

# 2019

City of Dade City

Financial Statements and Independent  
Auditor's Report

For Fiscal Year Ended September 30, 2019

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

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

**SEPTEMBER 30, 2019**

**TABLE OF CONTENTS**

<b>Independent Auditor’s Report</b> .....	1-3
<b>Management’s Discussion and Analysis</b> .....	4-9
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	10
Statement of Activities .....	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Community Redevelopment Agency - Budget and Actual .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Local Government Infrastructure Surtax - Budget and Actual .....	18
Statement of Net Position - Proprietary Funds .....	19-20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	21
Statement of Cash Flows - Proprietary Funds .....	22-23
Statement of Net Position - Fiduciary Funds - Pension Trust Funds .....	24
Statement of Changes in Net Position - Fiduciary Funds – Pension Trust Funds.....	25
<b>Notes to Basic Financial Statements</b> .....	26-59

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

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

**SEPTEMBER 30, 2019**

**TABLE OF CONTENTS**

**Required Supplementary Information**

Defined Benefit Pension Trusts .....	60
Schedule of Net Changes in the City's Total OPEB Liability and Related Ratios.....	61
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Firefighters' Pension Plan.....	62
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Police Officers' Pension Plan .....	63
Schedule of Contributions - Firefighters' Pension Plan .....	64
Schedule of Contributions - Police Officers' Pension Plan .....	65
Schedule of Investment Returns - Firefighters' Pension Plan .....	66
Schedule of Investment Returns - Police Officers' Pension Plan.....	67
Schedule of the City's Proportionate Share of the Net Pension Liability - FRS and Schedule of the City's Contributions - FRS .....	68
Schedule of the City's Proportionate Share of the Net Pension Liability - HIS and Schedule of the City's Contributions - HIS.....	69

**Combining and Individual Fund Statements and Schedules**

Combining Balance Sheet – Non-Major Governmental Funds .....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds .....	71

**Compliance Section**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	72-73
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project, and on Internal Control over Compliance Required by the Uniform Guidance.....	74-75
Schedule of Expenditures of Federal Awards .....	76
Schedule of Findings and Questioned Costs Federal Awards Program .....	77
Prior Year Financial Statement Findings .....	78
Corrective Action Plan for Financial Statement Findings .....	79
Management Letter Required by Chapter 10.550, <i>Rules of the Auditor General</i> .....	80-81
Management Letter Comments .....	82-83
Management Response Letter .....	84
Independent Accountant's Report .....	85
Impact Fee Affidavit.....	86

## INDEPENDENT AUDITOR'S 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, 2019, 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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  
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Dade City, Florida

## INDEPENDENT AUDITOR'S REPORT

### 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, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund, Community Redevelopment Agency, and Local Government Infrastructure Surtax for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of a Matter - COVID-19

As more fully described in Note 1 to the financial statements as a subsequent event, the City may be operationally and financially impacted by the outbreak of the novel coronavirus (COVID-19) pandemic.

### 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; 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

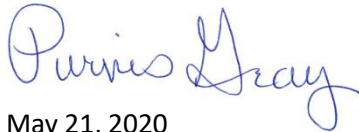
Honorable Mayor and City Commission  
City of Dade City  
Dade City, Florida

### INDEPENDENT AUDITOR'S REPORT

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, 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* in considering the City's internal control over financial reporting and compliance.



May 21, 2020  
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, 2018 through September 30, 2019. 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 \$49.29 million. Of this amount, \$7.45 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- Governmental activities had program revenues of \$675,398, grant revenues of \$2,520,552, general revenues of \$6,339,334, and net transfers of \$666,536. Total expenses were \$7,093,610.
- Business-type activities had program revenues of \$3,546,505, general revenues of \$560,902, and net transfers of (\$666,536). Total expenses were \$3,403,295.
- The County-wide one-cent infrastructure surtax generated revenues of \$1,130,800, an increase of \$97,476 from the previous year.
- The City completed the Beauchamp Pond Stormwater Project with the aid of a Small Cities Community Block Grant.
- The City completed renovations at Price Park with the aid of FRDAP grants.
- The City collected \$150,273 for Hurricane Irma disaster recovery.
- Construction of the Hardy Trail is underway.
- Work began on the downtown stormwater project.

### 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

### 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 \$49,287,012 at September 30, 2019, compared to \$46,141,226 on September 30, 2018, an increase of \$3,145,786. An increase in net investments in capital accounts for \$2,103,697, or 67%, of the overall increase.

Net investments in capital, such as buildings, equipment, and infrastructure, make up 73%, or \$35.97 million, of total net position. An additional \$5.85 million, or 12%, of net position is legally restricted for certain purposes and uses. The balance of \$7.45 million, or 15%, in net position is unrestricted and available to meet the City's ongoing obligations.

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 9,756,314	\$ 8,817,089	\$ 8,229,403	\$ 7,533,624	\$ 17,985,717	\$ 16,350,713
Capital assets	16,967,472	14,342,870	27,616,357	28,514,987	44,583,829	42,857,857
<b>Total Assets</b>	<b>26,723,786</b>	<b>23,159,959</b>	<b>35,845,760</b>	<b>36,048,611</b>	<b>62,569,546</b>	<b>59,208,570</b>
<b>Deferred Outflow of Resources</b>	<b>995,008</b>	<b>454,378</b>	<b>4,983</b>	<b>1,639</b>	<b>999,991</b>	<b>456,017</b>
<b>Liabilities:</b>						
Current and other liabilities	678,249	415,241	180,166	239,891	858,415	655,132
Net pension liability and OPEB	3,482,352	2,571,182	32,042	-	3,514,394	2,571,182
Long-term liabilities	573,885	619,613	9,118,856	9,328,256	9,692,741	9,947,869
<b>Total Liabilities</b>	<b>4,734,486</b>	<b>3,606,036</b>	<b>9,331,064</b>	<b>9,568,147</b>	<b>14,065,550</b>	<b>13,174,183</b>
<b>Deferred Inflow of Resources</b>	<b>216,975</b>	<b>349,178</b>	<b>-</b>	<b>-</b>	<b>216,975</b>	<b>349,178</b>
<b>Net Position:</b>						
Net investment in capital assets	16,915,509	14,235,441	19,070,864	19,647,235	35,986,373	33,882,676
Restricted	4,857,734	4,366,700	994,964	1,365,505	5,852,698	5,732,205
Unrestricted	994,090	1,056,982	6,453,851	5,469,363	7,447,941	6,526,345
<b>Total Net Position</b>	<b>\$ 22,767,333</b>	<b>\$ 19,659,123</b>	<b>\$ 26,519,679</b>	<b>\$ 26,482,103</b>	<b>\$ 49,287,012</b>	<b>\$ 46,141,226</b>

### CONDENSED STATEMENT OF ACTIVITIES

The total primary government had an increase of \$3,108,210 in net position as a result of activities during the fiscal year. Governmental activities had an operating surplus of \$2,441,674, while net transfers increased net position by an additional \$666,536. Compared to the previous year, charges for services increased about 18%. Grant revenues increased from \$105,000 to \$2,520,552 due to the timing of capital projects. Program expenses increased approximately 4.5%. Business-type activities had an increase in net position of \$37,576, which includes a \$666,536 net transfer out to governmental activities.

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-Type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
<b>REVENUE</b>						
Program Revenue:						
Charges for services	\$ 675,398	\$ 572,731	\$ 3,546,505	\$ 3,514,969	\$ 4,221,903	\$ 4,087,700
Operating grants	150,273	13,855	-	-	150,273	13,855
Capital grants	2,370,279	52,954	-	105,000	2,370,279	157,954
General Revenue:						
Property taxes	2,118,755	2,027,699	-	-	2,118,755	2,027,699
Other taxes and fees	3,654,423	3,222,903	-	-	3,654,423	3,222,903
Intergovernmental revenues	319,563	624,825	-	-	319,563	624,825
Other revenues	246,593	510	560,902	1,812	807,495	2,322
<b>Total Revenues</b>	<b>9,535,284</b>	<b>6,515,477</b>	<b>4,107,407</b>	<b>3,621,781</b>	<b>13,642,691</b>	<b>10,137,258</b>
<b>EXPENSES</b>						
Program Expenses:						
General government	1,706,887	1,661,654	-	-	1,706,887	1,661,654
Public safety	3,634,847	3,400,037	-	-	3,634,847	3,400,037
Physical environment	129,123	201,292	3,403,295	3,483,113	3,532,418	3,684,405
Transportation	1,239,075	1,177,181	-	-	1,239,075	1,177,181
Culture and recreation	383,678	346,192	-	-	383,678	346,192
<b>Total Expenses</b>	<b>7,093,610</b>	<b>6,786,356</b>	<b>3,403,295</b>	<b>3,483,113</b>	<b>10,496,905</b>	<b>10,269,469</b>
Excess deficiency before transfers	2,441,674	(270,879)	704,112	138,668	3,145,786	(132,211)
Net transfers	666,536	485,460	(666,536)	(485,460)	-	-
Gain on sale of fixed assets	-	-	-	-	-	-
<b>Change in net position</b>	<b>3,108,210</b>	<b>214,581</b>	<b>37,576</b>	<b>(346,792)</b>	<b>3,145,786</b>	<b>(132,211)</b>
Net Position - October 1, 2017		19,444,542		26,828,895		46,273,437
<b>Net Position - September 30, 2018</b>		<b>\$ 19,659,123</b>		<b>\$ 26,482,103</b>		<b>\$ 46,141,226</b>
Net Position - October 1, 2018	19,659,123		26,482,103		46,141,226	
<b>Net Position - September 30, 2019</b>	<b>\$ 22,767,333</b>		<b>\$ 26,519,679</b>		<b>\$ 49,287,012</b>	

### 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. Beginning with fiscal year ended September 30, 2019, the special revenue fund for Local Government Infrastructure Surtax (also known as Penny Money) is being reported as a major fund.

Taxable values increased slightly. 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

### GENERAL FUND BUDGET VARIATIONS

	Original 2019	Final 2019	Actual 2019	Actual 2018
	Budget	Budget	Results	Results
<b>REVENUE</b>				
Taxes and special assessments	\$ 3,403,630	\$ 3,403,630	\$ 3,514,610	\$ 3,446,871
License and permits	105,000	105,000	232,398	125,490
Intergovernmental revenues	2,094,520	2,184,520	2,422,443	980,995
Charges for services	100,600	100,600	83,199	92,634
Fines and forfeitures	44,400	44,400	22,969	55,577
Miscellaneous revenue	47,500	47,500	53,756	19,657
Pension contributions - State	107,000	107,000	271,501	81,679
Net transfers and balances	989,350	906,850	816,239	892,020
<b>Total Revenues</b>	<b>6,892,000</b>	<b>6,899,500</b>	<b>7,417,115</b>	<b>5,694,923</b>
<b>EXPENSES</b>				
Current:				
General government	1,663,550	1,874,691	1,546,350	1,468,435
Public safety	3,188,800	3,588,800	3,514,603	2,972,693
Transportation	528,350	553,350	544,435	488,519
Culture and recreation	309,085	309,085	313,628	270,642
Capital outlay	1,584,500	1,658,359	1,469,929	124,070
<b>Total Expenses</b>	<b>7,274,285</b>	<b>7,984,285</b>	<b>7,388,945</b>	<b>5,324,359</b>
<b>Increase (Decrease) in Cash Reserves</b>	<b>\$ (382,285)</b>	<b>\$ (1,084,785)</b>	<b>\$ 28,170</b>	<b>\$ 370,564</b>

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

- Building permit and third-party inspection fees
- Net investment activity
- Wages and benefits
- Contractual and professional services
- Timing of capital projects
- Timing of grants

### CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

#### CAPITAL ASSETS

The City lists capital assets totaling \$44.58 million. Most of those assets (\$27.6 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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 859,797	\$ 859,797	\$ 117,862	\$ 117,862	\$ 977,659	\$ 977,659
Buildings	6,034,646	6,271,254	5,862,620	6,044,490	11,897,266	12,315,744
Improvements	4,291,672	3,130,364	16,575,891	17,064,506	20,867,563	20,194,870
Construction in progress	1,925,008	250,095	269,117	223,482	2,194,125	473,577
Equipment	1,219,568	1,194,579	4,790,867	5,064,647	6,010,435	6,259,226
Infrastructure	2,636,781	2,636,781	-	-	2,636,781	2,636,781
<b>Totals</b>	<b>\$ 16,967,472</b>	<b>\$ 14,342,870</b>	<b>\$ 27,616,357</b>	<b>\$ 28,514,987</b>	<b>\$ 44,583,829</b>	<b>\$ 42,857,857</b>

### LONG-TERM DEBT ACTIVITY

One capital lease for a street sweeper is 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	
	2019	2018	2019	2018	2019	2018
Notes payables	\$ -	\$ -	\$ 4,469,111	\$ 4,721,754	\$ 4,469,111	\$ 4,721,754
Revenue bonds	-	-	4,076,382	4,145,998	4,076,382	4,145,998
Capital leases	51,963	107,429	-	-	51,963	107,429
<b>Totals</b>	<b>\$ 51,963</b>	<b>\$ 107,429</b>	<b>\$ 8,545,493</b>	<b>\$ 8,867,752</b>	<b>\$ 8,597,456</b>	<b>\$ 8,975,181</b>

### 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.

New development within the City has been on an upward trend. The housing market has shown improvement. In general, as new developments occur, they will initially generate more permit and impact fees; after completion, they will provide increases in tax revenues and charges for services. There will 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**

The COVID-19 pandemic, increasing pension funding requirements, and potential federal and state legislation could have significant impacts on future budgets, reducing the resources available to maintain the levels of services that the City is providing.

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DADE CITY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 5,705,605	\$ 2,470,939	\$ 8,176,544
Cash with Fiscal Agent	478,711	-	478,711
Restricted Cash	-	1,541,781	1,541,781
Investments	2,082,054	3,595,363	5,677,417
Receivables, Net	632,100	497,477	1,129,577
Due from Other Governments	791,511	-	791,511
Inventories	66,333	123,843	190,176
Capital Assets Not Being Depreciated:			
Land	859,797	117,862	977,659
Infrastructure	2,636,781	-	2,636,781
Construction in Progress	1,925,008	269,117	2,194,125
Capital Assets, Net of Accumulated Depreciation:	11,545,886	27,229,378	38,775,264
Total Capital Assets	<u>16,967,472</u>	<u>27,616,357</u>	<u>44,583,829</u>
<b>Total Assets</b>	<u>26,723,786</u>	<u>35,845,760</u>	<u>62,569,546</u>
<b>Deferred Outflows of Resources</b>			
OPEB Related Items	16,122	4,983	21,105
Pension Related Items	978,886	-	978,886
<b>Total Deferred Outflows of Resources</b>	<u>995,008</u>	<u>4,983</u>	<u>999,991</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>27,718,794</u>	<u>35,850,743</u>	<u>63,569,537</u>
<b>Liabilities</b>			
Accounts Payable and Accrued Expenses	676,738	180,166	856,904
Compensated Absences	-	-	-
Due to Other Governments	1,511	-	1,511
Deposits	67,041	546,818	613,859
Long-Term Liabilities:			
Due Within One Year	158,693	335,204	493,897
Due in More than One Year	348,151	8,236,834	8,584,985
Net Pension Liabilities	3,266,660	-	3,266,660
Net OPEB Liability	215,692	32,042	247,734
<b>Total Liabilities</b>	<u>4,734,486</u>	<u>9,331,064</u>	<u>14,065,550</u>
<b>Deferred Inflows of Resources</b>			
Pension Related Items	216,975	-	216,975
<b>Total Deferred Inflows</b>	<u>216,975</u>	<u>-</u>	<u>216,975</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>4,951,461</u>	<u>9,331,064</u>	<u>14,282,525</u>
<b>Net Position</b>			
Net Investment in Capital Assets	16,915,509	19,070,864	35,986,373
Restricted for:			
Other Purposes	4,857,734	994,964	5,852,698
Unrestricted	994,090	6,453,851	7,447,941
<b>Total Net Position</b>	<u>\$ 22,767,333</u>	<u>\$ 26,519,679</u>	<u>\$ 49,287,012</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, 2019**

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
<b>Primary Government</b>							
Governmental Activities:							
General Government	\$ 1,706,887	\$ 258,443	\$ 150,273	\$ -	\$ (1,298,171)	\$ -	\$ (1,298,171)
Public Safety	3,634,847	30,582	-	2,360	(3,601,905)	-	(3,601,905)
Physical Environment	129,123	339,674	-	414,976	625,527	-	625,527
Transportation	1,239,075	46,099	-	677,000	(515,976)	-	(515,976)
Culture and Recreation	383,678	600	-	1,275,943	892,865	-	892,865
<b>Total Governmental Activities</b>	<b>7,093,610</b>	<b>675,398</b>	<b>150,273</b>	<b>2,370,279</b>	<b>(3,897,660)</b>	<b>-</b>	<b>(3,897,660)</b>
Business-Type Activities:							
Non-Major - Sanitation	222,033	280,077	-	-	-	58,044	58,044
Public Utility	3,181,262	3,266,428	-	-	-	85,166	85,166
<b>Total Business-Type Activities</b>	<b>3,403,295</b>	<b>3,546,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143,210</b>	<b>143,210</b>
<b>Total Primary Government</b>	<b>\$ 10,496,905</b>	<b>\$ 4,221,903</b>	<b>\$ 150,273</b>	<b>\$ 2,370,279</b>	<b>(3,897,660)</b>	<b>143,210</b>	<b>(3,754,450)</b>
<b>General Revenues</b>							
Taxes:							
					2,118,755	-	2,118,755
					496,001	-	496,001
					588,708	-	588,708
					195,482	-	195,482
					311,497	-	311,497
					277,785	-	277,785
					1,130,800	-	1,130,800
					654,150	-	654,150
					319,563	-	319,563
					-	67	67
					246,593	560,835	807,428
					666,536	(666,536)	-
<b>Total General Revenues and Transfers</b>							
					7,005,870	(105,634)	6,900,236
<b>Change in Net Position</b>							
					3,108,210	37,576	3,145,786
<b>Net Position, Beginning of Year</b>							
					19,659,123	26,482,103	46,141,226
<b>Net Position, End of Year</b>							
					\$ 22,767,333	\$ 26,519,679	\$ 49,287,012

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

**CITY OF DADE CITY, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	General Fund	Community Redevelopment Agency	Local Government Infrastructure SurTax	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,577,412	\$ 275,477	\$ 1,268,170	\$ 2,584,546	\$ 5,705,605
Cash with Fiscal Agent	478,711	-	-	-	478,711
Investments	2,082,054	-	-	-	2,082,054
Accounts Receivable	114,338	-	78,196	439,566	632,100
Due from Other Governments	791,511	-	-	-	791,511
Inventory	66,333	-	-	-	66,333
<b>Total Assets</b>	<b>5,110,359</b>	<b>275,477</b>	<b>1,346,366</b>	<b>3,024,112</b>	<b>9,756,314</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable and Accrued Expenses	345,834	8,895	5,183	316,826	676,738
Due to Other Governments	1,511	-	-	-	1,511
Deposits	67,041	-	-	-	67,041
<b>Total Liabilities</b>	<b>414,386</b>	<b>8,895</b>	<b>5,183</b>	<b>316,826</b>	<b>745,290</b>
<b>Fund Balances</b>					
Non-Spendable	66,333	-	-	-	66,333
Restricted for:					
Building Permit Fees	206,400	-	-	-	206,400
Bond Covenants	308,555	-	-	-	308,555
Police Education	8,283	-	-	-	8,283
Forfeiture Fund	17,655	-	-	-	17,655
Special Revenue	1,790	266,582	1,341,183	2,707,286	4,316,841
Committed to:					
Reserve Policy	1,509,571	-	-	-	1,509,571
Tree Fund	11,360	-	-	-	11,360
Park and Recreation	13,899	-	-	-	13,899
Mausoleum Care	14,140	-	-	-	14,140
Market Place	3,717	-	-	-	3,717
Assigned to:					
Dog Park	4,963	-	-	-	4,963
Budgeted Reserve	168,790	-	-	-	168,790
Retirement Reserve	125,000	-	-	-	125,000
Wellness Reserve	740	-	-	-	740
Unassigned	2,234,777	-	-	-	2,234,777
<b>Total Fund Balances</b>	<b>4,695,973</b>	<b>266,582</b>	<b>1,341,183</b>	<b>2,707,286</b>	<b>9,011,024</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,110,359</b>	<b>\$ 275,477</b>	<b>\$ 1,346,366</b>	<b>\$ 3,024,112</b>	<b>\$ 9,756,314</b>

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, 2019**

**Total Fund Balance for Governmental Funds** \$ 9,011,024

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The costs of the assets are \$23,404,159, and the accumulated depreciation is \$6,436,687. 16,967,472

Deferred inflows and outflows of resources related to pensions and OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position as follows:

Deferred Inflow of Resources:	
Pension Related	(216,975)
Deferred Outflow of Resources:	
OPEB Related	16,122
Pension Related	978,886

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:

OPEB Liability	(215,692)
Net Pension Liabilities	(3,266,660)
Capital Lease	(51,963)
Landfill Post-Closure Costs	(27,960)
Compensated Absences	(426,921)
	(426,921)

**Net Position of Governmental Activities** **\$ 22,767,333**

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, 2019**

	General Fund	Community Redevelopment Agency	Local Government Infrastructure SurTax	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes, Impact Fees and Special Assessments	\$ 3,514,610	\$ 85,573	\$ 1,130,800	\$ 614,017	\$ 5,345,000
Licenses and Permits	232,398	-	-	-	232,398
Intergovernmental Revenue	2,422,443	-	-	1,091,975	3,514,418
Charges for Services	83,199	-	-	-	83,199
Fine and Forfeitures	22,969	-	-	-	22,969
Pension Contributions - State	53,756	-	-	-	53,756
Miscellaneous Revenue	271,501	-	-	12,042	283,543
<b>Total Revenues</b>	<b>6,600,876</b>	<b>85,573</b>	<b>1,130,800</b>	<b>1,718,034</b>	<b>9,535,283</b>
<b>Expenditures</b>					
Current:					
General Government	1,546,350	-	-	-	1,546,350
Public Safety	3,514,603	-	-	-	3,514,603
Physical Environment	-	86,103	30,499	-	116,602
Transportation	544,435	-	-	234,094	778,529
Culture and Recreation	313,628	-	-	-	313,628
Capital Outlay	1,469,929	23,290	638,098	1,282,169	3,413,486
Debt Service:					
Principal Payments	-	-	55,466	-	55,466
Interest	-	-	3,700	-	3,700
<b>(Total Expenditures)</b>	<b>(7,388,945)</b>	<b>(109,393)</b>	<b>(727,763)</b>	<b>(1,516,263)</b>	<b>(9,742,364)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(788,069)</b>	<b>(23,820)</b>	<b>403,037</b>	<b>201,771</b>	<b>(207,081)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	897,406	81,167	-	281,086	1,259,659
Transfers (out)	(81,167)	(17,500)	(200,000)	(294,456)	(593,123)
<b>Total Other Financing Sources (Uses)</b>	<b>816,239</b>	<b>63,667</b>	<b>(200,000)</b>	<b>(13,370)</b>	<b>666,536</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>28,170</b>	<b>39,847</b>	<b>203,037</b>	<b>188,401</b>	<b>459,455</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,667,803</b>	<b>226,735</b>	<b>1,138,146</b>	<b>2,518,885</b>	<b>8,551,569</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,695,973</b>	<b>\$ 266,582</b>	<b>\$ 1,341,183</b>	<b>\$ 2,707,286</b>	<b>\$ 9,011,024</b>

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, 2019**

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

Net Change in Fund Balances - Total Governmental Funds	\$	459,455
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.		3,413,486
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.		(788,884)
Cash Pension and OPEB contributions and related deferred inflows and outflows changed as follows:		
Change in Deferred Inflows of Resources:		
Pension Related		132,203
Change in Outflows of Resources:		
OPEB Related		10,930
Pension Related		529,700
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. This amount is the payment on the long term debt.		55,466
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:		
Increase in Net Pension Liabilities		(695,478)
Increase in OPEB Liabilities		(13,001)
Decrease in Compensated Absences		4,333
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>3,108,210</u></b>

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes and Special Assessments	\$ 3,403,630	\$ 3,403,630	\$ 3,514,610	\$ 110,980
Licenses and Permits	105,000	105,000	232,398	127,398
Intergovernmental Revenue	2,094,520	2,184,520	2,422,443	237,923
Charges for Services	100,600	100,600	83,199	(17,401)
Fine and Forfeitures	44,400	44,400	22,969	(21,431)
Pension Contributions - State	47,500	47,500	53,756	6,256
Miscellaneous Revenue	107,000	107,000	271,501	164,501
<b>Total Revenues</b>	<u>5,902,650</u>	<u>5,992,650</u>	<u>6,600,876</u>	<u>608,226</u>
<b>Expenditures</b>				
Current:				
General Government	1,663,550	1,874,691	1,546,350	328,341
Public Safety	3,188,800	3,588,800	3,514,603	74,197
Transportation	528,350	553,350	544,435	8,915
Culture and Recreation	309,085	309,085	313,628	(4,543)
Capital Outlay	1,584,500	1,658,359	1,469,929	188,430
<b>(Total Expenditures)</b>	<u>(7,274,285)</u>	<u>(7,984,285)</u>	<u>(7,388,945)</u>	<u>595,340</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,371,635)</u>	<u>(1,991,635)</u>	<u>(788,069)</u>	<u>1,203,566</u>
<b>Other Financing Sources</b>				
Transfers In	989,350	989,350	897,406	(91,944)
Transfers (Out)	-	(82,500)	(81,167)	1,333
<b>Total Other Financing Sources</b>	<u>989,350</u>	<u>906,850</u>	<u>816,239</u>	<u>(90,611)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	<u>(382,285)</u>	<u>(1,084,785)</u>	<u>28,170</u>	<u>1,112,955</u>
<b>Fund Balances, Beginning of Year</b>	<u>4,667,803</u>	<u>4,667,803</u>	<u>4,667,803</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 4,285,518</u>	<u>\$ 3,583,018</u>	<u>\$ 4,695,973</u>	<u>\$ 1,112,955</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes and Special Assessment	\$ 86,952	\$ 86,952	\$ 85,573	\$ (1,379)
<b>Total Revenues</b>	<u>86,952</u>	<u>86,952</u>	<u>85,573</u>	<u>(1,379)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	185,300	185,300	86,103	99,197
Capital Outlay	232,000	232,000	23,290	208,710
<b>(Total Expenditures)</b>	<u>(417,300)</u>	<u>(417,300)</u>	<u>(109,393)</u>	<u>307,907</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(330,348)</u>	<u>(330,348)</u>	<u>(23,820)</u>	<u>306,528</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	82,478	82,478	81,167	(1,311)
Transfers (Out)	(17,500)	(17,500)	(17,500)	-
<b>Total Other Financing Sources (Uses)</b>	<u>64,978</u>	<u>64,978</u>	<u>63,667</u>	<u>(1,311)</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Uses</b>	(265,370)	(265,370)	39,847	305,217
<b>Fund Balances, Beginning of Year</b>	<u>226,735</u>	<u>226,735</u>	<u>226,735</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ (38,635)</u>	<u>\$ (38,635)</u>	<u>\$ 266,582</u>	<u>\$ 305,217</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 - LOCAL GOVERNMENT INFRASTRUCTURE SURTAX**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes and Special Assessment	\$ 1,152,400	\$ 1,152,400	\$ 1,130,800	\$ (21,600)
<b>Total Revenues</b>	<u>1,152,400</u>	<u>1,152,400</u>	<u>1,130,800</u>	<u>(21,600)</u>
<b>Expenditures</b>				
Current:				
Physical Environment	156,625	156,625	30,499	126,126
Capital Outlay	1,544,250	1,544,250	638,098	906,152
Debt Service:				
Principal Payments	50,000	50,000	55,466	(5,466)
Interest	5,000	5,000	3,700	1,300
<b>(Total Expenditures)</b>	<u>(1,755,875)</u>	<u>(1,755,875)</u>	<u>(727,763)</u>	<u>1,028,112</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(603,475)</u>	<u>(603,475)</u>	<u>403,037</u>	<u>1,006,512</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers (Out)	(200,000)	(200,000)	(200,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
<b>(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Uses</b>	(803,475)	(803,475)	203,037	1,006,512
<b>Fund Balances, Beginning of Year</b>	<u>1,138,146</u>	<u>1,138,146</u>	<u>1,138,146</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 334,671</u>	<u>\$ 334,671</u>	<u>\$ 1,341,183</u>	<u>\$ 1,006,512</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, 2019**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Public Utility Fund</b>	<b>Non-Major Sanitation Fund</b>	<b>Totals</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,905,417	\$ 565,522	\$ 2,470,939
Investments	3,595,363	-	3,595,363
Accounts Receivable, Net	486,286	11,191	497,477
Inventory	123,843	-	123,843
Total Current Assets	6,110,909	576,713	6,687,622
Restricted Assets:			
Cash and Cash Equivalents	1,541,781	-	1,541,781
Total Restricted Assets	1,541,781	-	1,541,781
Non-Current Assets:			
Capital Assets:			
Land	117,862	-	117,862
Buildings	9,131,773	-	9,131,773
Improvements Other than Buildings	22,922,090	-	22,922,090
Machinery Equipment and Vehicles	9,529,721	-	9,529,721
Construction in Process	269,117	-	269,117
Less Accumulated Depreciation	(14,354,206)	-	(14,354,206)
Total Non-Current Assets	27,616,357	-	27,616,357
<b>Total Assets</b>	35,269,047	576,713	35,845,760
<b>Deferred Outflows of Resources</b>			
Other Postemployment Benefit Related Items	4,983	-	4,983
<b>Total Deferred Outflows of Resources</b>	4,983	-	4,983
<b>Total Assets and Deferred Outflows</b>	\$ 35,274,030	\$ 576,713	\$ 35,850,743

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, 2019**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Public Utility</b>	<b>Non-Major</b>	<b>Totals</b>
	<b>Fund</b>	<b>Enterprise Fund</b>	
<b>Liabilities and Net Position</b>			
Current Liabilities (Payable from Current Assets):			
Accounts Payable	\$ 113,640	\$ 17,728	\$ 131,368
Accrued Salary Related Expenses	17,838	-	17,838
Interest Payable	30,960	-	30,960
Compensated Absences, Current Portion	6,636	-	6,636
Notes Payable, Current Portion	256,279	-	256,279
Revenue Bonds Payable, Current Portion	72,289	-	72,289
<b>Total Current Liabilities</b>	<b>497,642</b>	<b>17,728</b>	<b>515,370</b>
Long-Term Liabilities:			
Payable from Restricted Assets - Customer Deposits	546,818	-	546,818
Compensated Absences	19,909	-	19,909
Net OPEB Liability	32,042	-	32,042
Notes Payable	4,212,832	-	4,212,832
Revenue Refunding Bonds	4,004,093	-	4,004,093
<b>Total Long-Term Liabilities</b>	<b>8,815,694</b>	<b>-</b>	<b>8,815,694</b>
<b>Total Liabilities</b>	<b>9,313,336</b>	<b>17,728</b>	<b>9,331,064</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>9,313,336</b>	<b>17,728</b>	<b>9,331,064</b>
<b>Net Position</b>			
Net Investment in Capital Assets	19,070,864	-	19,070,864
Restricted for:			
Debt Service	994,964	-	994,964
Unrestricted	5,894,866	558,985	6,453,851
<b>Total Net Position</b>	<b>\$ 25,960,694</b>	<b>\$ 558,985</b>	<b>\$ 26,519,679</b>

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, 2019**

	Business-Type Activities Enterprise Funds		
	Public Utility Fund	Non-Major Sanitation Fund	Total
	Fund	Fund	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 3,266,428	\$ 280,077	\$ 3,546,505
<b>Total Operating Revenues</b>	<u>3,266,428</u>	<u>280,077</u>	<u>3,546,505</u>
<b>Operating Expenses</b>			
Personal Services	969,403	-	969,403
Contractual Services	102,760	217,200	319,960
General Operating	807,287	4,833	812,120
Depreciation	1,070,654	-	1,070,654
<b>Total Operating Expenses</b>	<u>(2,950,104)</u>	<u>(222,033)</u>	<u>(3,172,137)</u>
<b>Operating Income</b>	<u>316,324</u>	<u>58,044</u>	<u>374,368</u>
<b>Non-Operating Revenues (Expenses)</b>			
Capital Grants	-	-	-
Investment Earnings	556,287	-	556,287
Miscellaneous Revenue	4,548	-	4,548
Gain on Disposal of Fixed Assets	67	-	67
Interest Expense	(231,158)	-	(231,158)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>329,744</u>	<u>-</u>	<u>329,744</u>
<b>Income Before Transfers</b>	<u>646,068</u>	<u>58,044</u>	<u>704,112</u>
Transfers In	18,000	-	18,000
Transfers (Out)	(652,586)	(31,950)	(684,536)
<b>Total Transfers</b>	<u>(634,586)</u>	<u>(31,950)</u>	<u>(666,536)</u>
<b>Change in Net Position</b>	11,482	26,094	37,576
<b>Net Position, Beginning of Year</b>	<u>25,949,212</u>	<u>532,891</u>	<u>26,482,103</u>
<b>Net Position, End of Year</b>	<u>\$ 25,960,694</u>	<u>\$ 558,985</u>	<u>\$ 26,519,679</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, 2019**

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Public Utility Fund</b>	<b>Non-Major Enterprise Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 3,285,651	\$ 278,566	\$ 3,564,217
Cash Payments to Suppliers and Service Providers	(924,083)	(222,011)	(1,146,094)
Cash Payments to Employees for Salaries and Benefits	(973,802)	-	(973,802)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,387,766</u>	<u>56,555</u>	<u>1,444,321</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers In from Other Funds	18,000	-	18,000
Transfers to Other Funds	(652,586)	(31,950)	(684,536)
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<u>(634,586)</u>	<u>(31,950)</u>	<u>(666,536)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(171,957)	-	(171,957)
Miscellaneous Revenue	4,548	-	4,548
Principal Paid on Debt	(322,259)	-	(322,259)
Interest Paid on Debt	(233,449)	-	(233,449)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(723,117)</u>	<u>-</u>	<u>(723,117)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sale of Investments	273,771	-	273,771
Interest on Investments	137,561	-	137,561
<b>Net Cash Provided by (Used in) for Investing Activities</b>	<u>411,332</u>	<u>-</u>	<u>411,332</u>
<b>Net Increase in Cash and Cash Equivalents</b>	441,395	24,605	466,000
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,005,803</u>	<u>540,917</u>	<u>3,546,720</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,447,198</u>	<u>\$ 565,522</u>	<u>\$ 4,012,720</u>
Cash and Cash Equivalents	\$ 1,905,417	\$ 565,522	\$ 2,470,939
Restricted Cash and Cash Equivalents	1,541,781	-	1,541,781
<b>Total</b>	<u>\$ 3,447,198</u>	<u>\$ 565,522</u>	<u>\$ 4,012,720</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, 2019**

	Business-Type Activities		
	Enterprise Funds		
	Public Utility Fund	Non-Major Enterprise Fund	Total
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u></b>			
Operating Income	\$ 316,324	\$ 58,044	\$ 374,368
Adjustments to Reconcile Operating Income to Net Cash			
Provided by (Used in) Operating Activities:			
Depreciation Expense	1,070,654	-	1,070,654
(Increase) Decrease in Accounts Receivable	(67,091)	(1,511)	(68,602)
(Increase) Decrease in Deferred Outflows	(3,344)	-	(3,344)
(Increase) Decrease in Prepaids	-	-	-
(Increase) Decrease in Inventory	(16,222)	-	(16,222)
Increase (Decrease) in Customer Deposits	86,314	-	86,314
Increase (Decrease) in Accounts Payable and Accrued Expenses	2,186	22	2,208
Increase (Decrease) in Due to Other Funds	-	-	-
Increase (Decrease) in Compensated Absences	(5,074)	-	(5,074)
Increase (Decrease) in OPEB Liability	4,019	-	4,019
Increase (Decrease) in Net Pension Liability	-	-	-
Increase (Decrease) in Deferred Inflows	-	-	-
Total Adjustments	<u>1,071,442</u>	<u>(1,489)</u>	<u>1,069,953</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 1,387,766</u>	<u>\$ 56,555</u>	<u>\$ 1,444,321</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, 2019**

	<b>Total</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 386,512
Investments	16,196,596
Interest and Dividends Receivable	8,403
Accounts Receivable (Payable)	(14,552)
Due from Other Governments	9,421
<b>Total Assets</b>	<b>16,586,380</b>
 <b>Net Position - Held in Trust for Pension Benefits</b>	 <b>\$ 16,586,380</b>

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, 2019**

	<b>Total</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 551,884
Employee	20,112
Insurance Premium Tax - State	127,421
Total Contributions	699,417
Net Investment Earnings	554,873
<b>Total Additions</b>	<b>1,254,290</b>
 <b>Deductions</b>	
Benefits Paid	674,638
Administrative Expenses	166,918
<b>Total Deductions</b>	<b>841,556</b>
 <b>Change in Net Position</b>	 412,734
 <b>Net Position - Beginning of Year</b>	 <u>16,173,646</u>
 <b>Net Position - End of Year</b>	 <u><u>\$ 16,586,380</u></u>

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 blended 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**

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 inter-fund 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 non-major 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.
- **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.
- **Local Government Infrastructure Surtax**—Accounts for the 1 percent discretionary sales surtax deposited as authorized under Florida Statutes 212.055, and accounted for in accordance with the Florida Statutes.

The following is reported as a major enterprise fund:

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



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

The City also reports the following funds:

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

**Budgetary Information**

The annual budget formally adopted by the City Commission serves as the legal authorization for expenditures. Legal budgetary authority and control is established on a fund basis in accordance with Florida Statutes 129.03; however, operational control for management purposes is maintained during the year at the lower of the 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.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and demand deposits and highly liquid investments with a maturity 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.

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

**Inventories and Prepaid Items**

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

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

**Capital Assets**

Capital assets, which include property, plant 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:

Assets	Threshold	Years
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.

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

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

**Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund 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 non-spendable 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**

- *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 non-spendable 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 post-closure 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 post-closure 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.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. In

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

the statement of net position, the deferred outflow for pensions is an aggregate of items related to pensions and the deferred outflow for OPEB is an aggregate of items related to OPEB. The deferred outflows related to pensions and OPEB will be recognized as either expense or a reduction in the related liability in future reporting years. Details on the composition of the deferred outflows related to pensions and OPEB are further discussed in the notes. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In the statement of net position, the deferred inflow for pensions is an aggregate of items related to pensions. The composition of the deferred inflows related to pensions are further discussed in the notes.

**Government-Wide and Proprietary Fund Net Position**

As of September 30, 2019, net position is classified as follows:

*Net Investment in Capital Assets*—Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted Net Position*—Consists of net position that is restricted by the City’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

*Unrestricted*—All other net position is reported in this category.

**Governmental Fund Balances**

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Commissioners have provided otherwise in 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 \$127,421 for the year ended September 30, 2019.

**New GASB Statement Implemented**

In fiscal year 2019, the City implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placement.

**Subsequent Event - COVID-19**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of our report causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant but is not quantifiable at this time.

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

**Note 2 - Deposits and Investments**

<u>Type</u>	<u>Fair Value</u>	<u>Interest Risk WAM</u>	<u>Level</u>	<u>Credit Ratings</u>
<b>Cash and Cash Equivalents - Non-Pension:</b>				
Cash Deposit	\$ 10,195,991	N/A	N/A	N/A
Petty Cash	1,045	N/A	N/A	N/A
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 10,197,036</u></b>			
<b>Investments - Non-Pension:</b>				
U.S. Treasuries	\$ 249,405	0.13 Years	1	NR
Corporate Backed Securities	33,233	15.42 Years	1	NR
Mortgage Backed Securities	5,394,779	22.95 Years	1	Aaa/AA+/AAA/N/R
<b>Total Investments</b>	<b><u>\$ 5,677,417</u></b>			
<b>Pension Cash and Investments:</b>				
Cash Deposits	\$ 386,512	N/A	N/A	N/A
<b>Investments:</b>				
Cash and Cash Equivalents	201,381	N/A	N/A	N/A
U.S. Agencies	102,275	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
U.S. Treasuries	831,583	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
Corporate Bonds	1,134,177	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
Money Market Mutual Funds	900,000	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
Bond Mutual Funds and EFT's	2,511,713	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
Common and Preferred Stock	4,023,386	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
Equity Mutual Funds and ETF's	6,492,081	1.8-3.8 Years	1	AAA/AA/A/BBB/BB/B/CCC
<b>Total Investments</b>	<b><u>16,196,596</u></b>			
<b>Total Pension Cash and Investments</b>	<b><u>16,583,108</u></b>			
<b>Total</b>	<b><u>\$ 32,457,561</u></b>			
Entity-Wide Cash Deposits	\$ 8,176,544			
Entity-Wide Non-Pension Investments	5,677,417			
Entity-Wide Restricted Cash	1,541,781			
Cash with Fiscal Agent	478,711			
Pension Cash	386,512			
Pension Investments	16,196,596			
<b>Total</b>	<b><u>\$ 32,457,561</u></b>			

**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.

**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.

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

**Custodial Credit Risk—Cash Deposits**

At September 30, 2019, 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 Inter-Local 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, direct 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 Inter-Local Cooperation Act*, as provided in the Florida Statute 163.01.
- Securities and Exchange Commission-registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Savings accounts in state-certified qualified public depositories, as defined in Florida Statute 280.02.
- Certificates of deposit in state-certified qualified public depositories, as defined in Florida Statute 280.02.
- Direct obligations of the U.S. Treasury.
- Federal agencies and instrumentalities.
- Other investments authorized by a written policy adopted under Florida Statute 218.415.

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

- Time or savings accounts of a national bank, a state bank insured by the Bank Insurance fund, or a savings, building, and loan association insured by the Savings Association Insurance fund, which is administered by the Federal Deposit Insurance Corporation (FDIC), or state or federal chartered credit union whose share accounts are insured by the National Credit Union Share Insurance fund.



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

- 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, 2019.

**Note 3 - Inter-Fund Transactions**

**Inter-Fund Transfers**

Individual inter-fund transfers were as follows:

	<u>Transfers in</u>	<u>Transfers (out)</u>
General Fund	\$ 897,406	\$ 81,167
Non-Major Governmental Funds	281,086	294,456
Community Redevelopment District	81,167	17,500
Local Government Infrastructure Surtax	-	200,000
Business-Type Activities:		
Public Utility	18,000	652,586
Non-Major Enterprise Fund	-	31,950
<b>Total Transfers In/(Out)</b>	<u>\$ 1,277,659</u>	<u>\$ 1,227,659</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.

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

**Note 4 - Capital Assets**

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental-Type Activities</b>					
Capital Assets					
Not Being Depreciated:					
Land	\$ 859,797	\$ -	\$ -	\$ -	\$ 859,797
Construction in Process	250,095	1,717,003	-	(42,090)	1,925,008
Infrastructure	<u>2,636,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,636,781</u>
Total Capital Assets, Not Depreciated	<u>3,746,673</u>	<u>1,717,003</u>	<u>-</u>	<u>(42,090)</u>	<u>5,421,586</u>
Capital Assets					
Being Depreciated:					
Buildings	7,897,288	-	-	-	7,897,288
Infrastructure	4,411,004	1,358,839	-	42,090	5,811,933
Machinery and Equipment	<u>3,937,771</u>	<u>337,644</u>	<u>(2,063)</u>	<u>-</u>	<u>4,273,352</u>
Total Capital Assets, Depreciated	<u>16,246,063</u>	<u>1,696,483</u>	<u>(2,063)</u>	<u>42,090</u>	<u>17,982,573</u>
Less Accumulated Depreciation for:					
Buildings	(1,626,034)	(236,608)	-	-	(1,862,642)
Infrastructure	(1,280,640)	(239,621)	-	-	(1,520,261)
Machinery and Equipment	<u>(2,743,192)</u>	<u>(312,655)</u>	<u>2,063</u>	<u>-</u>	<u>(3,053,784)</u>
Total Accumulated Depreciation	<u>(5,649,866)</u>	<u>(788,884)</u>	<u>2,063</u>	<u>-</u>	<u>(6,436,687)</u>
Total Capital Assets, Depreciated	<u>10,596,197</u>	<u>907,599</u>	<u>-</u>	<u>42,090</u>	<u>11,545,886</u>
<b>Total Governmental-Type Activities, Capital Assets, Net</b>	<u>\$ 14,342,870</u>	<u>\$ 2,624,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,967,472</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Adjustments</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>					
Capital Assets					
Not Being Depreciated:					
Land	\$ 117,862	\$ -	\$ -	\$ -	\$ 117,862
Construction in Process	223,482	45,635	-	-	269,117
Total Capital Assets, Not Depreciated	<u>341,344</u>	<u>45,635</u>	<u>-</u>	<u>-</u>	<u>386,979</u>
Capital Assets					
Being Depreciated:					
Buildings	9,131,773	-	-	-	9,131,773
Infrastructure	22,907,550	14,540	-	-	22,922,090
Machinery and Equipment	<u>9,419,872</u>	<u>111,849</u>	<u>(2,000)</u>	<u>-</u>	<u>9,529,721</u>
Total Capital Assets, Depreciated	<u>41,459,195</u>	<u>126,389</u>	<u>(2,000)</u>	<u>-</u>	<u>41,583,584</u>
Less Accumulated Depreciation for:					
Buildings	(3,087,283)	(181,870)	-	-	(3,269,153)
Infrastructure	(5,843,044)	(503,155)	-	-	(6,346,199)
Machinery and Equipment	<u>(4,355,225)</u>	<u>(385,629)</u>	<u>2,000</u>	<u>-</u>	<u>(4,738,854)</u>
Total Accumulated Depreciation	<u>(13,285,552)</u>	<u>(1,070,654)</u>	<u>2,000</u>	<u>-</u>	<u>(14,354,206)</u>
Total Capital Assets, Depreciated	<u>28,173,643</u>	<u>(944,265)</u>	<u>-</u>	<u>-</u>	<u>27,229,378</u>
<b>Total Business-Type Activities, Capital Assets</b>	<u>\$ 28,514,987</u>	<u>\$ (898,630)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,616,357</u>

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

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>		
General Government		\$ 157,394
Public Safety		87,936
Transportation		460,827
Culture and Recreation		70,164
Community Redevelopment Agency - Physical Environment		12,563
<b>Total Depreciation Expense Governmental Activities</b>		<b>\$ 788,884</b>
<b>Business-Type Activities</b>		
Physical Environment		\$ 1,070,654
<b>Total Depreciation Expense Business-Type Activities</b>		<b>\$ 1,070,654</b>

**Note 5 - Pledged Revenues**

The City has pledged certain revenues to repay certain bond, notes, and capital leases outstanding as of September 30, 2019. 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, 2019:

Type	Revenue Pledged	Revenues (Net)	Principal and Interest Paid	Estimated Revenue Percentage Pledged	Outstanding Principal and Interest	Pledged Through
<b>Business-Type Activities</b>	Net Utility System					
Revenue Bonds - 2003 - Utility System	Revenues - plus Franchise Fees (1)	\$ 2,962,174	\$ 71,008	2%	\$ 1,618,094	2042
State Revolving Funds - DW510400 - Utility System	Net Utility System Revenues (2)	1,771,873	14,359	1%	165,131	2031
State Revolving Funds - WW67005P - Utility System	Net Utility System Revenues (2)	1,757,514	40,715	2%	407,149	2029
State Revolving Funds - WW67006P - Utility System	Net Utility System Revenues (2)	1,716,798	18,341	1%	201,745	2030
Revenue Bonds - 2013 - Utility System	Net Utility System Revenues - plus Franchise Fees (2)	2,229,044	161,751	7%	5,491,520	2052
State Revolving Funds - DW510420 - Utility System	Net Utility System Revenues (2)	1,536,707	243,774	16%	4,145,540	2030
State Revolving Funds - DW510411 - Utility System	Net Utility System Revenues (2)	1,292,934	9,560	1%	119,654	2030
<b>Governmental Activities</b>						
Capital Lease Street Sweeper	General Fund Revenues	3,037,287	53,569	1.76%	53,470	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**

**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
<b>Governmental-Type Activities</b>					
Landfill Closure/Post-Closure	\$ 27,960	\$ -	\$ -	\$ 27,960	\$ -
Capital Lease - Street Sweeper - Direct Borrowing	102,462	-	50,499	51,963	51,963
Capital Lease - Boom Lift - Direct Borrowing	4,967	-	4,967	-	-
Compensated Absences	431,254	103,481	107,814	426,921	106,730
<b>Total</b>	<u>\$ 566,643</u>	<u>\$ 103,481</u>	<u>\$ 163,280</u>	<u>\$ 506,844</u>	<u>\$ 158,693</u>
<b>Business-Type Activities</b>					
Notes Payable - Direct Placement	\$ 4,721,754	\$ -	\$ 252,643	\$ 4,469,111	\$ 256,279
Bonds Payable - Direct Placement	4,145,998	-	69,616	4,076,382	72,289
Compensated Absences	31,619	2,831	7,905	26,545	6,636
<b>Total</b>	<u>\$ 8,899,371</u>	<u>\$ 2,831</u>	<u>\$ 330,164</u>	<u>\$ 8,572,038</u>	<u>\$ 335,204</u>

**Business-Type Activities**

The following is a schedule of debt outstanding at September 30, 2019:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rates
State Revolving Funds - Direct Placement	Utility System	\$ 7,117,609	\$ 4,469,111	2.24/3.75/2.31/ 2.43/1.32/1.48
Series 2003 - Direct Placement	Utility System	1,275,400	997,400	3.59%
Series 2013 - Direct Placement	Utility System	3,248,000	3,078,982	3.75%
<b>Total Business-Type Activities</b>			<u>\$ 8,545,493</u>	

Year Ending September 30,	Governmental Activities			Business-Type Activities		
	Direct Borrowing			Direct Placements		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2020	\$ 51,963	\$ 1,507	\$ 53,470	\$ 328,568	\$ 227,559	\$ 556,127
2021	-	-	-	335,404	220,552	555,956
2022	-	-	-	342,376	213,365	555,741
2023	-	-	-	349,487	205,994	555,481
2024	-	-	-	357,741	198,435	556,176
2025-2029	-	-	-	1,908,812	870,939	2,779,751
2030-2034	-	-	-	1,790,150	664,150	2,454,300
2035-2039	-	-	-	1,210,749	464,983	1,675,732
2040-2044	-	-	-	707,321	304,491	1,011,812
2045-2049	-	-	-	626,197	182,554	808,751
2050-2054	-	-	-	588,688	50,318	639,006
<b>Totals*</b>	<u>\$ 51,963</u>	<u>\$ 1,507</u>	<u>\$ 53,470</u>	<u>\$ 8,545,493</u>	<u>\$ 3,603,340</u>	<u>\$ 12,148,833</u>

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

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 a street sweeper. The street sweeper have been capitalized as part of the City's capital assets and will depreciate over its useful life.

<b>Asset</b>	
Street Sweeper	\$ 249,577
(Accumulated Depreciation)	(71,060)
<b>Total</b>	<b><u>\$ 178,517</u></b>
<b>Future Minimum Lease Payments</b>	
<b>Year Ending</b>	
2020	<u>\$ 53,470</u>
<b>Total Minimum Lease Payments</b>	53,470
(Less Amount Representing Interest)	<u>(1,507)</u>
<b>Present Value of Minimum Lease Payments</b>	<b><u>\$ 51,963</u></b>

The City's governmental activities incurred interest costs of \$2,972, 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, 2019, was \$237,766; the City's total payroll was \$3,668,298.

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

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

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

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, 2019, the City contributed 7.92% and from July 1, 2019 to September 30, 2019, 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, 2019, and the preceding two years is as follows:

<u>Years Ending September 30,</u>	<u>Total Contribution</u>
2017	\$ 21,602
2018	17,930
2019	19,829

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, 2019, the City reported a net pension liability of \$169,291 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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, 2019, the City's proportionate share was 0004915733%, which was a decrease of 0.00002653199 from its proportionate share.

*Pension Expense and Deferred Outflow of Resources and Deferred Inflow of Resources*—On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflow Funds</u>	<u>Deferred Inflow Funds</u>
Differences Between Expected and Actual Experience	\$ 10,041	\$ 105
Change in Assumptions	43,481	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	9,366
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	1,648	58,822
City Contributions Subsequent to Measurement Date	<u>4,325</u>	<u>-</u>
<b>Total</b>	<u>\$ 59,495</u>	<u>\$ 68,293</u>

The Deferred Outflows of Resources related to pensions totaling \$4,325 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year	Total Inflows/Outflows
2020	\$ (5,900)
2021	(13,460)
2022	2,261
2023	3,911
2024	(165)
Thereafter	230
<b>Total</b>	<b>\$ (13,123)</b>

**Actuarial Assumptions**

The total pension liability in the June 30, 2019, 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	6.90%	Net Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details in valuation report.

The actuarial assumptions are used in the June 30, 2019 measurement date and as a result of the 2019 actuarial experience study, the inflation rate assumption was 2.60%; the real payroll growth assumption was 0.65%, and the overall payroll growth rate assumption 3.25%. The discount rate was changed in the current year from 7.00% to 6.90%.

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:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.30%	3.30%	1.20%
Fixed Income	18.00%	4.10%	4.10%	3.50%
Global Equity	54.00%	8.00%	6.80%	16.50%
Real Estate	10.00%	6.70%	6.10%	11.70%
Private Equity	11.00%	11.20%	8.40%	25.80%
Strategic Investments	6.00%	5.90%	5.70%	6.70%
<b>Total</b>	<b>100.00%</b>			
Assumed Inflation - Mean			2.60%	1.70%

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

*Discount Rate*—The discount rate used to measure the total pension liability was 6.90%. 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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	<b>1% Decrease 5.90%</b>	<b>Current Discount Rate – 6.90%</b>	<b>1% Increase 7.90%</b>
City’s Proportionate Share of the Net Pension Liability	\$ 292,648	\$ 169,291	\$ 66,267

*Florida Retirement System (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.

**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 FRS 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.



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

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, 2019, 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, 2019, 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.

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, 2019, the City reported a net pension liability of \$77,961 for its proportionate share of the net pension liability for HIS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 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, 2019, the City's proportionate share was 0.00069676472%, which was a decrease of 0.00001308224 from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2019, 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:

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

	<u>Deferred Outflow Funds</u>	<u>Deferred Inflow Funds</u>
Differences Between Expected and Actual Experience	\$ 947	\$ 95
Change in Assumptions	9,027	6,372
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	50	-
Changes in Proportion and Differences Between		
City Contributions and Proportionate Share of		
Contributions	24	30,372
City Contributions Subsequent to Measurement Date	<u>1,064</u>	<u>-</u>
<b>Total</b>	<u>\$ 11,112</u>	<u>\$ 36,839</u>

The deferred outflows of resources related to pensions totaling \$1,064, 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, 2019. 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>June 30,</u>	<u>Inflows/Outflow</u>
2020	\$ (8,309)
2021	(7,904)
2022	(6,016)
2023	(3,028)
2024	(1,571)
Thereafter	<u>37</u>
<b>Total</b>	<u>\$ (26,791)</u>

*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 Increases	3.25%	Average, Including Inflation
Investment Rate of Return	N/A	Net 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. The discount rate changed from 3.87% to 3.50%.

*Discount Rate*—The discount rate used to measure the total pension liability was 3.50%. 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.

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

*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 3.50%, 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	<b>1% Decrease 2.50%</b>	<b>Current Discount Rate – 3.50%</b>	<b>1% Increase 4.50%</b>
City's Proportionate Share of the Net Pension Liability	\$ 88,996	\$ 77,961	\$ 68,770

*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.

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, 2018, is comprised of the following:

<b>Group</b>	<b>Firefighters</b>	<b>Police Officers</b>
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	18	12
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	2	11
Active Plan Members	4	20
<b>Total Participants</b>	<b>24</b>	<b>43</b>

**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.

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

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            1.5% 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.

Normal Retirement

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.

Early Retirement

Eligibility                            Age 50 and 10 Years of Credited Service.

Benefit                                 Accrued benefit, reduced 3.0% per year.

Cost of Living Adjustment -  
Police Officers                        Normal Retirees after June 24, 2003, receive 2% annual benefit increases each October 1, beginning on the October 1st following 1 full year of retirement.

Vesting

Schedule                              100% after 10 years of Credited Service.

Benefit Amount                      Member will receive the vested portion of his (her) accrued benefit payable at the otherwise normal retirement date.

Death Benefits

Pre-Retirement:

    Vested                                Monthly accrued benefit payable to designated beneficiary for 10 years.

    Non-Vested                         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).

Contributions

Police Officers                        Member Contributions: 1.0% of Salary.

Deferred Retirement Option Plan (Police Officers)

Eligibility                              Satisfaction of normal retirement requirements.

Participation                         Not to exceed 60 months.

Rate of Returns                      Participants' Election:

    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, 2019, is \$ 0.

Form of Distribution                 Cash lump sum (options available) at termination of employment.

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

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"> <li>a. Interest at 6.5% per year, or</li> <li>b. Actual net rate of investment return (total return net of fees) credited each fiscal quarter.</li> </ul> Members may change option once during the DROP period. The DROP balance at September 30, 2019, is \$679,918.

**Summary of Significant Accounting Policies**

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

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

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

*Investment Policy*—The following was the Board's adopted asset allocation policy as of September 30, 2019:

Asset Class	FIREFIGHTERS	POLICE OFFICERS
	Target Allocation	Target Allocation
Cash/Cash Alternatives	3%	3%
Short-Term Taxable - Fixed Income	2%	2%
Intermediate Taxable - Fixed Income	16%	16%
Long-Term Taxable - Fixed Income	4%	4%
High Yield	7%	7%
Emerging Market - Fixed Income	8%	6%
US Large Cap Equities	25%	25%
US Mid Cap Equities	14%	14%
US Small Cap Equities	8%	8%
Dev Market Ex - US Equities	7%	7%
Emerging Market Equity	6%	8%
<b>Totals</b>	<b>100%</b>	<b>100%</b>

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

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

*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, 2019, is summarized in the following table:

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%
Short-Term Taxable - Fixed Income	0.44%	0.44%
Intermediate Taxable - Fixed Income	1.22%	1.22%
Long-Term Taxable - Fixed Income	1.52%	1.52%
High Yield	2.79%	2.79%
Emerging Market - Fixed Income	3.86%	3.86%
Large Cap Equities	5.04%	5.04%
Mid Cap Equities	5.92%	5.92%
Small Cap Equities	6.11%	6.11%
Dev Market Ex - US Equities	5.04%	5.04%
Emerging Market Equity	6.80%	6.80%

*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	\$ 1,871,043	\$ 1,127,276	\$ 503,350
Sponsor’s Net Pension Liability - Police Officers	3,517,584	1,892,132	560,411

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

**Actuarial Assumptions and Methods**

The total pension liability was determined by an actuarial valuation as of October 1, 2018, updated to September 30, 2019, 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 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 benefit is reduced by 3.0% per year.
Discount Rate:	7.00%
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 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.

**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 inter-local agreement). The City contributed \$144,000 for the year ended September 30, 2019.

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

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 \$318,442 for the year ended September 30, 2019.

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, 2019, 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, 2019, was \$1,450,989.

**Net Pension Liability**

The components of the net pension liability of the sponsor on September 30, 2019, were as follows:

	<b>Police Officers' Pension</b>	<b>Firefighters' Pension</b>
Total Pension Liability	\$ 11,780,533	\$ 7,886,703
Plan Fiduciary Net Position	<u>(9,888,401)</u>	<u>(6,759,427)</u>
Sponsor's Net Pension Liability	<u>\$ 1,892,132</u>	<u>\$ 1,127,276</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.94%	85.71%

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, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Police Officers pensions from the following sources:

	<b>Deferred Outflow Funds</b>	<b>Deferred Inflow Funds</b>
Differences Between Expected and Actual Experience	\$ 56,383	\$ 111,843
Changes of Assumptions	435,669	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>261,595</u>	<u>-</u>
<b>Total</b>	<u>\$ 753,647</u>	<u>\$ 111,843</u>



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

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to Fire pensions from the following sources:

	<b>Deferred Outflow Funds</b>	<b>Deferred Inflow Funds</b>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 154,632	\$ -
<b>Total</b>	<b>\$ 154,632</b>	<b>\$ -</b>

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

<b>Year</b>	<b>Police Total Inflows/Outflows</b>	<b>Fire Total Inflows/Outflows</b>
2020	\$ 218,377	\$ 18,681
2021	130,307	30,407
2022	206,328	48,299
2023	86,792	57,245
<b>Total</b>	<b>\$ 641,804</b>	<b>\$ 154,632</b>

<b>Combining Statement of Net Position</b>			
	<b>Police Officers' Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 222,512	\$ 164,000	\$ 386,512
Investments	9,606,116	6,590,480	16,196,596
Interest and Dividends Receivable	4,551	3,852	8,403
Accounts Receivable (Payable)	(12,269)	(2,283)	(14,552)
Due from Other Governments	9,421	-	9,421
<b>Total Assets</b>	<b>\$ 9,830,331</b>	<b>\$ 6,756,049</b>	<b>\$ 16,586,380</b>
<b>Net Position - Held in Trust for Pension Benefits</b>	<b>\$ 9,830,331</b>	<b>\$ 6,756,049</b>	<b>\$ 16,586,380</b>

<b>Combining Statement of Changes in Net Position</b>			
	<b>Police Officers' Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 318,442	\$ 233,442	\$ 551,884
State	89,740	37,681	127,421
Employee	17,463	2,649	20,112
Total Contributions	425,645	273,772	699,417
Net Investment Earnings	322,051	232,822	554,873
<b>Total Additions</b>	<b>747,696</b>	<b>506,594</b>	<b>1,254,290</b>
<b>Deductions</b>			
Benefits Paid	375,608	299,030	674,638
Administrative Expenses	95,015	71,903	166,918
<b>Total Deductions</b>	<b>470,623</b>	<b>370,933</b>	<b>841,556</b>
<b>Change in Net Position</b>	<b>277,073</b>	<b>135,661</b>	<b>412,734</b>
<b>Net Position, Beginning of Year</b>	<b>9,553,258</b>	<b>6,620,388</b>	<b>16,173,646</b>
<b>Net Position, End of Year</b>	<b>\$ 9,830,331</b>	<b>\$ 6,756,049</b>	<b>\$ 16,586,380</b>

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

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

	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>	<b>Net Pension Liability</b>
Florida Retirement System	\$ 68,293	\$ 59,495	\$ 169,291
Health Insurance Subsidy	36,839	11,112	77,961
Police Officers' Pension Plan	111,843	753,647	1,892,132
Firefighters' Pension Plan	-	154,632	1,127,276
<b>Total</b>	<b>\$ 216,975</b>	<b>\$ 978,886</b>	<b>\$ 3,266,660</b>

**Schedule of Changes in Employer's Net Pension Liability**

	<b>Firefighters' 2019</b>	<b>Police Officers' 2019</b>
<b>Total Pension Liability</b>		
Service Cost	\$ 53,670	\$ 299,081
Interest on the Total Pension Liability	566,394	786,576
Change in Excess State Money	-	-
Changes in Benefit Terms	(127)	-
Share Plan Allocation	-	-
Changes of Assumption	-	348,585
Differences Between Expected and Actual Experience	(288,677)	58,762
Benefit Payments, Including Refunds of Employee Contributions	(299,665)	(376,821)
<b>Net Change in Total Pension Liability</b>	<b>31,595</b>	<b>1,116,183</b>
<b>Total Pension Liability, Beginning of Year</b>	<b>7,855,108</b>	<b>10,664,350</b>
<b>Total Pension Liability, End of Year (a)</b>	<b>\$ 7,886,703</b>	<b>\$ 11,780,533</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 241,308	\$ 367,785
Contributions - State	37,681	89,739
Contributions - Employee	2,868	17,463
Net Investment Income	194,876	266,304
Benefit Payments, Including Refunds of Employee Contributions	(299,665)	(376,821)
Administrative Expense	(33,948)	(39,225)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>143,120</b>	<b>325,245</b>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<b>6,616,307</b>	<b>9,563,156</b>
<b>Plan Fiduciary Net Position, End of Year (b)</b>	<b>\$ 6,759,427</b>	<b>\$ 9,888,401</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 1,127,276</b>	<b>\$ 1,892,132</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>85.71%</b>	<b>83.94%</b>
<b>Covered Payroll</b>	<b>\$ 286,806</b>	<b>\$ 1,164,183</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>393.04%</b>	<b>162.53%</b>

**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**

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 \$145,444 for the fiscal year ended September 30, 2019.

**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, 2019, are as follows:

Utility Funds		\$	78,226
<b>Total Allowances for Doubtful Accounts</b>		<u>\$</u>	<u>78,226</u>

**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, 2019, was \$217,200.

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

**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, 2019:

<u>Projects</u>	<u>Contract Amount</u>	<u>Amount Expended To-Date</u>
S.R. 52 Realignment	\$ 519,716	\$ 478,711*
Downtown Stormwater Project	2,315,404/125,000	461,084
Hardy Trail	1,507,928	1,255,920
JDR Properties**	100,000	-

\*These funds have been placed in escrow with the Florida Department of Transportation.

\*\*Subsequent to year-end, the City entered into a settlement agreement with JDR properties to return amounts paid by JDR for Stormwater Non-Ad-Valorem.

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

**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**

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, 2018, the latest actuarial measurement date:

Retirees and Beneficiaries	1
Inactive, Non-Retired Members	-
Active Members	<u>80</u>
<b>Total</b>	<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.

Actuarial Assumptions:

Valuation Measurement Date	September 30, 2017
Measurement Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.83%
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.

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

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	<p>Changes in assumptions and other inputs include the change in the discount rate from 3.50% as of the beginning of the measurement period to 3.83% as of September 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.</p> <p>There were no benefit changes during the year.</p>
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.
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.
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.

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

**Total OPEB Liability**

The measurement date for the City's total/net OPEB liability is September 30, 2018. The measurement period for OPEB cost was October 1, 2017 to September 30, 2018. The components of the City's net OPEB liability at September 30, 2019, are as follows:

Total OPEB Liability	\$ 247,734
OPEB Plan Fiduciary Net Position	-
City's Net OPEB Liability	<u>\$ 247,734</u>
 OPEB Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 0.00%

**Changes in the OPEB Liability**

	<b>Fiscal Year 2019</b>
Total OPEB Liability	
Service Cost	\$ 21,355
Interest on the OPEB Liability	(8,703)
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience Of the Total OPEB Liability	-
Changes in the Assumptions and Other Inputs	(6,207)
Benefit Payments	<u>(6,831)</u>
Net Change in OPEB Liability	17,020
<b>Total OPEB Liability - Beginning</b>	<u>230,714</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 247,734</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 3.83%, 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 (2.83%) or one percentage-point higher (4.83%) than the current discount rate:

	<b>1% Decrease 2.83%</b>	<b>Current Trend Rate 3.83%</b>	<b>1% Increase 4.83%</b>
Total OPEB Liability	<u>\$ 266,693</u>	<u>\$ 247,734</u>	<u>\$ 229,727</u>

**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 or one percentage-point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
Total OPEB Liability	<u>\$ 221,307</u>	<u>\$ 247,734</u>	<u>\$ 278,978</u>

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

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

For the fiscal year ended September 30, 2019, the City recognized OPEB expense of \$17,020. At September 30, 2019, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions after the Measurement Date	\$ 21,105	\$ -



## **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 NET CHANGES IN THE CITY'S TOTAL OTHER POSTEMPLOYMENT**  
**BENEFITS (OPEB) LIABILITY AND RELATED RATIOS**  
**LAST 10 FISCAL YEARS\***  
**(UNAUDITED)**

<b>Reporting Period Ending</b>	September 30, 2019	September 30, 2018
<b>Valuation Date</b>	September 30, 2018	September 30, 2017
<b>Measurement Date</b>	September 30, 2017	September 30, 2016
<b>Total OPEB Liability</b>		
Service Costs	\$ 21,355	\$ 21,801
Interest	8,703	7,640
Changes in Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	-
Changes in Assumptions	(6,207)	(7,438)
Benefit Payments	(6,831)	(31,860)
<b>Net Change in Total OPEB Liability</b>	<u>17,020</u>	<u>(9,857)</u>
<b>Total OPEB Liability - Beginning</b>	230,714	240,571
<b>Total OPEB Liability - Ending</b>	<u>\$ 247,734</u>	<u>\$ 230,714</u>
<b>Covered Payroll</b>	<u>\$ 3,529,100</u>	<u>\$ 3,421,000</u>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.02%	6.74%

**Notes to 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**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>							
Service Cost	\$ 53,670	\$ 50,182	\$ 62,305	\$ 57,109	\$ 73,291	\$ 69,178	\$ 64,292
Interest on the Total Pension Liability	566,394	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 in Benefit Terms	(127)	-	-	-	-	-	-
Changes of Assumption	-	69,430	-	253,846	-	62,185	-
Differences Between Expected and Actual Experience	(288,677)	(32,479)	45,129	14,274	(96,908)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(299,665)	(263,194)	(267,801)	(265,932)	(231,915)	(197,332)	(177,666)
<b>Net Change in Total Pension Liability</b>	<b>31,595</b>	<b>371,687</b>	<b>361,367</b>	<b>420,052</b>	<b>210,374</b>	<b>378,393</b>	<b>307,959</b>
<b>Total Pension Liability, Beginning of Year</b>	<b>7,855,108</b>	<b>7,483,421</b>	<b>7,122,054</b>	<b>6,702,002</b>	<b>6,491,628</b>	<b>6,113,235</b>	<b>5,805,276</b>
<b>Total Pension Liability, End of Year (a)</b>	<b>\$ 7,886,703</b>	<b>\$ 7,855,108</b>	<b>\$ 7,483,421</b>	<b>\$ 7,122,054</b>	<b>\$ 6,702,002</b>	<b>\$ 6,491,628</b>	<b>\$ 6,113,235</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 241,308	\$ 197,648	\$ 186,045	\$ 165,798	\$ 176,552	\$ 173,000	\$ 169,273
Contributions - State	37,681	38,180	39,355	42,598	46,272	50,496	49,729
Contributions - Employee	2,868	2,706	2,948	3,215	3,817	3,756	3,675
Net Investment Income	194,876	499,603	511,409	457,863	(181,834)	503,118	336,055
Benefit Payments, Including Refunds of Employee Contributions	(299,665)	(263,194)	(267,801)	(265,932)	(231,915)	(197,332)	(177,666)
Administrative Expense	(33,948)	(35,748)	(33,164)	(31,008)	(37,380)	(16,578)	(12,125)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>143,120</b>	<b>439,195</b>	<b>438,792</b>	<b>372,534</b>	<b>(224,488)</b>	<b>516,460</b>	<b>368,941</b>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<b>6,616,307</b>	<b>6,177,112</b>	<b>5,738,320</b>	<b>5,365,786</b>	<b>5,590,274</b>	<b>5,073,814</b>	<b>4,704,873</b>
<b>Plan Fiduciary Net Position, End of Year (b)</b>	<b>\$ 6,759,427</b>	<b>\$ 6,616,307</b>	<b>\$ 6,177,112</b>	<b>\$ 5,738,320</b>	<b>\$ 5,365,786</b>	<b>\$ 5,590,274</b>	<b>\$ 5,073,814</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 1,127,276</b>	<b>\$ 1,238,801</b>	<b>\$ 1,306,309</b>	<b>\$ 1,383,734</b>	<b>\$ 1,336,216</b>	<b>\$ 901,354</b>	<b>\$ 1,039,421</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>85.71%</b>	<b>84.23%</b>	<b>82.54%</b>	<b>80.57%</b>	<b>80.06%</b>	<b>86.12%</b>	<b>93.00%</b>
<b>Covered Payroll**</b>	<b>\$ 286,806</b>	<b>\$ 270,632</b>	<b>\$ 294,798</b>	<b>\$ 321,518</b>	<b>\$ 395,515</b>	<b>\$ 375,625</b>	<b>\$ 367,453</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>393.04%</b>	<b>457.74%</b>	<b>443.12%</b>	<b>430.38%</b>	<b>337.84%</b>	<b>239.96%</b>	<b>282.87%</b>

\* 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.

*Changes in Benefit Terms:*

For measurement date September 30, 2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

\*\* The Covered Payroll numbers shown are in compliance with GASB Statement No. 82.

**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**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Total Pension Liability</b>							
Service Cost	\$ 299,081	\$ 275,150	\$ 274,006	\$ 232,694	\$ 231,742	\$ 222,220	\$ 206,524
Interest on the Total Pension Liability	786,576	750,739	723,973	642,677	614,062	570,466	530,188
Change of Benefit Terms	-	55,986	-	-	-	-	-
Differences Between Expected and Actual Experience	58,762	(27,183)	(238,832)	61,548	(238,374)	-	-
Changes of Assumption	348,585	136,407	-	461,939	-	99,655	-
Benefit Payments, Including Refunds of Employee Contributions	(376,821)	(681,481)	(227,666)	(223,887)	(229,801)	(211,201)	(233,668)
<b>Net Change in Total Pension Liability</b>	<b>1,116,183</b>	<b>509,618</b>	<b>531,481</b>	<b>1,174,971</b>	<b>377,629</b>	<b>681,140</b>	<b>503,044</b>
<b>Total Pension Liability, Beginning of Year</b>	<b>10,664,350</b>	<b>10,154,732</b>	<b>9,623,251</b>	<b>8,448,280</b>	<b>8,070,651</b>	<b>7,389,511</b>	<b>6,886,467</b>
<b>Total Pension Liability, End of Year (a)</b>	<b>\$ 11,780,533</b>	<b>\$ 10,664,350</b>	<b>\$ 10,154,732</b>	<b>\$ 9,623,251</b>	<b>\$ 8,448,280</b>	<b>\$ 8,070,651</b>	<b>\$ 7,389,511</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 367,785	\$ 268,685	\$ 206,524	\$ 200,903	\$ 202,014	\$ 180,861	\$ 192,889
Contributions - State	89,739	86,523	81,333	76,053	71,372	72,789	75,568
Contributions - Employee	17,463	14,538	10,520	10,303	9,893	9,394	9,906
Net Investment Income	266,304	690,619	766,558	664,654	(262,685)	736,583	523,467
Benefit Payments, Including Refunds of Employee Contributions	(376,821)	(681,481)	(227,666)	(223,887)	(229,801)	(211,201)	(233,668)
Administrative Expense	(39,225)	(48,459)	(37,908)	(32,953)	(35,483)	(17,925)	(12,968)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>325,245</b>	<b>330,425</b>	<b>799,361</b>	<b>695,073</b>	<b>(244,690)</b>	<b>770,501</b>	<b>555,194</b>
<b>Plan Fiduciary Net Position, Beginning of Year</b>	<b>9,563,156</b>	<b>9,232,731</b>	<b>8,433,370</b>	<b>7,738,297</b>	<b>7,982,987</b>	<b>7,212,486</b>	<b>6,657,292</b>
<b>Plan Fiduciary Net Position, End of Year (b)</b>	<b>\$ 9,888,401</b>	<b>\$ 9,563,156</b>	<b>\$ 9,232,731</b>	<b>\$ 8,433,370</b>	<b>\$ 7,738,297</b>	<b>\$ 7,982,987</b>	<b>\$ 7,212,486</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 1,892,132</b>	<b>\$ 1,101,194</b>	<b>\$ 922,001</b>	<b>\$ 1,189,881</b>	<b>\$ 709,983</b>	<b>\$ 87,664</b>	<b>\$ 177,025</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	83.94%	89.67%	90.92%	87.64%	91.60%	98.91%	97.60%
<b>Covered Payroll**</b>	<b>\$ 1,164,183</b>	<b>\$ 1,105,629</b>	<b>\$ 1,051,978</b>	<b>\$ 1,030,263</b>	<b>\$ 1,051,778</b>	<b>\$ 939,443</b>	<b>\$ 990,617</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	162.53%	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, 2019, as a result of an Actuarial Experience Study dated September 5, 2019, the Board approved the following changes:

The Investment Return Assumption was reduced from 7.3% to 7.0% per year, net of investment related expenses.

The assumed rate of individual salary increases was changed from a flat 5.5% per year to 10.0% in the first year of employment and 5.0% for all future years of service.

The assumed rates of pre-retirement withdrawal have been changed from an age-based table to an assumption of 15.0% per year during the first 5 years of employment and 2.5% per year after 5 years of employment.

The assumption that a Member eligible for normal retirement on the valuation date will work one more year was eliminated.

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**

	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 285,464	\$ 276,323	\$ 211,370	\$ 173,941	\$ 212,983	\$ 223,496	\$ 219,002
Contributions in Relation to the							
Actuarially Determined Contribution	278,989	235,828	225,400	208,396	222,824	223,496	219,002
Contribution Deficiency (Excess)	<u>\$ 6,475</u>	<u>\$ 40,495</u>	<u>\$ (14,030)</u>	<u>\$ (34,455)</u>	<u>\$ (9,841)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 286,806</u>	<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	97.27%	87.14%	76.46%	64.82%	56.34%	59.50%	59.60%

**Notes to Schedule**

Valuation Date October 1, 2017  
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  
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 Below. 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 Terminating During the Year	Percent Becoming Disabled in the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

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

	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 457,524	\$ 379,231	\$ 291,398	\$ 259,626	\$ 263,151	\$ 253,650	268,457
Contributions in Relation to the							
Actuarially Determined Contribution	457,524	355,208	287,857	276,956	273,386	253,650	268,457
Contribution Deficiency (Excess)	\$ -	\$ 24,023	\$ 3,541	\$ (17,330)	\$ (10,235)	\$ -	\$ -
Covered Payroll	\$ 1,164,183	\$ 1,105,629	\$ 1,051,978	\$ 1,030,263	\$ 1,051,778	\$ 939,443	\$ 990,617
Contributions as a Percentage of							
Covered Payroll	39.30%	32.13%	27.36%	26.88%	25.99%	27.00%	27.10%

**Notes to Schedule**

Valuation Date

October 1, 2017

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.

Disability Rates

See Table Below.

Mortality

RP-2000 Table with no projection – Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.

Other Information

Termination and Disability Rate Table:

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**

	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013
Annual Money-Weighted Rate of Return Net of Investment Expense	2.95%	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**

	<b>September 30, 2019</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2014</b>	<b>September 30, 2013</b>
Annual Money-Weighted Rate of Return Net of Investment Expense	2.79%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.000491573%	0.000518104%	0.000661177%	0.000666503%	0.0011699814%	0.0014725377%
City's Proportionate Share of the Net Pension Liability	\$ 169,291	\$ 156,056	\$ 195,572	\$ 168,293	\$ 151,119	\$ 89,846
City's Covered-Payroll	\$ 234,803	\$ 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	72.10%	67.31%	75.34%	64.29%	42.68%	26.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.82%	84.26%	83.89%	84.88%	92%	87.00%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 19,829	\$ 17,930	\$ 21,602	\$ 21,094	\$ 28,525	\$ 32,255
Contributions in Relation to the Contractually Required	19,829	17,930	21,602	21,094	28,525	32,255
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Payroll	\$ 237,766	\$ 231,851	\$ 259,258	\$ 261,769	\$ 354,060	\$ 344,846
Contributions as a Percentage of Covered-Payroll	8.34%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.000696765%	0.000709849%	0.000814424%	0.000814007%	0.001155987%	0.0013817262%
City's Proportionate Share of the Net Pension Liability	\$ 77,961	\$ 75,131	\$ 87,082	\$ 94,869	\$ 117,892	\$ 129,195
City's Covered-Payroll	\$ 234,803	\$ 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	33.20%	32.40%	33.55%	36.24%	33.30%	37.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 19,829	\$ 17,930	\$ 21,602	\$ 21,094	\$ 28,525	\$ 32,255
Contributions in Relation to the Contractually Required Contribution	19,829	17,930	21,602	21,094	28,525	32,255
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered-Payroll	\$ 237,766	\$ 231,851	\$ 259,258	\$ 261,769	\$ 354,060	\$ 344,846
Contributions as a Percentage of Covered-Payroll	8.34%	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  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	<b>Special Revenue</b>						
	<b>Public Safety Impact Fee Fund</b>	<b>Transportation Impact Fee Fund</b>	<b>Local Option Gas Tax Fund</b>	<b>Water and Sewer Impact Fee Fund</b>	<b>Stormwater Fund</b>	<b>Community Redevelopment Block Grant</b>	<b>Total Non-Major Governmental Funds</b>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 41,311	\$ 595,226	\$ -	\$ 1,919,846	\$ 28,163	\$ -	\$ 2,584,546
Accounts Receivable	-	-	24,150	-	415,416	-	439,566
<b>Total Assets</b>	<b>41,311</b>	<b>595,226</b>	<b>24,150</b>	<b>1,919,846</b>	<b>443,579</b>	<b>-</b>	<b>3,024,112</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accrued Liabilities	-	-	-	-	316,826	-	316,826
Due to Other Funds	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,826</b>	<b>-</b>	<b>316,826</b>
Fund Balances:							
Restricted	41,311	595,226	24,150	1,919,846	126,753	-	2,707,286
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>41,311</b>	<b>595,226</b>	<b>24,150</b>	<b>1,919,846</b>	<b>126,753</b>	<b>-</b>	<b>2,707,286</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 41,311</b>	<b>\$ 595,226</b>	<b>\$ 24,150</b>	<b>\$ 1,919,846</b>	<b>\$ 443,579</b>	<b>\$ -</b>	<b>\$ 3,024,112</b>

**CITY OF DADE CITY, FLORIDA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019**

	Special Revenue						Total Non-Major Governmental Funds
	Public Safety Impact Fee Fund	Transportation Impact Fee Fund	Local Option Gas Tax Fund	Water and Sewer Impact Fee Fund	Stormwater Fund	Community Redevelopment Block Grant	
<b>Revenues</b>							
Taxes and Special Assessments	\$ -	\$ -	\$ 277,785	\$ -	\$ 258,200	\$ -	\$ 535,985
Intergovernmental Revenues	-	-	-	-	414,975	677,000	1,091,975
Impact Fees	740	19,368	-	57,924	-	-	78,032
Interest Earnings	194	2,767	-	9,081	-	-	12,042
<b>Total Revenues</b>	<u>934</u>	<u>22,135</u>	<u>277,785</u>	<u>67,005</u>	<u>673,175</u>	<u>677,000</u>	<u>1,718,034</u>
<b>Expenditures</b>							
Current:							
Transportation	-	-	-	-	201,094	33,000	234,094
Capital Outlay	-	-	-	-	638,169	644,000	1,282,169
Debt Service	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839,263</u>	<u>677,000</u>	<u>1,516,263</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>934</u>	<u>22,135</u>	<u>277,785</u>	<u>67,005</u>	<u>(166,088)</u>	<u>-</u>	<u>201,771</u>
<b>Other Financing Source (Uses)</b>							
Transfer (in)	-	-	-	-	281,086	-	281,086
Transfer (out)	-	-	(276,456)	(18,000)	-	-	(294,456)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(276,456)</u>	<u>(18,000)</u>	<u>281,086</u>	<u>-</u>	<u>(13,370)</u>
<b>Net Change in Fund Balances</b>	934	22,135	1,329	49,005	114,998	-	188,401
<b>Fund Balances, Beginning</b>	40,377	573,091	22,821	1,870,841	11,755	-	2,518,885
<b>Fund Balances, Ending</b>	<u>\$ 41,311</u>	<u>\$ 595,226</u>	<u>\$ 24,150</u>	<u>\$ 1,919,846</u>	<u>\$ 126,753</u>	<u>\$ -</u>	<u>\$ 2,707,286</u>

## **COMPLIANCE SECTION**

**INDEPENDENT AUDITOR'S 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, 2019, 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 21, 2020.

**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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule that we consider to be a significant deficiency: 2014-2.

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

**INDEPENDENT AUDITOR'S 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***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

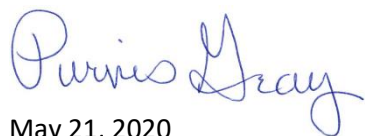
We noted certain matters that we reported to management of the City in a separate letter dated May 21, 2020, titled management letter comments required by Chapter 10.550, *Rules of the Auditor General*.

**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 questioned costs and the management response letter. 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.



May 21, 2020  
Ocala, Florida

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Dade City, Florida's (the City) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Those standards, and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND STATE PROJECT, AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

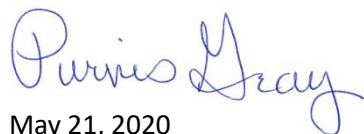
**Report on Internal Control Over Compliance**

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

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

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

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



May 21, 2020  
Ocala, Florida

**CITY OF DADE CITY, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal/Pass-Through Grantor/Program Title</u>	<u>CFDA#</u>	<u>Grantor's Contract Number</u>	<u>Program Award</u>	<u>Expenditures</u>
<b>Federal Awards</b>				
<b>U.S. Department of Justice</b>				
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-JAGD-PASC-1-N3-004	\$ 2,360	\$ 2,360
<b>U.S. Department of Transportation</b>				
Passed Through the Florida Department of Transportation Highway Planning and Construction (Hardy Trail)	20.205	G0W67	1,188,150	1,188,150
<b>U.S. Department of Homeland Security</b>				
Passed Through the Division of Emergency Management Disaster Grants - Public Assistance	97.036	Z0487	149,821	146,955
<b>U.S. Department of Housing and Urban Development</b>				
Passed Through the Florida Department of Economic Opportunity Community Development Block Grants	14.228	17DB-OL-08-61-02-N 19	700,000	677,000
<b>Total Federal Programs</b>				<u>\$ 2,014,465</u>

**Note 1 - Basis of Presentation**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Dade City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**Note 2 - Indirect Cost Rate**

The City has elected not to use the de minimis indirect cost rate allowed under the OMB Uniform Guidance.

**CITY OF DADE CITY, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of Auditor’s Report Issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Non-compliance material to financial statements noted?	No

**Federal Awards**

Internal Control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of Auditor’s Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with CFR 200.516(A) or Chapter 10.557 for Local Government Entities?	No
Identification of Major Programs:	

**Federal Program or Cluster**

U.S. Department of Transportation:	
Passed Through the Florida Department of Transportation: Highway Planning and Construction (Hardy Trail)	CFDA No. 20.205
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Auditee Qualified as Low-Risk Auditee Pursuant to the Uniform Guidance?	No

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

**Reference Number 2014-2**

<b><i>Criteria</i></b>	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.
<b><i>Condition</i></b>	The City of Dade City, Florida (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.
<b><i>Cause</i></b>	The review of the key transactional areas of the City noted insufficient separation of duties among personnel to properly receipt, reconcile, and record transactions.
<b><i>Effect</i></b>	The City lacks sound internal control over financial reporting due to a lack of separation of duties among personnel.
<b><i>Recommendation</i></b>	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.
<b><i>Response</i></b>	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  
Thomas Thanas, Interim City Attorney

May 21, 2020

Purvis, Gray & Company  
2347 S.E. 17<sup>th</sup> Street  
Ocala, FL 34471

RE: Corrective Action Plan for Financial Statement Findings  
Audit Period: September 30, 2019

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 and a limited budget. The City has taken the following corrective actions to mitigate risk. The City Manager/Finance Officer oversees an Assistant Finance Director (AFD). Accounts Payable and Payroll functions are assigned to different Fiscal Assistants. Human Resources (HR) enters the majority of payroll changes, with Finance double checking. HR enters time for public works employees; this is verified by the fiscal assistant in charge of payroll processing. The AFD prepares journal entries to record banking transfers; entries are approved by the Finance Officer. Journal entries for account corrections are entered by a fiscal assistant, then verified and posted by the AFD. Finance staff attends training through the FGFOA as well as other organizations. 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

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**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, 2019, and have issued our report thereon dated May 21, 2020.

**Auditor’s 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; Chapter 10.550, *Rules of the Auditor General*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Other Reporting Requirements**

We have issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant’s Report on an examination conducted in accordance with American Institute of Certified Public Accountants Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 21, 2020, 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 financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted. See Management Letter Comments.

**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).

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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**

**Financial Condition and Management**

Sections 10.554(1)(i)5.a and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate 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 to identify 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.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the City. 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.

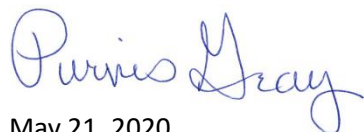
Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. Please see the following Management Letter Comments.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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.



May 21, 2020  
Ocala, Florida

## MANAGEMENT LETTER COMMENTS

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

**Please note the following comments:**

### Prior Year Comments

#### **2015-2—Information Technology (IT) General Controls and Policies (With Updates for 2019)**

During our audit fieldwork, we reviewed the City of Dade City, Florida's (the City) 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 documentation is still in process and has not been completed. 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.
- 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.

### Current Year Comments

#### **2019-1—Wastewater and Water Usage Rates**

Ordinance No. 2017-07 was approved by the Mayor and City Council in October 2017. This ordinance established a proposed increase per year of 2% and proposed specified rates to be paid for Wastewater and Water Usage or the fiscal years 2018-2022. During our testing of these related revenues, we noted that the proposed rates for 2019 were not changed from the 2018 rates. During the time of fieldwork we inquired with management and determined that the fiscal year 2020 rates were increased to the 2019 rates.

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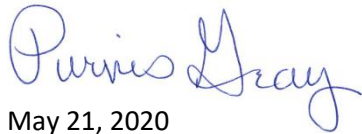
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Honorable Mayor and City Commissioners  
City of Dade City  
Dade City, Florida

**MANAGEMENT LETTER COMMENTS**

We recommend that management receive the City Council approval that the current rates in place are acceptable, although they do not concur with the same fiscal year as the Ordinance, or consult with the City's attorney to ensure that the proposed rates and timing is not mandatory.

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.

A handwritten signature in blue ink that reads "Purvis Gray". The signature is written in a cursive style with a large initial "P".

May 21, 2020  
Ocala, Florida



# CITY OF DADE CITY

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James D. Shive, Commissioner

Leslie Porter, City Manager  
Angelia Guy, City Clerk  
Leslie Porter, Finance Officer  
Thomas Thanas, Interim City Attorney

May 21, 2020

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 21, 2020. 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 COMMENTS (Updated for 2019):

➤ 2015-2 IT General Controls and Policies

Management recognizes the value of documenting policies and procedures and developing a disaster recovery plan. The City is working to develop additional policies/procedures that will strengthen the City's Information Technology (IT) controls. The City has hired a consultant to conduct an IT health check. Once the health check is complete, staff will develop and document formal policies addressing key controls. as well as a Disaster Recovery Plan.

CURRENT YEAR COMMENTS:

➤ 2019-1 Wastewater and Water Usage Rates

Management agrees to request Commission approval that the current rates in place are acceptable.

Sincerely,

Leslie Porter, City Manager/Finance Officer

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## INDEPENDENT ACCOUNTANT'S REPORT

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

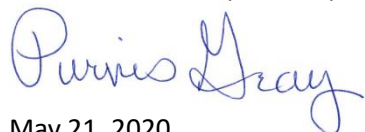
We have examined the City of Dade City's (the City) compliance with the requirements of Section 218.415, Florida Statutes with regards to the City's investments during the year ended September 30, 2019. City management is responsible for the City's compliance with those requirements. Our responsibility 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 non-compliance, 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, 2019.

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.



May 21, 2020  
Ocala, Florida

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Thomas Thanas, City Attorney

## AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Leslie Porter, who being duly sworn, deposes and says on oath that:

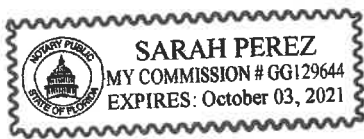
1. I am the Chief Financial Officer of the City of Dade City which is a municipality of the State of Florida;
2. The City of Dade City adopted Ordinance Numbers 2004-0831, 2004-0851, 2009-02, and 2016-01 implementing impact fees; and
3. The City of Dade City has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

  
\_\_\_\_\_  
Leslie Porter

STATE OF FLORIDA  
COUNTY OF PASCO

SWORN TO AND SUBSCRIBED before me this 22 day of May, 2020.



  
\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Sarah Perez

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

October 3, 2021

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