inventories	71,852	107,621	179,473
Capital Assets Not Being Depreciated:			
Land	859,797	117,862	977,659
Infrastructure	2,636,781	-	2,636,781
Construction in Progress	250,095	223,482	473,577
Capital Assets, Net of Accumulated Depreciation:			
Buildings	6,271,254	6,044,490	12,315,744
Improvements, Other than Building	3,130,364	17,064,506	20,194,870
Machinery and Equipment	1,194,579	5,064,647	6,259,226
Total Capital Assets	<u>14,342,870</u>	<u>28,514,987</u>	<u>42,857,857</u>
Total Assets	<u>23,159,959</u>	<u>36,048,611</u>	<u>59,208,570</u>
Deferred Outflows of Resources			
OPEB Related Items	5,192	1,639	6,831
Pension Related Items	449,186	-	449,186
Total Deferred Outflows of Resources	<u>454,378</u>	<u>1,639</u>	<u>456,017</u>
Total Assets and Deferred Outflows of Resources	<u>23,614,337</u>	<u>36,050,250</u>	<u>59,664,587</u>
Liabilities			
Accounts Payable and Accrued Expenses	211,759	180,249	392,008
Due to Other Governments	791	-	791
Net OPEB Liability	202,691	28,023	230,714
Net Pension Liabilities	2,571,182	-	2,571,182
Deposits	52,970	460,504	513,474
Long-term Liabilities:			
Due Within One Year	55,466	317,479	372,945
Due in More than One Year	511,177	8,581,892	9,093,069
Total Liabilities	<u>3,606,036</u>	<u>9,568,147</u>	<u>13,174,183</u>
Deferred Inflows of Resources			
Pension Related Items	349,178	-	349,178
Total Deferred Inflows	<u>349,178</u>	<u>-</u>	<u>349,178</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,955,214</u>	<u>9,568,147</u>	<u>13,523,361</u>
Net Position			
Net Investment in Capital Assets	14,235,441	19,647,235	33,882,676
Restricted for:			
Other Purposes	4,366,700	1,365,505	5,732,205
Unrestricted	1,056,982	5,469,363	6,526,345
Total Net Position	<u>\$ 19,659,123</u>	<u>\$ 26,482,103</u>	<u>\$ 46,141,226</u>

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, 2018**

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	\$ 1,661,654	\$ 166,294	\$ -	\$ -	\$ (1,495,360)	\$ -	\$ (1,495,360)
Public Safety	3,400,037	60,352	-	-	(3,339,685)	-	(3,339,685)
Physical Environment	201,292	292,994	13,855	30,920	136,477	-	136,477
Transportation	1,177,181	52,791	-	22,034	(1,102,356)	-	(1,102,356)
Culture and Recreation	346,192	300	-	-	(345,892)	-	(345,892)
Total Governmental Activities	6,786,356	572,731	13,855	52,954	(6,146,816)	-	(6,146,816)
Business-type Activities:							
Nonmajor - Sanitation	221,150	272,219	-	-	-	51,069	51,069
Public Utility	3,261,963	3,242,750	-	105,000	-	85,787	85,787
Total Business-type Activities	3,483,113	3,514,969	-	105,000	-	136,856	136,856
Total Primary Government	\$ 10,269,469	\$ 4,087,700	\$ 13,855	\$ 157,954	(6,146,816)	136,856	(6,009,960)
			General Revenues				
			Taxes:				
			Property Taxes		2,027,699	-	2,027,699
			Sales Taxes		465,687	-	465,687
			Franchise Fees		591,696	-	591,696
			Communication Tax		208,927	-	208,927
			Fuel Tax		268,517	-	268,517
			Discretionary Tax		1,033,324	-	1,033,324
			Utility Tax		654,752	-	654,752
			Intergovernmental Revenues		624,825	-	624,825
			Disposition of Fixed Assets/Surplus		510	-	510
			Miscellaneous		-	1,812	1,812
			Transfers (Net)		485,460	(485,460)	-
			Total General Revenues and Transfers		6,361,397	(483,648)	5,877,749
			Change in Net Position		214,581	(346,792)	(132,211)
			Net Position, Beginning of Year, As Restated		19,444,542	26,828,895	46,273,437
			Net Position, End of Year		\$ 19,659,123	\$ 26,482,103	\$ 46,141,226

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

**CITY OF DADE CITY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	General Fund	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 2,653,684	\$ 227,790	\$ 3,569,856	\$ 6,451,330
Investments	1,969,898	-	-	1,969,898
Accounts Receivable	120,512	-	-	120,512
Due from Other Funds	763	-	-	763
Due from Other Governments	109,756	-	93,741	203,497
Inventory	71,852	-	-	71,852
Total Assets	4,926,465	227,790	3,663,597	8,817,852
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Expenses	204,901	1,055	5,803	211,759
Due to Other Funds	-	-	763	763
Due to Other Governments	791	-	-	791
Deposits	52,970	-	-	52,970
Total Liabilities	258,662	1,055	6,566	266,283
Fund Balances				
Nonspendable	71,852	-	-	71,852
Restricted for:				
Building Permit Fees	146,806	-	-	146,806
Bond Covenants	308,555	-	-	308,555
Police Education	8,128	-	-	8,128
Forfeiture Fund	17,655	-	-	17,655
Special Revenue	1,790	226,735	3,657,031	3,885,556
Committed to:				
Reserve Policy	1,455,037	-	-	1,455,037
Tree Fund	11,360	-	-	11,360
Park and Recreation	13,900	-	-	13,900
Mausoleum Care	14,140	-	-	14,140
Market Place	2,504	-	-	2,504
Assigned to:				
Dog Park	5,043	-	-	5,043
Budgeted Reserve	464,785	-	-	464,785
Retirement Reserve	85,000	-	-	85,000
Wellness Reserve	740	-	-	740
Unassigned	2,060,508	-	-	2,060,508
Total Fund Balances	4,667,803	226,735	3,657,031	8,551,569
Total Liabilities and Fund Balances	\$ 4,926,465	\$ 227,790	\$ 3,663,597	\$ 8,817,852

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, 2018**

Total Fund Balance for Governmental Funds	\$ 8,551,569
 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 \$19,992,736, and the accumulated depreciation is \$5,649,866.	14,342,870
Deferred Inflow of Resources:	
Pension Related	(349,178)
Deferred Outflow of Resources:	
OPEB Related	5,192
Pension Related	449,186
Net OPEB Liability	(202,691)
Net Pension Liabilities	(2,571,182)
 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:	
Installment Purchase Debt	(107,429)
Landfill Post-closure Costs	(27,960)
Compensated Absences	(431,254)
	(966,643)
Net Position of Governmental Activities	\$ 19,659,123

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, 2018

	General Fund	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes and Special Assessments	\$ 3,446,871	\$ 81,593	\$ 1,323,875	\$ 4,852,339
Licenses and Permits	125,490	-	-	125,490
Intergovernmental Revenue	980,995	-	-	980,995
Charges for Services	92,634	-	-	92,634
Fine and Forfeitures	55,577	-	-	55,577
Pension Contributions - State	81,679	-	-	81,679
Miscellaneous Revenue	19,657	-	301,614	321,271
Total Revenues	4,802,903	81,593	1,625,489	6,509,985
Expenditures				
Current:				
General Government	1,468,435	-	-	1,468,435
Public Safety	2,972,693	-	-	2,972,693
Physical Environment	-	181,841	-	181,841
Transportation	488,519	-	212,420	700,939
Culture and Recreation	270,642	-	-	270,642
Capital Outlay	124,070	17,228	273,028	414,326
Debt Service:				
Principal Payments	-	-	81,930	81,930
Interest	-	-	4,879	4,879
(Total Expenditures)	(5,324,359)	(199,069)	(572,257)	(6,095,685)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(521,456)	(117,476)	1,053,232	414,300
Other Financing Sources (Uses)				
Transfers in	893,321	77,392	1,301	972,014
Transfers (out)	(1,301)	(17,500)	(467,753)	(486,554)
Total Other Financing Sources (Uses)	892,020	59,892	(466,452)	485,460
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	370,564	(57,584)	586,780	899,760
Fund Balances, Beginning of Year	4,297,239	284,319	3,070,251	7,651,809
Fund Balances, End of Year	\$ 4,667,803	\$ 226,735	\$ 3,657,031	\$ 8,551,569

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, 2018**

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

Net Change in Fund Balances - Total Governmental Funds	\$	899,760
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 asset additions recorded in the current year.		414,326
Depreciation expense on capital assets is reported in the government-wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(809,052)
Change in Deferred Inflows and Outflows of Resources:		
OPEB Related		(19,022)
Pension Related		(311,505)
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		81,930
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:		
Decrease in OPEB Liabilities - after Restatement of Opening Balance for GASB Statement No. 75		7,462
Increase in Compensated Absences		(49,318)
Change in Net Position of Governmental Activities	\$	<u>214,581</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, 2018

	<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	\$ 3,314,635	\$ 3,314,635	\$ 3,446,871	\$ 132,236
Licenses and Permits	110,000	110,000	125,490	15,490
Intergovernmental Revenue	2,029,600	2,029,600	980,995	(1,048,605)
Charges for Services	121,350	121,350	92,634	(28,716)
Fine and Forfeitures	40,000	40,000	55,577	15,577
Pension Contributions - State	20,000	60,800	81,679	20,879
Miscellaneous Revenue	106,500	106,500	19,657	(86,843)
Total Revenues	<u>5,742,085</u>	<u>5,782,885</u>	<u>4,802,903</u>	<u>(979,982)</u>
Expenditures				
Current:				
General Government	1,544,430	1,524,730	1,468,435	56,295
Public Safety	3,058,490	3,106,490	2,972,693	133,797
Transportation	548,660	548,660	488,519	60,141
Culture and Recreation	302,570	302,570	270,642	31,928
Capital Outlay	1,272,500	1,272,500	124,070	1,148,430
(Total Expenditures)	<u>(6,726,650)</u>	<u>(6,754,950)</u>	<u>(5,324,359)</u>	<u>1,430,591</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(984,565)</u>	<u>(972,065)</u>	<u>(521,456)</u>	<u>450,609</u>
Other Financing Sources				
Transfers in	692,765	692,765	893,321	200,556
Transfers (out)	-	-	(1,301)	(1,301)
Total Other Financing Sources	<u>692,765</u>	<u>692,765</u>	<u>892,020</u>	<u>199,255</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	(291,800)	(279,300)	370,564	649,864
Fund Balances, Beginning of Year	<u>36,542,421</u>	<u>3,742,742</u>	<u>4,297,239</u>	<u>554,497</u>
Fund Balances, End of Year	<u>\$ 36,250,621</u>	<u>\$ 3,463,442</u>	<u>\$ 4,667,803</u>	<u>\$ 1,204,361</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, 2018

	<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	\$ 87,948	\$ 87,948	\$ 81,593	\$ (6,355)
Total Revenues	<u>87,948</u>	<u>87,948</u>	<u>81,593</u>	<u>(6,355)</u>
Expenditures				
Current:				
Physical Environment	233,805	233,805	181,841	51,964
Capital Outlay	325,000	325,000	17,228	307,772
(Total Expenditures)	<u>(558,805)</u>	<u>(558,805)</u>	<u>(199,069)</u>	<u>359,736</u>
(Deficiency) of Revenues (Under)				
Expenditures	<u>(470,857)</u>	<u>(470,857)</u>	<u>(117,476)</u>	<u>353,381</u>
Other Financing Sources (Uses)				
Transfers in	66,614	66,614	77,392	10,778
Transfers (out)	(17,500)	(17,500)	(17,500)	-
Total Other Financing Sources (Uses)	<u>49,114</u>	<u>49,114</u>	<u>59,892</u>	<u>10,778</u>
(Deficiency) of Revenues and Other Financing Sources (Under)				
Expenditures and Other Uses	(421,743)	(421,743)	(57,584)	364,159
Fund Balances, Beginning of Year	<u>364,562</u>	<u>(346,483)</u>	<u>284,319</u>	<u>630,802</u>
Fund Balances, End of Year	<u>\$ (57,181)</u>	<u>\$ (768,226)</u>	<u>\$ 226,735</u>	<u>\$ 994,961</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, 2018

	Business-type Activities		
	Enterprise Funds		
	Public Utility Fund	Nonmajor Sanitation Fund	Totals
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,607,047	\$ 540,917	\$ 2,147,964
Investments	3,450,408	-	3,450,408
Accounts Receivable, Net	419,195	9,680	428,875
Due from Other Governments	-	-	-
Inventory	107,621	-	107,621
Total Current Assets	5,584,271	550,597	6,134,868
Restricted Assets:			
Cash and Cash Equivalents	1,398,756	-	1,398,756
Total Restricted Assets	1,398,756	-	1,398,756
Noncurrent Assets:			
Capital Assets:			
Land	117,862	-	117,862
Buildings	9,131,773	-	9,131,773
Improvements Other than Buildings	22,907,550	-	22,907,550
Machinery Equipment and Vehicles	9,419,872	-	9,419,872
Construction in Process	223,482	-	223,482
Less Accumulated Depreciation	(13,285,552)	-	(13,285,552)
Total Noncurrent Assets	28,514,987	-	28,514,987
Total Assets	35,498,014	550,597	36,048,611
Deferred Outflows of Resources			
Other Post Employment Benefit Related Items	1,639	-	1,639
Total Deferred Outflows of Resources	1,639	-	1,639
Total Assets and Deferred Outflows	\$ 35,499,653	\$ 550,597	\$ 36,050,250

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, 2018
(Concluded)

	Business-type Activities		
	Enterprise Funds		
	Public Utility Fund	Nonmajor Enterprise Fund	Totals
Liabilities and Net Position			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$ 110,481	\$ 17,706	\$ 128,187
Accrued Salary Related Expenses	18,811	-	18,811
Interest Payable	33,251	-	33,251
Due to Other Funds	-	-	-
Notes Payable, Current Portion	247,863	-	247,863
Revenue Bonds Payable, Current Portion	69,616	-	69,616
Total Current Liabilities	480,022	17,706	497,728
Long-term Liabilities:			
Payable from Restricted Assets - Customer Deposits	460,504	-	460,504
Compensated Absences	31,619	-	31,619
Net OPEB Liability	28,023	-	28,023
Net Pension Liability	-	-	-
Notes Payable	4,473,891	-	4,473,891
Revenue Refunding Bonds	4,076,382	-	4,076,382
Total Long-term Liabilities	9,070,419	-	9,070,419
Total Liabilities	9,550,441	17,706	9,568,147
Total Liabilities and Deferred Inflows of Resources	9,550,441	17,706	9,568,147
Net Position			
Net Investment in Capital Assets	19,647,235	-	19,647,235
Restricted for:			
Debt Service	1,365,505	-	1,365,505
Unrestricted	4,936,472	532,891	5,469,363
Total Net Position	\$ 25,949,212	\$ 532,891	\$ 26,482,103

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, 2018

	Business-type Activities		
	Enterprise Funds		
	Public Utility	Nonmajor	
	Fund	Sanitation	Total
	Fund	Fund	
Operating Revenues			
Charges for Services	\$ 3,242,750	\$ 272,219	\$ 3,514,969
Total Operating Revenues	<u>3,242,750</u>	<u>272,219</u>	<u>3,514,969</u>
Operating Expenses			
Personal Services	885,884	-	885,884
Contractual Services	84,887	221,150	306,037
General Operating	891,945	-	891,945
Depreciation	1,086,476	-	1,086,476
Total Operating Expenses	<u>(2,949,192)</u>	<u>(221,150)</u>	<u>(3,170,342)</u>
Operating Income	<u>293,558</u>	<u>51,069</u>	<u>344,627</u>
Nonoperating Revenues (Expenses)			
Capital Grants	105,000	-	105,000
Investment Earnings (Losses)	(32,054)	-	(32,054)
Miscellaneous Revenue	1,812	-	1,812
Loss on Disposal of Fixed Assets	(42,752)	-	(42,752)
Interest Expense	(237,965)	-	(237,965)
Total Nonoperating Revenues (Expenses)	<u>(205,959)</u>	<u>-</u>	<u>(205,959)</u>
Income Before Transfers	<u>87,599</u>	<u>51,069</u>	<u>138,668</u>
Transfers (out)	<u>(437,892)</u>	<u>(47,568)</u>	<u>(485,460)</u>
Total Transfers	<u>(437,892)</u>	<u>(47,568)</u>	<u>(485,460)</u>
Change in Net Position	(350,293)	3,501	(346,792)
Net Position, Beginning of Year, As Restated	<u>26,299,505</u>	<u>529,390</u>	<u>26,828,895</u>
Net Position, End of Year	<u>\$ 25,949,212</u>	<u>\$ 532,891</u>	<u>\$ 26,482,103</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, 2018

	Business-type Activities		
	Enterprise Funds		
	Public Utility	Nonmajor	Total
Fund	Enterprise		
	Fund	Fund	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 3,318,663	\$ 275,281	\$ 3,593,944
Cash Payments to Suppliers and Service Providers	(1,061,933)	(204,302)	(1,266,235)
Cash Payments to Employees for Salaries and Benefits	(938,125)	-	(938,125)
Net Cash Provided by (Used in) Operating Activities	<u>1,318,605</u>	<u>70,979</u>	<u>1,389,584</u>
Cash Flows from Noncapital Financing Activities			
Transfers to Other Funds	(437,892)	(47,568)	(485,460)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(437,892)</u>	<u>(47,568)</u>	<u>(485,460)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(417,834)	-	(417,834)
Capital Grant Proceeds	477,771	-	477,771
Miscellaneous Revenue	1,812	-	1,812
Principal Paid on Debt	(295,511)	-	(295,511)
Proceeds from Debt	105,287	-	105,287
Interest Paid on Debt	(239,520)	-	(239,520)
Net Cash Used for Capital and Related Financing Activities	<u>(367,995)</u>	<u>-</u>	<u>(367,995)</u>
Cash Flows from Investing Activities			
Proceeds from Sale of Investments	30,193	-	30,193
Interest on Investments	117,014	-	117,014
Net Cash Provided by (Used in) for Investing Activities	<u>147,207</u>	<u>-</u>	<u>147,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents	659,925	23,411	683,336
Cash and Cash Equivalents, Beginning of Year	<u>2,345,878</u>	<u>517,506</u>	<u>2,863,384</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,005,803</u>	<u>\$ 540,917</u>	<u>\$ 3,546,720</u>
Cash and Cash Equivalents	\$ 1,607,047	\$ 540,917	\$ 2,147,964
Restricted Cash and Cash Equivalents	1,398,756	-	1,398,756
Total	<u>\$ 3,005,803</u>	<u>\$ 540,917</u>	<u>\$ 3,546,720</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, 2018
(Concluded)

	Business-type Activities		
	Enterprise Funds		
	Public Utility Fund	Nonmajor Enterprise Fund	Total
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by (Used for) Operating Activities</u>			
Operating Income	\$ 293,558	\$ 51,069	\$ 344,627
Adjustments to Reconcile Operating Income to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation Expense	1,086,476	-	1,086,476
(Increase) Decrease in Accounts Receivable	36,057	3,062	39,119
(Increase) Decrease in Deferred Outflows	22,040	-	22,040
(Increase) Decrease in Prepays	-	-	-
(Increase) Decrease in Inventory	(21,956)	-	(21,956)
Increase (Decrease) in Customer Deposits	39,856	-	39,856
Increase (Decrease) in Accounts Payable and Accrued Expenses	(63,145)	16,871	(46,274)
Increase (Decrease) in Due to Other Funds	-	(23)	(23)
Increase (Decrease) in Compensated Absences	5,012	-	5,012
Increase (Decrease) in OPEB Liability	5,251	-	5,251
Increase (Decrease) in Net Pension Liability	(58,517)	-	(58,517)
Increase (Decrease) in Deferred Inflows	(26,027)	-	(26,027)
Total Adjustments	<u>1,025,047</u>	<u>19,910</u>	<u>1,044,957</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,318,605</u>	<u>\$ 70,979</u>	<u>\$ 1,389,584</u>

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

**CITY OF DADE CITY, FLORIDA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
SEPTEMBER 30, 2018**

	Total
Assets	
Cash and Cash Equivalents	\$ 313,907
Investments	15,768,677
Interest and Dividends Receivable	6,784
Accounts Receivable (Payable)	(8,968)
Due from Other Governments	93,246
Total Assets	16,173,646
 Net Position - Held in Trust for Pension Benefits	 \$ 16,173,646

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 - PENSION TRUST FUNDS
SEPTEMBER 30, 2018**

	Total
Additions	
Contributions:	
Employee	\$ 17,937
Employer	453,553
Insurance Premium Tax - State	124,703
Total Contributions	596,193
Net Investment Earnings	1,278,652
Total Additions	1,874,845
 Deductions	
Benefits Paid	945,559
Administrative Expenses	173,084
Total Deductions	1,118,643
 Change in Net Position	756,202
 Net Position - Beginning of Year	15,417,444
 Net Position - End of Year	\$ 16,173,646

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 Board 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 Fund**—Accounts for the operation of water and wastewater facilities.

The City also reports the following funds:

- **Fiduciary Funds**—These are trust funds used to account for assets held by the City in a trustee capacity. The City maintains two Fiduciary Funds: 1) the Municipal Firefighters' Pension Trust Fund; and 2) the Municipal Police Officers' Pension Trust Fund.

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

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*.

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.

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)

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.

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.

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

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

Inventories and Prepaid Items (Concluded)

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 and 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.

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.

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

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

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 balances). 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.
- *Committed Fund Balance*—These amounts can 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.

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

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

Governmental Fund Balances (Concluded)

- *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 of each year and such proceeds are remitted to the City. Under this system, there remain 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.

Government-wide and Proprietary Fund Net Position

As of September 30, 2018, net position is classified as follows:

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 (Concluded)

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 their commitment or assignment actions.

On-behalf Payments for Fringe Benefits

The City receives on-behalf payments from the State of Florida to be used for Police Officers’ and Firefighters’ Retirement Plan Contributions. On-behalf payments to the City totaled \$124,703 for the year ended September 30, 2018.

Adoption of New Accounting Standard

During the fiscal year ended September 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (OPEB). The objective of the statement is to replace the requirements of GASB Statement No. 45. In addition, the statement requires governments to report a liability on the face of the financial statements for the OPEB provided and requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

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

Note 2 - Deposits and Investments

<u>Type</u>	<u>Fair Value</u>	<u>Interest Risk WAM</u>	<u>Level</u>	<u>Credit Ratings</u>
Cash and Cash Equivalents - Non-pension:				
Cash Deposit	\$ 9,997,105	N/A	N/A	N/A
Petty Cash	945	N/A	N/A	N/A
Total Cash and Cash Equivalents	<u>\$ 9,998,050</u>			
<u>Type</u>				
Investments - Non-pension:				
U.S. Treasuries	\$ 738,370	0.85 Years	1	AAA/NR
Mortgage Backed Securities	39,333	17.42 Years	1	AAA/NR
Corporate Backed Securities	4,642,603	24.63 Years	1	Aaa/AA+/AAA/N/R
Total Investments	<u>\$ 5,420,306</u>			
<u>Type</u>				
Pension Cash and Investments:				
Cash Deposits	\$ 313,907	N/A	N/A	N/A
Investments:				
Cash and Cash Equivalents	263,490	N/A	N/A	N/A
U.S. Agencies	37,064	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
U.S. Treasuries	776,147	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Corporate Bonds	964,807	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Government Asset Backed Securities	147,168	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Bond Mutual Funds and EFT's	2,972,037	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Common and Preferred Stock	5,585,501	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Equity Mutual Funds and ETF's	5,022,463	0.7-7.4 Years	1	AAA/AA/A/BBB/BB/B/CCC/CC
Total Investments	<u>15,768,677</u>			
Total Pension Cash and Investments	<u>16,082,584</u>			
Total	<u>\$ 31,500,940</u>			
Entity-wide Cash Deposits	\$ 8,599,294			
Entity-wide Non-pension Investments	5,420,306			
Entity-wide Restricted Cash and				
Cash Equivalents	1,398,756			
Pension Cash	313,907			
Pension Investments	<u>15,768,677</u>			
Total	<u>\$ 31,500,940</u>			

Fair Value Hierarchy

The City holds assets that are defined as short-term investments. The City's investments are recorded at fair value unless the investment qualifies as an external investment pool under the guidance in GASB Statement No. 79. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1—Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2—Inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

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

Note 2 - Deposits and Investments (Continued)

Fair Value Hierarchy (Concluded)

Level 3—Inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Custodial Credit Risk—Cash Deposits

At September 30, 2018, 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 agreements that are collateralized by approved investments - maintaining liquidity.

Interest Rate Risk

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

Credit Risk

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

- 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.

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

Note 2 - Deposits and Investments (Concluded)

Credit Risk (Concluded)

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.

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, 2018.

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
Government Activities		
General Fund	\$ 763	\$ -
Nonmajor Fund	-	763
Due to/from Other Funds	\$ 763	\$ 763

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

Note 3 - Interfund Transactions (Concluded)

Due to/from Other Funds (Concluded)

Interfund receivables and payables generally represent recurring activities between funds.

Interfund Transfers

Individual interfund transfers were as follows:

	<u>Transfers in</u>	<u>Transfers (out)</u>
General Fund	\$ 893,321	\$ 1,301
Nonmajor Governmental Funds	1,301	467,753
Community Redevelopment District	77,392	17,500
Business-type Activities:		
Public Utility	-	437,892
Nonmajor Enterprise Fund	-	47,568
Total Transfers in/(out)	<u>\$ 972,014</u>	<u>\$ 972,014</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, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balance</u>
Governmental-type Activities					
Capital Assets					
Not Being Depreciated:					
Land	\$ 859,797	\$ -	\$ -	\$ -	\$ 859,797
Construction in Process	141,785	108,310	-	-	250,095
Infrastructure	2,636,781	-	-	-	2,636,781
Total Capital Assets, Not Depreciated	<u>3,638,363</u>	<u>108,310</u>	<u>-</u>	<u>-</u>	<u>3,746,673</u>
Capital Assets					
Being Depreciated:					
Buildings	7,897,288	-	-	-	7,897,288
Infrastructure	4,361,786	49,218	-	-	4,411,004
Machinery and Equipment	3,722,441	256,798	(56,531)	15,063	3,937,771
Total Capital Assets, Depreciated	<u>15,981,515</u>	<u>306,016</u>	<u>(56,531)</u>	<u>15,063</u>	<u>16,246,063</u>
Less Accumulated Depreciation for:					
Buildings	(1,385,641)	(240,393)	-	-	(1,626,034)
Infrastructure	(1,021,935)	(258,705)	-	-	(1,280,640)
Machinery and Equipment	(2,474,706)	(309,954)	54,602	(13,134)	(2,743,192)
Total Accumulated Depreciation	<u>(4,882,282)</u>	<u>(809,052)</u>	<u>54,602</u>	<u>(13,134)</u>	<u>(5,649,866)</u>
Total Capital Assets, Depreciated	<u>11,099,233</u>	<u>(503,036)</u>	<u>(1,929)</u>	<u>1,929</u>	<u>10,596,197</u>
Total Governmental-type Activities, Capital Assets, Net	<u>\$ 14,737,596</u>	<u>\$ (394,726)</u>	<u>\$ (1,929)</u>	<u>\$ 1,929</u>	<u>\$ 14,342,870</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/ Adjustments</u>	<u>Ending Balance</u>
Business-type Activities					
Capital Assets					
Not Being Depreciated:					
Land	\$ 6,800	\$ 111,062	\$ -	\$ -	\$ 117,862
Construction in Process	827,001	210,287	(813,806)	-	223,482
Total Capital Assets, Not Depreciated	<u>833,801</u>	<u>321,349</u>	<u>(813,806)</u>	<u>-</u>	<u>341,344</u>
Capital Assets					
Being Depreciated:					
Buildings	9,131,773	-	-	-	9,131,773
Infrastructure	22,040,295	867,255	-	-	22,907,550
Machinery and Equipment	9,474,152	43,036	(97,316)	-	9,419,872
Total Capital Assets, Depreciated	<u>40,646,220</u>	<u>910,291</u>	<u>(97,316)</u>	<u>-</u>	<u>41,459,195</u>
Less Accumulated Depreciation for:					
Buildings	(2,905,413)	(181,870)	-	-	(3,087,283)
Infrastructure	(5,341,412)	(501,632)	-	-	(5,843,044)
Machinery and Equipment	(4,006,815)	(402,974)	54,564	-	(4,355,225)
Total Accumulated Depreciation	<u>(12,253,640)</u>	<u>(1,086,476)</u>	<u>54,564</u>	<u>-</u>	<u>(13,285,552)</u>
Total Capital Assets, Depreciated	<u>28,392,580</u>	<u>(176,185)</u>	<u>(42,752)</u>	<u>-</u>	<u>28,173,643</u>
Total Business-type Activities					
Capital Assets	<u>\$ 29,226,381</u>	<u>\$ 145,164</u>	<u>\$ (856,558)</u>	<u>\$ -</u>	<u>\$ 28,514,987</u>

Depreciation expense was charged to functions as follows

Governmental Activities	
General Government	\$ 162,087
Public Safety	100,296
Transportation	462,931
Culture and Recreation	71,376
Community Redevelopment Agency - Physical Environment	12,362
Total Depreciation Expense	
Governmental Activities	<u>\$ 809,052</u>
Business-type Activities	
Physical Environment	\$ 1,086,476
Total Depreciation Expense-	
Business-type Activities	<u>\$ 1,086,476</u>

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

Note 5 - Pledged Revenues

The City has pledged certain revenues to repay certain bond, notes, and capital leases outstanding as of September 30, 2018. 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, 2018:

<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 - 2003 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	\$ 1,931,524	\$ 71,088	4%	\$ 1,689,102	2042
Meter Lease Utility System	Net Utility System Revenues (2)	1,860,436	69,128	4%	-	2018
State Revolving Funds - DW510400 - Utility System	Net Utility System Revenues (2)	761,719	14,359	2%	179,490	2031
State Revolving Funds - WW67005P - Utility System	Net Utility System Revenues (2)	747,360	40,715	5%	447,864	2029
State Revolving Funds - WW67006P - Utility System	Net Utility System Revenues (2)	706,645	18,341	3%	220,086	2030
Revenue Bonds - 2013 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	1,717,893	161,751	9%	5,653,271	2052
State Revolving Funds - DW510420 - Utility System	Net Utility System Revenues (2)	526,554	159,650	30%	4,389,317	2030
Capital Lease Street Sweeper	General Fund Revenues	2,719,944.00	53,471	2%	106,942	2020
Capital Lease Boom Lift	General Fund Revenues	2,719,944.00	33,338	1%	5,002	2020

(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:

Type	Balance Beginning	Additions	Deletions	Ending Balance	Due Within One Year
Governmental-type Activities					
Landfill Closure/Post-closure	\$ 27,960	\$ -	\$ -	\$ 27,960	\$ -
Capital Lease - Street Sweeper	151,537	-	49,075	102,462	50,499
Capital Lease - Boom Lift	37,822	-	32,855	4,967	4,967
Compensated Absences	407,751	49,318	25,815	431,254	-
Total	\$ 625,070	\$ 49,318	\$ 107,745	\$ 566,643	\$ 55,466
Business-type Activities					
Notes Payable	\$ 4,776,892	\$ 105,287	\$ 160,425	\$ 4,721,754	\$ 247,863
Bonds Payable	4,213,001	-	67,003	4,145,998	69,616
Capital Leases	68,083	-	68,083	-	-
Compensated Absences	26,607	30,827	25,815	31,619	-
Total	\$ 9,084,583	\$ 136,114	\$ 321,326	\$ 8,899,371	\$ 317,479

Business-type Activities

The following is a schedule of debt outstanding at September 30, 2018:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rates
Meter System Lease	Meter System	\$ 1,701,686	\$ -	4.39%
State Revolving Funds	Utility System	7,117,609	4,721,754	2.24/3.75/2.3 1/ 2.43/1.32/1.4
Series 2003	Utility System	1,275,400	1,022,400	3.59%
Series 2013	Utility System	3,248,000	3,123,598	3.75%
Total Business-type Activities			\$ 8,867,752	

Year Ending September 30,	Principal	Interest	Total Debt Service
2019	\$ 317,479	\$ 232,468	\$ 549,947
2020	324,102	225,720	549,822
2021	330,855	218,796	549,651
2022	337,743	211,694	549,437
2023	344,768	204,409	549,177
2024-2028	1,843,304	905,523	2,748,827
2029-2033	1,795,001	700,643	2,495,644
2034-2038	1,393,842	500,376	1,894,218
2039-2043	748,492	334,408	1,082,900
2044-2048	603,564	205,188	808,752
2049-2053	723,315	77,442	800,757
Totals*	\$ 8,762,465	\$ 3,816,667	\$ 12,579,132

* **Note:** The repayment table above does not include a SRF note payable draw of \$105,287, which has not yet been scheduled for repayment.

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 \$237,965, 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, a street sweeper, and a boom lift. It is the City's policy to expense meters at the time of acquisition. The street sweeper and boom lift have been capitalized as part of the City's capital assets and will depreciate over its useful life.

Asset	
Street Sweeper	\$ 249,577
Boom Lift	63,500
(Accumulated Depreciation)	(60,895)
Total	\$ 252,182
Future Minimum Lease Payments	
Year Ending	
2019	\$ 58,473
2020	53,471
Total Minimum Lease Payments	111,944
(Less Amount Representing Interest)	(4,515)
Present Value of Minimum Lease Payments	\$ 107,429

The City's governmental activities incurred interest costs of \$4,879, all of which were charged to operations.

Note 8 - State of Florida Retirement System

City employees hired prior to January 1, 1996, except for participants in the separate firefighters' and police officers' pension funds (see Note 9), 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, 2018, was \$223,797; the City's total payroll was \$3,573,964.

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%.

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

Note 8 - State of Florida Retirement System (Continued)

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

Contribution rates are established statewide for all participating governmental units by acts of the state legislature. These acts provide that if the accumulated funds are insufficient to pay the benefits due, future contributions to the plan will be adjusted upward accordingly. From October 1, 2018 to June 30, 2018, the City contributed 7.92% and from July 1, 2018 to September 30, 2018, the City contributed 8.26% of covered salaries. Employees are required to contribute 3% of their salary. The total contribution for the year ended September 30, 2018, and the preceding two years is as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Total</u> <u>Contribution</u>
2016	\$ 21,094
2017	21,602
2018	17,930

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At September 30, 2018, the City reported a net pension liability of \$156,056 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City's proportionate share of the net pension liability was based on projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the City's proportionate share was 000518104%, which was a decrease of .000143073 from its proportionate share.

Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources—On September 30, 2017, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflow</u> <u>Funds</u>	<u>Deferred Inflow</u> <u>Funds</u>
Differences Between Expected and Actual Experience	\$ 13,220	\$ 480
Change in Assumptions	50,991	-
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	12,057
Changes in Proportion and Differences between		
City Contributions and Proportionate Share of		
Contributions	7,141	77,001
City Contributions Subsequent to Measurement Date	3,930	-
Total	<u>\$ 75,282</u>	<u>\$ 89,538</u>

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

Note 8 - State of Florida Retirement System (Continued)

Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources (Concluded)

The Deferred Outflows of Resources related to pensions totaling \$3,930 resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Total Inflows/Outflows</u>
2019	\$ 2,825
2020	(7,378)
2021	(15,539)
2022	550
2023	2,046
Thereafter	(690)
Total	<u>\$ (18,186)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increases	3.25%	Including Inflation
Investment Rate of Return	7.00%	Net Pension Plan Investment Expense Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions are used in the June 30, 2018. As a result of the 2018 actuarial experience study, the inflation rate assumption was 2.60%; the real payroll growth assumption was .65%, and the overall payroll growth rate assumption 3.25%. The long-term expected rate of return was 7.00%.

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

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

Note 8 - State of Florida Retirement System (Continued)

Actuarial Assumptions (Concluded)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.90%	2.90%	1.80%
Fixed Income	18.00%	4.40%	4.30%	4.00%
Global Equity	54.00%	7.60%	6.30%	17.00%
Real Estate	11.00%	6.60%	6.00%	11.30%
Private Equity	10.00%	10.70%	7.80%	26.50%
Strategic Investments	6.00%	6.00%	5.70%	8.60%
Total	<u>100.00%</u>			
Assumed Inflation - Mean			2.60%	1.90%

Discount Rate—The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate—The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate - 7.00%</u>	<u>1% Increase 8.00%</u>
City’s Proportionate Share of the Net Pension Liability	\$ 284,809	\$ 156,056	\$ 49,119

FRS Pension Plan Fiduciary Net Position—Detailed information about pension plan’s fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report.

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

Note 8 - State of Florida Retirement System (Continued)

Health Insurance Subsidy (HIS) Defined Benefit Pension Plan

Plan Description—The HIS Pension Plan (HIS Plan) is a defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system, except those individuals who are pension recipients under Sections 121.40, 237.08(18)(a) and 250.22, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.
- For a member of the FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the FRS, including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability benefit per provisions under Chapter 112, Florida Statutes. Additionally, participants in the Senior Management Service Optional Annuity Program and the State City System Optional Retirement Program are not eligible to receive benefits from the HIS Plan.

Benefits Provided—The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement.

For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions—The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2018, the contribution rate was 1.66% of payroll pursuant to Section 112.363, Florida Statutes. The state contributed 100% of its statutorily required contributions for the current and preceding three years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

Note 8 - State of Florida Retirement System (Continued)

Health Insurance Subsidy (HIS) Defined Benefit Pension Plan (Continued)

Contributions (Concluded)

The City's contributions to the HIS defined-benefit pension plan are reported as a total with the pension plan contributions listed above.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At September 30, 2018, the City reported a net pension liability of \$75,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The City's proportionate share of the net pension liability was based on projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the City's proportionate share was .000709849%, which was a decrease of .000104575 from its proportionate share measured as of June 30, 2018.

For the year ended June 30, 2018, the City recognized pension expense is listed above. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow Funds	Deferred Inflow Funds
Differences Between Expected and Actual Experience	\$ 1,150	\$ 128
Change in Assumptions	8,356	7,944
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	45	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	30	38,845
City Contributions Subsequent to Measurement Date	998	-
Total	\$ 10,579	\$ 46,917

The deferred outflows of resources related to pensions totaling \$998, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June30,	Inflows/Outflow
2019	\$ (8,603)
2020	(8,607)
2021	(8,208)
2022	(6,329)
2023	(3,364)
Thereafter	(2,225)
Total	\$ (37,336)

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

Note 8 - State of Florida Retirement System (Concluded)

Health Insurance Subsidy (HIS) Defined Benefit Pension Plan (Concluded)

Actuarial Assumptions—The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%	
Salary Increase	3.25%	Average, Including Inflation
Investment Rate of Return	N/A	Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2018.

Discount Rate—The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate—The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	<u>1% Decrease</u> <u>2.87%</u>	<u>Current Discount</u> <u>Rate – 3.87%</u>	<u>1% Increase</u> <u>4.87%</u>
City's Proportionate Share of the Net Pension Liability	\$ 85,570	\$ 75,131	\$ 66,430

Pension Plan Fiduciary Net Position—Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Comprehensive Annual Financial Report.

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 administered by the plans' Board of Trustees.

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

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

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

Plan Descriptions (Concluded)

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 as of October 1, 2017, is comprised of the following:

<u>Group</u>	<u>Firefighters</u>	<u>Police Officers</u>
Inactive Plan Members or Beneficiaries		
Currently Receiving Benefits	18	11
Inactive Plan Members Entitled to but		
Not yet Receiving Benefits	3	7
Active Plan Members	4	20
Total Participants	<u>25</u>	<u>38</u>

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.
Board of Trustees	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.
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.
<u>Normal Retirement</u>	
Date	Earlier of age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service.
Benefit-Firefighters	3.25% of Average Final Compensation times Credited Service.
Benefit-Police Officers	3.50% of Average Final Compensation times Credited Service.
<u>Early Retirement</u>	
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.

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)

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.

Disability

Eligibility	Service incurred: Covered from date of employment. Non-service incurred: 10 years of credited service. Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred).
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Contributions

Police Officers	Member Contributions: 1.0% of Salary.
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Deferred Retirement Option Plan (Police Officers)

Eligibility	Satisfaction of normal retirement requirements.
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 once during the DROP period. The DROP balance at September 30, 2018, is \$40,373.
Form of Distribution	Cash lump sum (options available) at termination of employment.

Deferred Retirement Option Plan (Firefighters)

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 once during the DROP period. The DROP balance at September 30, 2018, is \$526,139.

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.

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)

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, 2018:

Asset Class	FIREFIGHTERS	POLICE OFFICERS
	Target Allocation	Target Allocation
Cash/Cash Alternatives	3%	3%
Intermediate Inv. Grade	11%	11%
High Yield	7%	7%
Commodities	2%	2%
Short-term Taxable - Fixed Income	2%	2%
Long-term Taxable - Fixed Income	4%	4%
Dev Market Ex - Fixed Income	3%	3%
Emerging Market - Fixed Income	6%	6%
US Mid Cap Equities	11%	11%
US Large Cap Equities	25%	25%
US Small Cap Equities	8%	8%
Emerging Market Equity	6%	6%
Dev Market Ex - US Equities	7%	7%
Public Real Estate	5%	5%
Totals	100%	100%

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

Rate of Return—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, 2018, is summarized in the following table:

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)

Rate of Return (Concluded)

Asset Class	FIREFIGHTERS	POLICE OFFICERS
	Long-term Expected Real Rate of Return	Long-term Expected Real Rate of Return
Cash/Cash Alternatives	0.00%	0.00%
Intermediate Inv. Grade	0.59%	0.59%
High Yield	3.51%	3.51%
Commodities	1.85%	1.85%
Short-term Taxable - Fixed Income	0.20%	0.20%
Long-term Taxable - Fixed Income	0.68%	0.68%
Dev Market Ex - Fixed Income	0.39%	0.39%
Emerging Market - Fixed Income	3.51%	3.51%
Mid Cap Equities	5.76%	5.76%
Large Cap Equities	5.17%	5.17%
Small Cap Equities	5.85%	5.85%
Emerging Market Equity	6.54%	6.54%
Dev Market Ex - US Equities	4.88%	4.88%
Public Real Estate	4.59%	4.59%

Discount Rate—The discount rate used to measure the total pension liability for both plans was 7.30%.

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.

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:

	1% Decrease 6.30%	Current Discount Rate - 7.30%	1% Increase 8.30%
Sponsor's Net Pension Liability - Firefighters	\$ 2,001,562	\$ 1,238,801	\$ 590,843
Sponsor's Net Pension Liability - Police Officers	2,631,481	1,101,194	(147,809)

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

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

Actuarial Assumptions and Methods

The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2018, using the following actuarial assumptions:

Mortality Rate:	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
Interest Rate:	7.4% per year compounded annually, net of investment related expenses.
Inflation Rate:	2.50% per year for Fire.
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. For Firefighters, the accrued reduced by 3.0% per year.
Discount Rate:	7.30%
Investment Rate of Return:	7.30%
Termination Rate:	See Table in Required Supplementary Information.
Salary Increases:	
Firefighters	5.75% per year until the assumed retirement age.
Police Officers	Included in the Required Supplementary Information.
Payroll Growth:	N/A
Amortization Method:	
Firefighters	Level Dollar
Funding Method:	
Firefighters	Entry Age Normal Actuarial Cost Method
Police Officers	Aggregate Actuarial Cost Method.
Actuarial Asset	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.

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 firefighters' 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 24.12% of covered earnings (noting that the County contributed an additional 19.82% as per the interlocal agreement). The City contributed \$110,000 for the year ended September 30, 2018.

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

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

Contributions and Reserves (Continued)

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, this was increased to 1.5% for payrolls on and after March 1, 2018, and the City, by City Ordinance, contributes from general revenues at the rate of 22.58% of covered earnings. The City was required to contribute \$250,452 for the year ended September 30, 2018.

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, 2018, 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, 2018, was \$1,376,261.

■ **Net Pension Liability**

The components of the net pension liability of the sponsor on September 30, 2018, were as follows:

	Police Officers' Pension	Firefighters' Pension
Total Pension Liability	\$ 10,664,350	\$ 7,855,108
Plan Fiduciary Net Position	<u>(9,563,156)</u>	<u>(6,616,307)</u>
Sponsor's Net Pension Liability	\$ 1,101,194	\$ 1,238,801
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.67%	84.23%

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.

Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources—On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Police Officers pensions from the following sources:

	Deferred Outflow Funds	Deferred Inflow Funds
Differences between Expected and Actual Experience	\$ 24,620	\$ 212,721
Changes of Assumptions	293,900	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>37,816</u>	<u>-</u>
Total	<u>\$ 356,336</u>	<u>\$ 212,721</u>

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

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

Contributions and Reserves (Continued)

Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources (Concluded)

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Fire pensions from the following sources:

	Deferred Outflow Funds	Deferred Inflow Funds
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 6,989	\$ -
Total	\$ 6,989	\$ -

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Police Total Inflows/Outflows	Fire Total Inflows/Outflows
2019	\$ 154,490	\$ 81,337
2020	29,748	(38,564)
2021	(58,322)	(26,838)
2022	17,699	(8,946)
Thereafter	-	-
Total	\$ 143,615	\$ 6,989

Combining Statement of Net Position

	Police Officers' Pension	Firefighters' Pension	Total
Assets			
Cash and Cash Equivalents	\$ 87,771	\$ 226,136	\$ 313,907
Investments	9,372,043	6,396,634	15,768,677
Interest and Dividends Receivable	3,667	3,117	6,784
Accounts Receivable (Payable)	(2,408)	(6,560)	(8,968)
Due from Other Governments	92,185	1,061	93,246
Total Assets	\$ 9,553,258	\$ 6,620,388	\$ 16,173,646
Net Position - Held in Trust for Pension Benefits	\$ 9,553,258	\$ 6,620,388	\$ 16,173,646

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

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

Contributions and Reserves (Concluded)

	Combining Statement of Changes in Net Position		
	Police Officers' Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 249,535	\$ 204,018	\$ 453,553
State	86,523	38,180	124,703
Employee	15,231	2,706	17,937
Total Contributions	351,289	244,904	596,193
Net Investment Earnings	744,290	534,362	1,278,652
Total Additions	1,095,579	779,266	1,874,845
Deductions			
Benefits Paid	682,113	263,446	945,559
Administrative Expenses	103,510	69,574	173,084
Total Deductions	785,623	333,020	1,118,643
Change in Net Position	309,956	446,246	756,202
Net Position, Beginning of Year	9,243,302	6,174,142	15,417,444
Net Position, End of Year	\$ 9,553,258	\$ 6,620,388	\$ 16,173,646

Combining Schedule – Florida Retirement System, Health Insurance Subsidy, Police Officers, and Fire Fighters Pension Plans

	Deferred Inflows	Deferred Outflows	Net Pension Liability
Florida Retirement System	\$ 89,538	\$ 75,282	\$ 156,056
Health Insurance Subsidy	46,917	10,579	75,131
Police Officers' Pension Plan	212,721	356,336	1,101,194
Firefighters' Pension Plan	-	6,989	1,238,801
Total	\$ 349,176	\$ 449,186	\$ 2,571,182

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

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

Combining Schedule – Florida Retirement System, Health Insurance Subsidy, Police Officers, and Fire Fighters Pension Plans (Concluded)

Schedule of Changes in Employer's Net Pension Liability:

	Firefighters' 2018	Police Officers' 2018
Total Pension Liability		
Service Cost	\$ 50,182	\$ 275,150
Interest on the Total Pension Liability	547,748	750,739
Change in Excess State Money	-	-
Changes in Benefit Terms	-	55,986
Share Plan Allocation	-	-
Changes of Assumption	69,430	136,407
Differences between Expected and Actual Experience	(32,479)	(27,183)
Benefit Payments, Including Refunds of Employee	(263,194)	(681,481)
Net Change in Total Pension Liability	371,687	509,618
Total Pension Liability, Beginning of Year	7,483,421	10,154,732
Total Pension Liability, End of Year (a)	\$ 7,855,108	\$ 10,664,350
Plan Fiduciary Net Position		
Contributions - Employer	\$ 197,648	\$ 268,685
Contributions - State	38,180	86,523
Contributions - Employee	2,706	14,538
Net Investment Income	499,603	690,619
Benefit Payments, Including Refunds of Employee		
Contributions	(263,194)	(681,481)
Administrative Expense	(35,748)	(48,459)
Net Change in Plan Fiduciary Net Position	439,195	330,425
Plan Fiduciary Net Position, Beginning of Year	6,177,112	9,232,731
Plan Fiduciary Net Position, End of Year (b)	\$ 6,616,307	\$ 9,563,156
Net Pension Liability - Ending (a) - (b)	\$ 1,238,801	\$ 1,101,194
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.23%	89.67%
Covered Payroll	\$ 270,632	\$ 1,105,629
Net Pension Liability as a Percentage of Covered Payroll	457.74%	99.60%

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).

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

Note 10 - Defined Contribution Plan (Concluded)

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. 2017-29, which established the City's contribution rate at 8% of all eligible employee wages. The City's contribution was \$150,850 for the fiscal year ended September 30, 2018.

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, 2018, are as follows:

Utility Funds	\$ 72,422
Total Allowances for Doubtful Accounts	\$ 72,422

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

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 has 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, 2018, was \$215,750.

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

Note 15 - Landfill Post-closure Costs

Regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) required the City to place 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 post-closure functions in current dollars. Actual costs may be different due to inflation, changes in technology, or changes in laws and regulations.

The landfill has ceased operations and the required closure work was completed. However, in 2011, the EPA notified the City that continued monitoring and maintenance of the Landfill was required to be fulfilled by the City. The estimated future cost for post-closure 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, 2018:

<u>Projects</u>	<u>Contract Amount</u>	<u>Amount Expended To-Date</u>
Price Park Phase I	\$ 50,000	\$ 4,650
Price Park Phase II	50,000	7,490
Downtown Stormwater Project	1,800,000/125,000	14,150
Hardy Trail	1,200,000	193,855

Note 17 - Postemployment Benefits Other than Pension (OPEB)

The City has implemented Government Accounting Standard Board Statement No. 75, *Accounting and Reporting for Postemployment Benefits other than Pensions* (OPEB) resulting in a deferred outflow of \$6,831, a net increase in the OPEB liability of \$3,870, from \$226,844 to \$230,714, and a restatement of net position of \$18,133, of which \$13,579 was recognized as an increase in the governmental funds opening net position and \$4,554 was recognized as an increase in the business type funds opening net position.

Plan Description

The OPEB 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 healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The City subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The benefits provided under this defined benefit plan are provided until the retiree's attainment of age 65 or until such time at which the retiree discontinues coverage under the City sponsored plans, whichever is earlier. 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 *(Concluded)*

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, no assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. The actual contributions are based on a pay-as-you-go financing requirement.

The actuarial valuation, dated September 30, 2017, 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 OPEB Plan are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future.

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.

Employees Covered by Benefit Terms

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

The following employees were covered by benefit terms as of September 30, 2017, the latest actuarial measurement date:

Retirees and Beneficiaries	1
Inactive, Non-retired Members	-
Active Members	<u>80</u>
Total	<u><u>81</u></u>

Actuarial Assumptions

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. As authorized by GASB Statement No. 75, the City utilizes the Alternative Measurement Method, which allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

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

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

Actuarial Assumptions (Continued)

Actuarial Assumptions:

Valuation Measurement Date	September 30, 2017
Fiscal Year-end	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.50%
Salary Increases	3.00%
Retirement Age	Varies based on several factors, including plan-specific retirement eligibility provisions and experience. If employees had already attained their normal retirement age as of the valuation date, they were assumed to retire one year after the valuation date.
Mortality Rate	RP-2000 Generational Combined Healthy Participant Mortality Table projected from year 2000 using Projection Scale AA.
Interest Rate	4.00% per Year Compounded Annually, Net of Investment Related Expenses
Health Care Cost Trend Rates	7.00% for FY beginning 2018, 6.50% for FY beginning 2019 and then gradually decreasing to an ultimate trend rate of 4.25%
Other Information:	
Notes	Changes in assumptions and other inputs include the change in the discount rate from 3.10% as of the beginning of the measurement period to 3.50% as of September 30, 2017. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the year.

The following simplifying assumptions were made:

Retirement Age	Age 62 for general employees and age 60 for police officers; participants who have attained such age as of the valuation date are assumed to retire one year after the valuation date.
Active Member Marital Status	Assumption of marital status for active employees has been incorporated in the acceptance probability for spousal coverage. Using this approach, the percentage of future retired plan members taking spousal coverage was assumed at 25%. For active employees, spouses' genders were assumed to be opposite to the members' genders and females were assumed 3 years younger than their spouses. Covered spouse dates were collected for current retired plan members as of the valuation date and were assumed to remain unchanged until the assumed death of the spouses.

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

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

Actuarial Assumptions *(Concluded)*

The following simplifying assumptions were made: *(Concluded)*

Turnover	Non-group specific age-based turnover rates derived from the withdrawal assumption used in the July 1, 2017, actuarial valuation of the Florida Retirement System for Regular Class members were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to the periods the present value of total benefits to be paid.
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Health Insurance Premiums	Health insurance premiums for retirees in effect June 1, 2017, were used as the basis for the calculation of the present value of total benefits to be paid.
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Total OPEB Liability

The measurement date for the City's total/net OPEB liability is September 30, 2017. The measurement period for OPEB cost was October 1, 2016 to September 30, 2017. The components of the City's net OPEB liability at September 30, 2018, are as follows:

Total OPEB Liability	\$ 230,714
OPEB Plan Fiduciary Net Position	<u>-</u>
City's Net OPEB Liability	<u>\$ 230,714</u>
OPEB Plan Fiduciary Net Position as a Percentage of total OPEB Liability	0.00%

Changes in the OPEB Liability

	<u>Fiscal Year</u> <u>2018</u>
Total OPEB Liability	
Service Cost	\$ 21,801
Interest on the OPEB Liability	7,640
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience of the Total OPEB Liability	-
Changes in the Assumptions and Other Inputs	(7,438)
Benefit Payments	<u>(31,860)</u>
Net Change in OPEB Liability	(9,857)
Total OPEB Liability - Beginning	<u>240,571</u>
Total OPEB Liability - Ending	<u>\$ 230,714</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.50%) or one percentage-point higher (4.50%) than the current discount rate:

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (Concluded)

	1% Decrease 2.50%	Current Trend Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 248,307	\$ 230,714	\$ 213,599

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Current Healthcare Cost Trend Rate Assumption 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 206,792	\$ 230,714	\$ 258,861

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

For the fiscal year ended September 30, 2018, the City recognized OPEB expense of \$25,029. At September 30, 2018, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions after the Measurement Date	\$ 6,832	\$ -

Note 18 - Subsequent Events

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized to be issued by management on May 20, 2019. There were no items that required disclosure as of that date.

REQUIRED SUPPLEMENTARY INFORMATION

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

**CITY OF DADE CITY, FLORIDA
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
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS***

	Fiscal Year 2018
Total OPEB Liability	
Service Cost	\$ 21,801
Interest on the OPEB Liability	7,640
Changes of benefit terms	-
Difference between Expected and Actual Experience of the Total OPEB Liability	-
Changes in the Assumptions and Other Inputs	(7,438)
Benefit Payments	(31,860)
Net Change in OPEB Liability	(9,857)
Total OPEB Liability- Beginning	240,571
Total OPEB Liability- Ending	\$ 230,714
 Covered Payroll	 \$ 3,421,000
 Total OPEB Liability as a percentage of Covered Payroll	 6.74%

Fiscal year 2018 presents information on the Plan's measurement year ended September 30, 2017.

Notes to the Schedule:

Note 1: GASB Statement No. 75 requires information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for only those years for which information is available.

Note 2: No assets are accumulated in trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability						
Service Cost	\$ 50,182	\$ 62,305	\$ 57,109	\$ 73,291	\$ 69,178	\$ 64,292
Interest on the Total Pension Liability	547,748	521,734	479,195	465,906	444,362	421,333
Change in Excess State Money	-	-	(236,880)	-	-	-
Share Plan Allocation	-	-	118,440	-	-	-
Changes of Assumption	69,430	-	253,846	-	62,185	-
Differences between Expected and Actual Experience	(32,479)	45,129	14,274	(96,908)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(263,194)	(267,801)	(265,932)	(231,915)	(197,332)	(177,666)
Net Change in Total Pension Liability	<u>371,687</u>	<u>361,367</u>	<u>420,052</u>	<u>210,374</u>	<u>378,393</u>	<u>307,959</u>
Total Pension Liability, Beginning of Year	<u>7,483,421</u>	<u>7,122,054</u>	<u>6,702,002</u>	<u>6,491,628</u>	<u>6,113,235</u>	<u>5,805,276</u>
Total Pension Liability, End of Year (a)	<u>\$ 7,855,108</u>	<u>\$ 7,483,421</u>	<u>\$ 7,122,054</u>	<u>\$ 6,702,002</u>	<u>\$ 6,491,628</u>	<u>\$ 6,113,235</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 197,648	\$ 186,045	\$ 165,798	\$ 176,552	\$ 173,000	\$ 169,273
Contributions - State	38,180	39,355	42,598	46,272	50,496	49,729
Contributions - Employee	2,706	2,948	3,215	3,817	3,756	3,675
Net Investment Income	499,603	511,409	457,863	(181,834)	503,118	336,055
Benefit Payments, Including Refunds of Employee Contributions	(263,194)	(267,801)	(265,932)	(231,915)	(197,332)	(177,666)
Administrative Expense	(35,748)	(33,164)	(31,008)	(37,380)	(16,578)	(12,125)
Net Change in Plan Fiduciary Net Position	<u>439,195</u>	<u>438,792</u>	<u>372,534</u>	<u>(224,488)</u>	<u>516,460</u>	<u>368,941</u>
Plan Fiduciary Net Position, Beginning of Year	<u>6,177,112</u>	<u>5,738,320</u>	<u>5,365,786</u>	<u>5,590,274</u>	<u>5,073,814</u>	<u>4,704,873</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 6,616,307</u>	<u>\$ 6,177,112</u>	<u>\$ 5,738,320</u>	<u>\$ 5,365,786</u>	<u>\$ 5,590,274</u>	<u>\$ 5,073,814</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,238,801</u>	<u>\$ 1,306,309</u>	<u>\$ 1,383,734</u>	<u>\$ 1,336,216</u>	<u>\$ 901,354</u>	<u>\$ 1,039,421</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.23%	82.54%	80.57%	80.06%	86.12%	93.00%
Covered Payroll**	<u>\$ 270,632</u>	<u>\$ 294,798</u>	<u>\$ 321,518</u>	<u>\$ 395,515</u>	<u>\$ 375,625</u>	<u>\$ 367,453</u>
Net Pension Liability as a Percentage of Covered Payroll	457.74%	443.12%	430.38%	337.84%	239.96%	282.87%

* GASB Statement Nos. 67 and 68 were adopted for the 2013 Fiscal Year and the 10-year trend information will be developed from that date forward.

Changes of Assumptions:

For measurement date September 30, 2018, amounts reported as changes of assumptions were related to lowering the investment rates of return from 7.4% to 7.3% per year, net of investment related expenses.

For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

Additionally, the investment return assumption was reduced from 7.50% to 7.40% at September 30, 2016, and remained that amount for September 30, 2017 and 2018.

Finally, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant at September 30, 2016, and remained that amount for September 30, 2017.

** The Covered Payroll numbers shown are in compliance with GASB Statement No. 82, except for the September 30, 2015, measurement period which includes DROP payroll.

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Pension Liability						
Service Cost	\$ 275,150	\$ 274,006	\$ 232,694	\$ 231,742	\$ 222,220	\$ 206,524
Interest on the Total Pension Liability	750,739	723,973	642,677	614,062	570,466	530,188
Change of Benefit Terms	55,986					
Differences between Expected and Actual Experience	(27,183)	(238,832)	61,548	(238,374)	-	-
Changes of Assumption	136,407	-	461,939	-	99,655	-
Benefit Payments, Including Refunds of Employee Contributions	(681,481)	(227,666)	(223,887)	(229,801)	(211,201)	(233,668)
Net Change in Total Pension Liability	<u>509,618</u>	<u>531,481</u>	<u>1,174,971</u>	<u>377,629</u>	<u>681,140</u>	<u>503,044</u>
Total Pension Liability, Beginning of Year	<u>10,154,732</u>	<u>9,623,251</u>	<u>8,448,280</u>	<u>8,070,651</u>	<u>7,389,511</u>	<u>6,886,467</u>
Total Pension Liability, End of Year (a)	<u>\$ 10,664,350</u>	<u>\$ 10,154,732</u>	<u>\$ 9,623,251</u>	<u>\$ 8,448,280</u>	<u>\$ 8,070,651</u>	<u>\$ 7,389,511</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 268,685	\$ 206,524	\$ 200,903	\$ 202,014	\$ 180,861	\$ 192,889
Contributions - State	86,523	81,333	76,053	71,372	72,789	75,568
Contributions - Employee	14,538	10,520	10,303	9,893	9,394	9,906
Net Investment Income	690,619	766,558	664,654	(262,685)	736,583	523,467
Benefit Payments, Including Refunds of Employee Contributions	(681,481)	(227,666)	(223,887)	(229,801)	(211,201)	(233,668)
Administrative Expense	(48,459)	(37,908)	(32,953)	(35,483)	(17,925)	(12,968)
Net Change in Plan Fiduciary Net Position	<u>330,425</u>	<u>799,361</u>	<u>695,073</u>	<u>(244,690)</u>	<u>770,501</u>	<u>555,194</u>
Plan Fiduciary Net Position, Beginning of Year	<u>9,232,731</u>	<u>8,433,370</u>	<u>7,738,297</u>	<u>7,982,987</u>	<u>7,212,486</u>	<u>6,657,292</u>
Plan Fiduciary Net Position, End of Year (b)	<u>\$ 9,563,156</u>	<u>\$ 9,232,731</u>	<u>\$ 8,433,370</u>	<u>\$ 7,738,297</u>	<u>\$ 7,982,987</u>	<u>\$ 7,212,486</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 1,101,194</u>	<u>\$ 922,001</u>	<u>\$ 1,189,881</u>	<u>\$ 709,983</u>	<u>\$ 87,664</u>	<u>\$ 177,025</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.67%	90.92%	87.64%	91.60%	98.91%	97.60%
Covered Payroll**	<u>\$ 1,105,629</u>	<u>\$ 1,051,978</u>	<u>\$ 1,030,263</u>	<u>\$ 1,051,778</u>	<u>\$ 939,443</u>	<u>\$ 990,617</u>
Net Pension Liability as a Percentage of Covered Payroll	99.60%	87.64%	115.49%	67.50%	9.33%	17.87%

* GASB Statement Nos. 67 and 68 were adopted for the 2014 Fiscal Year and the 10-year trend information will be developed from that date forward.

Changes in Benefit Terms:

For measurement date September 30, 2018, amounts reported as changes of benefit terms resulting from the pre-retirement death were amended and the Member Contribution Rate was increased by 0.50% of payroll.

Changes of Assumptions:

For measurement date September 30, 2018, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.

Additionally, the investment return assumption was reduced to 7.30% at September 30, 2017, and remained at that amount for September 30, 2018.

Finally, the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant at September 30, 2016, and remained that amount for September 30, 2017.

** The Covered Employee Payroll numbers shown are in compliance with GASB Statement No. 82, except for the September 30, 2015, measurement period, which includes DROP payroll.

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

	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 276,323	\$ 211,370	\$ 173,941	\$ 212,983	\$ 223,496	\$ 219,002
Contributions in Relation to the Actuarially Determined Contribution	235,828	225,400	208,396	222,824	223,496	219,002
Contribution Deficiency (Excess)	<u>\$ 40,495</u>	<u>\$ (14,030)</u>	<u>\$ (34,455)</u>	<u>\$ (9,841)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 270,632</u>	<u>\$ 294,798</u>	<u>\$ 321,518</u>	<u>\$ 395,515</u>	<u>\$ 375,625</u>	<u>\$ 367,453</u>
Contributions as a Percentage of Covered Payroll	87.14%	76.46%	64.82%	56.34%	59.50%	59.60%

Notes to Schedule

Valuation Date:

October 1, 2016

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	14 Years (as of 10/01/2015)
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	2.5% per Year.
Salary Increases	5.75% per year until the assumed retirement age - see table below. This assumption is based on an experience study issued April 25, 2011.
Interest Rate	7.4% per year compounded annually, net of investment related expenses. This assumption is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
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. These rates are deemed reasonable based on plan provisions.
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. These rates are deemed reasonable based on plan provisions.
Termination Rates	See Table on following page. It is assumed that 75% of disablements and active Member deaths are service related. These rates are consistent with rates used in other fire plans.
Disability Rates	See Table Below. It is assumed that 75% of disablements and active Member 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.

Age	Percent	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
LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 379,231	\$ 291,398	\$ 259,626	\$ 263,151	\$ 253,650	268,457
Contributions in Relation to the Actuarially Determined Contribution	355,208	287,857	276,956	273,386	253,650	268,457
Contribution Deficiency (Excess)	<u>\$ 24,023</u>	<u>\$ 3,541</u>	<u>\$ (17,330)</u>	<u>\$ (10,235)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 1,105,629</u>	<u>\$ 1,051,978</u>	<u>\$ 1,030,263</u>	<u>\$ 1,051,778</u>	<u>\$ 939,443</u>	<u>\$ 990,617</u>
Contributions as a Percentage of Covered Payroll	32.13%	27.36%	26.88%	25.99%	27.00%	27.10%

Notes to Schedule

Valuation Date:

October 1, 2016

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	2.50% 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: 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	7.5% 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 services. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Mart Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Vale of Assets.
Early Retirement	Commencing with the earliest Early Retirement 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 (1201)
Disability Rates	See Table Below (1301)
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 Becoming Disabled in the Year	Percent Terminating During the Year
20	0.03%	12.0%
30	0.04%	10.0%
40	0.07%	5.2%
50	0.18%	1.6%

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

	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Annual Money-Weighted Rate of Return						
Net of Investment Expense	8.14%	9.01%	8.62%	-3.28%	9.98%	7.12%

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

	September 2018	September 2017	September 2016	September 2015	September 2014	September 2013
Annual Money-Weighted Rate of Return Net of Investment Expense	7.66%	9.10%	8.61%	-3.30%	10.24%	7.84%

CITY OF DADE CITY, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.000518104%	0.000661177%	0.000666503%	0.0011699814%	0.0014725377%
City's Proportionate Share of the Net Pension Liability	\$ 156,056	\$ 195,572	\$ 168,293	\$ 151,119	\$ 89,846
City's Covered-Payroll	\$ 231,851	\$ 259,595	\$ 261,769	\$ 354,060	\$ 344,846
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Payroll	67.31%	75.34%	64.29%	42.68%	26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92%	87.00%

SCHEDULE OF THE CITY'S CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM PENSION PLAN(1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 17,930	\$ 21,602	\$ 21,094	\$ 28,525	\$ 32,255
Contributions in Relation to the Contractually Required Contribution	17,930	21,602	21,094	28,525	32,255
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Payroll	\$ 231,851	\$ 259,258	\$ 261,769	\$ 354,060	\$ 344,846
Contributions as a Percentage of Covered-Payroll	7.73%	8.33%	8.06%	8.06%	9.35%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2014. Information for prior years is not available.

CITY OF DADE CITY, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.000709849%	0.000814424%	0.000814007%	0.001155987%	0.0013817262%
City's Proportionate Share of the Net Pension Liability	\$ 75,131	\$ 87,082	\$ 94,869	\$ 117,892	\$ 129,195
City's Covered-Payroll	\$ 231,851	\$ 259,595	\$ 261,769	\$ 354,060	\$ 344,846
City's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Payroll	32.40%	33.55%	36.24%	33.30%	37.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

SCHEDULE OF THE CITY'S CONTRIBUTIONS - FLORIDA HEALTH INSURANCE SUBSIDY PENSION PLAN (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 17,930	\$ 21,602	\$ 21,094	\$ 28,525	\$ 32,255
Contributions in Relation to the Contractually Required Contribution	17,930	21,602	21,094	28,525	32,255
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Payroll	\$ 231,851	\$ 259,258	\$ 261,769	\$ 354,060	\$ 344,846
Contributions as a Percentage of Covered-Payroll	7.73%	8.33%	8.06%	8.06%	9.35%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2014. Information for prior years is not available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**CITY OF DADE CITY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018**

	Special Revenue							
	Public Safety Impact Fee Fund	Transportation Impact Fee Fund	Local Option Gas Tax Fund	Water and Sewer Impact Fee Fund	Stormwater Fund	LGIS Fund	Community Redevelopment Block Grant	Total Nonmajor Governmental Funds
Assets								
Cash and Cash Equivalents	\$ 40,377	\$ 573,091	\$ -	\$ 1,870,841	\$ 14,192	\$ 1,071,355	\$ -	\$ 3,569,856
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	22,821	-	980	67,677	2,263	93,741
Total Assets	40,377	573,091	22,821	1,870,841	15,172	1,139,032	2,263	3,663,597
Liabilities and Fund Balances								
Liabilities:								
Accrued Liabilities	-	-	-	-	3,417	886	1,500	5,803
Due to Other Funds	-	-	-	-	-	-	763	763
Total Liabilities	-	-	-	-	3,417	886	2,263	6,566
Fund Balances:								
Restricted	40,377	573,091	22,821	1,870,841	11,755	1,138,146	-	3,657,031
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	40,377	573,091	22,821	1,870,841	11,755	1,138,146	-	3,657,031
Total Liabilities and Fund Balances	\$ 40,377	\$ 573,091	\$ 22,821	\$ 1,870,841	\$ 15,172	\$ 1,139,032	\$ 2,263	\$ 3,663,597

CITY OF DADE CITY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	Special Revenue						Community Redevelopment Block Grant	Total Nonmajor Governmental Funds
	Public Safety Impact Fee Fund	Transportation Impact Fee Fund	Local Option Gas Tax Fund	Water and Sewer Impact Fee Fund	Stormwater Fund	LGIS Fund		
Revenues								
Taxes and Special Assessments	\$ -	\$ -	\$ 268,517	\$ -	\$ -	\$ 1,033,324	\$ 22,034	\$ 1,323,875
Impact Fees	519	26,838	-	71,632	199,742	-	-	298,731
Interest Earnings	48	680	-	2,155	-	-	-	2,883
Total Revenues	567	27,518	268,517	73,787	199,742	1,033,324	22,034	1,625,489
Expenditures								
Current:								
Transportation	-	-	-	-	162,420	50,000	-	212,420
Capital Outlay	-	-	-	-	18,428	232,566	22,034	273,028
Debt Service	-	-	-	-	-	86,809	-	86,809
Total Expenditures	-	-	-	-	180,848	369,375	22,034	572,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	567	27,518	268,517	73,787	18,894	663,949	-	1,053,232
Other Financing Source (Uses)								
Transfer (out)	-	-	(267,753)	-	-	(200,000)	1,301	(466,452)
Total Other Financing Sources (Uses)	-	-	(267,753)	-	-	(200,000)	1,301	(466,452)
Net Change in Fund Balances	567	27,518	764	73,787	18,894	463,949	1,301	586,780
Fund Balances, Beginning	39,810	545,573	22,057	1,797,054	(7,139)	674,197	(1,301)	3,070,251
Fund Balances, Ending	\$ 40,377	\$ 573,091	\$ 22,821	\$ 1,870,841	\$ 11,755	\$ 1,138,146	\$ -	\$ 3,657,031

COMPLIANCE SECTION

**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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2019.

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.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule that we consider to be a significant deficiency: 2014-2.

Certified Public Accountants

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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*)**

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 May 20, 2019, 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 them.

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

May 20, 2019
Ocala, Florida

**CITY OF DADE CITY, FLORIDA
PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

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.
<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. 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.
<i>Effect</i>	The City lacks sound internal control over financial reporting due to a lack of separation of duties among personnel.
<i>Recommendation</i>	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.
<i>Response</i>	See Corrective Action Plan submitted by the City.



CITY OF DADE CITY

"Proud Heritage, Promising Future"

Camille Hernandez, Mayor
Eunice M. Penix, Mayor Pro-Tem
Scott Black, Commissioner
Nicole Deese-Newlon, Commissioner
James D. Shive, Commissioner

Leslie Porter, City Manager
Angelia Guy, City Clerk
Leslie Porter, Finance Officer
Nancy Stuparich, City Attorney

May 20, 2019

Purvis, Gray & Company
2347 S.E. 17th Street
Ocala, FL 34471

RE: Corrective Action Plan for Financial Statement Findings
Audit Period: September 30, 2018

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 2014-02

Recommendation:

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

Action Taken:

The Finance Department has a small staff of three and a limited budget. This finding may never be fully resolved due to the small size of the City and its budget constraints. The City has taken the following corrective actions to mitigate the risks. The A/P and Payroll functions have been assigned to different fiscal assistants. HR enters the majority of payroll changes, with Finance double checking. HR enters time for public works employees; this is verified by fiscal assistant in charge of payroll processing. A fiscal assistant prepares the journal entries to record banking transfers; this is verified by the Finance Officer. Journal entries for account corrections are entered by a fiscal assistant, then verified and posted by the Finance Officer. Finance staff attends training through the FGFOA as well as other organizations. With the promotion of the current Finance Officer to the position of City Manager, staff will explore opportunities for the City Manager to provide additional oversight for Finance activities. The City employs the services of an outside consultant when needed with large projects. 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. Management will continue to monitor segregation of duties and re-assign additional duties when feasible.

Sincerely,

Leslie Porter
City Manager/Finance Officer

Established 1889

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, 2018, and have issued our report thereon dated May 20, 2019.

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; 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*, 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 May 20, 2019, 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 and Recommendations.

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 and Management

Sections 10.554(1)(i)5.a and 10.556(7), *Rules of the Auditor General*, require 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.

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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 and Management (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.

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 City Commissioners, 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

May 20, 2019
Ocala, Florida

MANAGEMENT LETTER COMMENTS

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

Prior Year Comments

2015-2—Information Technology (IT) General Controls and Policies

During our audit fieldwork, we reviewed the City's IT general controls and policies. The purpose of the review was to determine the control design for the IT environment, to identify any potential controls deficiencies and to make recommendations for improvements to strengthen controls where noted. The following issues came to our attention:

- The City's IT policies and procedures are not well documented. The IT documentation was limited to the conveyance of computer and internet usage behaviors but does not provide a comprehensive set of policies and procedures addressing key controls for security, backup and retention, system changes, and incident management. We recommend that the City mature their IT policies and procedures to define how critical processes are performed, monitored, and enforced. Policies should be written at a level that is measurable, kept up to date, approved by appropriate management, and disseminated to the appropriate employees. This continues to be a finding for the fiscal year ended September 30, 2018.
- The City does not have a disaster recovery plan that describes the process or set of procedures to recover and protect the City's IT infrastructure in the event of a disaster. The plan should include loss impact and restoration strategies for each system maintained to meet the City's objectives. We recommended a disaster recovery plan be developed and tested to determine how critical systems can be restored to resume normal operations based on the established recovery time and point objectives. This continues to be a finding for the fiscal year ended September 30, 2018.

2015-3—Utility Inventory Records

During the prior year audit, we noted internal control weaknesses in the inventory records of supplies and material on hand for the utility operations. It was noted that prior to the issuance of the 2015 audit report, management was in the process of implementing changes to address these issues.

For the year ended September 30, 2018, it was noted that the City is still in the process of implementing changes. Management performed inventory counts and has adjusted the value of the inventory to agree to these counts. We continue to note that inventory items can be added or removed without supporting documentation to identify the items that are entering or leaving the warehouse. These conditions make it difficult to adequately track inventory. We recommend that the City continue their efforts to improve the controls over the inventory process by requiring more timely and frequent inventory counts. These controls should also include review of purchase orders and requisitions that relate to inventory items to ensure new inventory is safeguarded and properly accounted for in the general ledger.

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

MANAGEMENT LETTER COMMENTS
(Continued)

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

May 20, 2018
Ocala, Florida



CITY OF DADE CITY

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Scott Black, Commissioner
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Leslie Porter, City Manager
Angelia Guy, City Clerk
Leslie Porter, Finance Officer
Nancy Stuparich, City Attorney

May 20, 2019

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 May 20, 2019. 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:

PRIOR YEAR RECOMMENDATIONS (Updated for 2017):

➤ 2015-2 IT General Controls and Technology

Management recognizes the value of documenting policies and procedures and developing a disaster recovery plan. The City Manager, with assistance from the IT contractor, is working to develop policies/procedures that will strengthen the City's security and disaster recovery plan. This process was delayed due to the departure of the City Manager. The new City Manager will continue with the project. Staff will examine effective policies of other local governments and tailor these to create a written plan for the City. Staff is exploring options for redundancy. The City is in the process of determining the "acceptable" level of downtime in a disaster, and will work with IT to develop a disaster recovery plan accordingly.

➤ 2015-3 Utility Inventory Records

Management recognizes the value of proper inventory controls. Staff has implemented a computer based system titled SEMS to track inventory transactions. When items are delivered to the City's Utility Department's storage facility, packing lists are delivered to the administrative assistant for entry into SEMS. Staff records items on a checkout sheet when consumed. This method gives a trackable usage of each item, and a value of actual inventory. It also maintains a count of each item, and automatically triggers alerts when an item gets used to a reorder quantity. The City will continue to conduct quarterly inventory check counts to check on the functionality and adherence to our program. Equipment has been purchased to allow internet access to the warehouse office, to allow utility employees to enter items into SEMS directly. Once this install is complete, Management will train field staff.

Sincerely,

Leslie Porter, City Manager/Finance Officer

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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, 2018. City 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 during the year ended September 30, 2018.

This report is intended solely for the information and use of the Florida Auditor General, the City Commissioners, 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

May 20, 2019
Ocala, Florida

Certified Public Accountants

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