

City of Dania Beach *Florida*



**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2011**

THE CITY OF DANIA BEACH, FLORIDA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

September 30, 2011

Prepared by the
Finance Department

CITY OF DANIA BEACH, FLORIDA
 COMPREHENSIVE ANNUAL
 FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

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INTRODUCTORY SECTION



City of Dania Beach

Florida

March 30, 2011

Mayor and Commission
City of Dania Beach
Dania Beach, FL 33004

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Dania Beach (“City”) for the fiscal year ending September 30, 2011 is hereby submitted in compliance with the City Charter and Florida Statutes. The City is required to provide annually a report on its financial position and activities that is audited by an independent firm of certified public accountants. All disclosures necessary to enable the reader to gain an understanding of the City of Dania Beach’s activities have been included.

This report consists of management’s representations concerning the finances of Dania Beach. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Dania Beach has established a comprehensive internal control framework that is designed to protect government assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Dania Beach’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Dania Beach.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

The City’s independent auditors, Keefe, McCullough & Co., LLP, a firm of licensed certified public accountants, has audited the City’s financial statements and has issued an unqualified opinion on the financial statements as presented herein. The independent auditors’ report is presented as the first component of the financial section of this report.

PROFILE OF THE GOVERNMENT

The City of Dania Beach was incorporated in 1904 as Broward's first city. The City is located immediately south of the Fort Lauderdale-Hollywood International Airport, Port Everglades, and the Broward County Convention Center. Dania Beach operates under a Commission-City Manager form of government and provides services to an estimated 29,596 residents. Five Commission Members are elected at large on a non-partisan basis for four-year terms. The candidate with the highest number of votes will serve as the Mayor for one year. The Commission appoints the City Manager, who is the Chief Administrative Officer of the City and is responsible for implementing policies adopted by the City Commission. The City Commission determines policy, adopts legislation, approves the City's budget, levies taxes, and sets fees.

Dania Beach is a major player in South Florida's academic, marine, and tourism industries. Florida Atlantic University's nationally recognized oceanographic engineering research facility, known as SeaTech, is located in Dania Beach. In addition, the Raymond T. McKay Center for American Maritime Officer's Training and the Simulation Training Assessment & Research Center are also located within the City's boundary, with state of the art bridge and engine room simulators which offer advanced merchant marine training. Bass Pro Fishing and Game Centers and the International Game Fishing Association Museum and Hall of Fame are major attractions for people interested in boating and fishing.

The City provides a full range of municipal services. The public safety program includes contracting of fire and rescue services and police services from the Broward County Sheriff's Office. The City's extensive recreation program includes a beach, pools, tennis courts, neighborhood parks, community centers and provides a wide variety of programs for youth, adult and senior citizens. The Public Services Department provides essential street maintenance, beautification of roadways, cemetery maintenance and operations, performs projects funded by the Community Development Block Grants, and provides water and sewer service as well as maintenance of the City's storm drains and systems. The Community Development Department provides planning, zoning, building inspection, code compliance, and business tax license services to the public.

Internal support services includes the Department of Human Resources which is responsible for recruitment, compensation and benefits, employee relations, workers compensation, property, casualty and liability insurance. The Finance Department handles the City's annual budget planning and preparation, computer network and support, financial reporting, collection and disbursement of all City funds, debt management, cash management, capital assets control, payroll and utility billings and collections. The Public Services Department provides internal support for grounds maintenance, fleet management and citywide building maintenance.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective in which the City of Dania Beach operates. The City of Dania Beach is located in Southeastern Broward County on the Atlantic Ocean with the City of Hollywood to the south and the City of Fort Lauderdale to the North. Major economic influences in this area are predominantly the housing market (including home values, insurance, property taxes, and mortgage interest rates), travel

and tourism (airport, seaport / cruising, Interstate and Turnpike access), the regional job market, new construction, weather events and uncertainty about tax reform. In 2011, the Consumer Price Index increased and it is expected to increase further in 2012. Consideration of these economic indicators plays an important role in directing and prioritizing the use of City resources now and in the future.

In 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Future property tax revenue growth is limited to the annual growth rate of per capita personal income, which has been minimal, plus the value of new construction. The impacts of the current National recession and declining property values has resulted in a decline in annual tax revenue as well as new construction revenues over the past several years.

According to the Broward County Property Appraiser office, the taxable value of the City for fiscal year 2011 declined 1.9% compared to fiscal year 2010 – the third consecutive decline in three years. As in other cities around the country, Dania Beach has also experienced many home foreclosures and some delay in property development. Current estimates indicated property values have leveled off and are expected to slowly increase over the next few years.

With the airport expansion, the City faces declining property values in established neighborhoods which provide ocean access and commercial uses. Besides the personal loss that may be experienced by homeowners or businesses which may need to relocate, the City may face a significant reduction in its tax base and annual service revenues as a direct consequence of this expansion.

In 2004, the State of Florida and Broward County passed a referendum for the operation of slot machines in four pari-mutuel sites, one of which, Dania Jai Alai is located in the City of Dania Beach. One of the nation's biggest gaming entertainment corporations purchased the property with plans to construct a casino. However, due to the slow recovery of economic conditions and continuing legislative gaming discussions, plans for construction at the property remain delayed.

In 2010, the Florida Legislature approved a compact with the Seminole Tribe of Florida, Inc. authorizing blackjack and other card games at five Seminole casinos, including the Hollywood Hard Rock which sits adjacent to our City border. On an annual basis, the City will receive a small portion of the net wins attributed to the Hard Rock casino. Distributions began in March 2011 based on earnings from the effective date of the compact (August 2010) through September 30, 2010 and will continue annually in future years.

In March of 2008, the City engaged the first Community Redevelopment Director who reports directly to the CRA Board/City Commission. It is the intent of the Commission to revitalize the areas running parallel to US1 and its adjacent neighborhoods. The CRA and the City of Dania Beach are continuing their efforts to attract new businesses, new developments and increase property values while at the same time respecting the small town charm of Dania Beach. The City Commission and the CRA successfully expanded the CRA boundaries with approval by the Broward County Commission. With this expansion the CRA hopes to expand its revitalization efforts.

LONG-TERM FINANCIAL PLANNING

The City has been working diligently on an array of capital projects that encompass 1) economic development, 2) infrastructure improvement / replacement and 3) facility expansion. The number and magnitude of City capital projects have increased significantly during the past two years. Most City capital projects are being financed by a combination of accumulated fund balance cash and by an increasing level of City loans. The Administration has developed a Debt Policy approved by the City Commission to help provide guidance regarding the prudent use of debt and the reasonable total amount of debt to help ensure the City's continued financial stability in future years.

During the past year, the City has undertaken several projects including the following:

- Rehabilitation of existing Water Treatment Plant under construction using loan financing
- Lift Station rehabilitation using loan financing
- Cemetery improvements using Perpetual Care Fund balances
- Nano-filtration Water Plant Construction under construction using loan financing
- Citywide solar lighting using General Fund Balances and Community Development Block Grant funding
- Stormwater drainage improvements soon to be under construction using loan financing
- Marina improvements using General Fund balances and grant funding
- U. S. 1 Landscaping Improvements using Tree Preservation Fund balances and General Fund balances

RELEVANT FINANCIAL POLICIES

The City of Dania Beach budgetary and financial policies provide the basic framework for the overall fiscal management of the City. The main policies consist of the revenue, cash management and investments, debt, and fund balance policies. These policies are used in the development of current activities and planning for future programs.

Revenue Policy

The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit individual users. Additionally, it is the City's policy that new ongoing operating costs are funded with permanent, ongoing revenue sources. One time operating costs are tied to one-time revenue sources to ensure fund balance integrity.

Cash Management and Investments Policy

The City follows its adopted investment policy when handling public funds. The intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the City to meet its obligations, and 3) maximize the return on assets with an acceptably low exposure to risk. The investment policy meets the requirements of Florida Statutes, section 218.415.

Cash temporarily idle during the year was primarily invested in the Local Government Surplus Funds Trust Fund and the Florida Municipal Investment Trust. Changes in fair market value are temporary as the City intends to hold to maturity.

Debt Policy

The City seeks to maintain the highest bond rating to minimize borrowing costs. Debt is issued when necessary to finance capital projects, but is never used for current operations. The City reviews and evaluates its existing obligations and future borrowing needs regularly. During fiscal year 2011, City Governmental Funds issued a \$ 1.0 million capital lease for purchase of a new Fire ladder truck. City Business-type Funds added approximately \$3.6 million of additional loans under the State Revolving Fund (SRF) program with proceeds primarily used for the construction of a new Nano-filtration water plant.

Fund Balance Policy

The City has not yet considered or adopted a formal fund balance policy for the City's governmental funds, however the City Commission has placed several commitments and assignments using the General Fund Balance to provide resources for an array of items including 1) health insurance claims, 2) capital projects and 3) emergency disaster recovery. A general policy has been discussed between members of the City Commission and the Administration to identify and establish a reasonable goal for Assigned and Unassigned Fund Balance levels as a percentage of the annual General Fund budget. This will help Dania Beach provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, help offset significant economic downturns or revenue shortfalls and provide funds for unforeseen expenditures related to emergencies.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dania Beach for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. This was the twenty second consecutive year (fiscal years 1988-2010) that the government has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

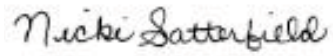
A Certificate of Achievement is valid for one year only. We believe that the September 30, 2011, Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts of the entire staff of the Finance Department. A special note of thanks is extended to the auditing firm Keefe, McCullough & Co., LLP for the professional approach in conducting the independent audit of the City's financial records and transactions and also individually to Nicki Satterfield, Assistant Finance Director and Frank DiPaolo, Controller who worked tirelessly with our auditors in the preparation of this report. Credit and thanks is also given to the City Manager, Mayor and Commission for their support in providing needed resources for this report's preparation and for maintaining high standards of professionalism in the oversight and administration of the City of Dania Beach's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Mark Bates". The signature is written in a cursive, flowing style.

Mark Bates, C.P.A.
Director of Finance

A handwritten signature in black ink that reads "Nicki Satterfield". The signature is written in a cursive, flowing style.

Nicki Satterfield, C.P.A.,
Assistant Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dania Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandison

President

Jeffrey R. Emswiler

Executive Director

DANIA BEACH CITY OFFICIALS

CITY COMMISSION

Mayor: Patricia Flury

Vice Mayor: Bobbie Grace

Commissioner: Anne Castro

Commissioner: Walter Duke

Commissioner: C. K. McElyea

CITY MANAGER

Robert Baldwin

FINANCE DIRECTOR

Mark Bates

ASSISTANT FINANCE DIRECTOR

Nicki Satterfield

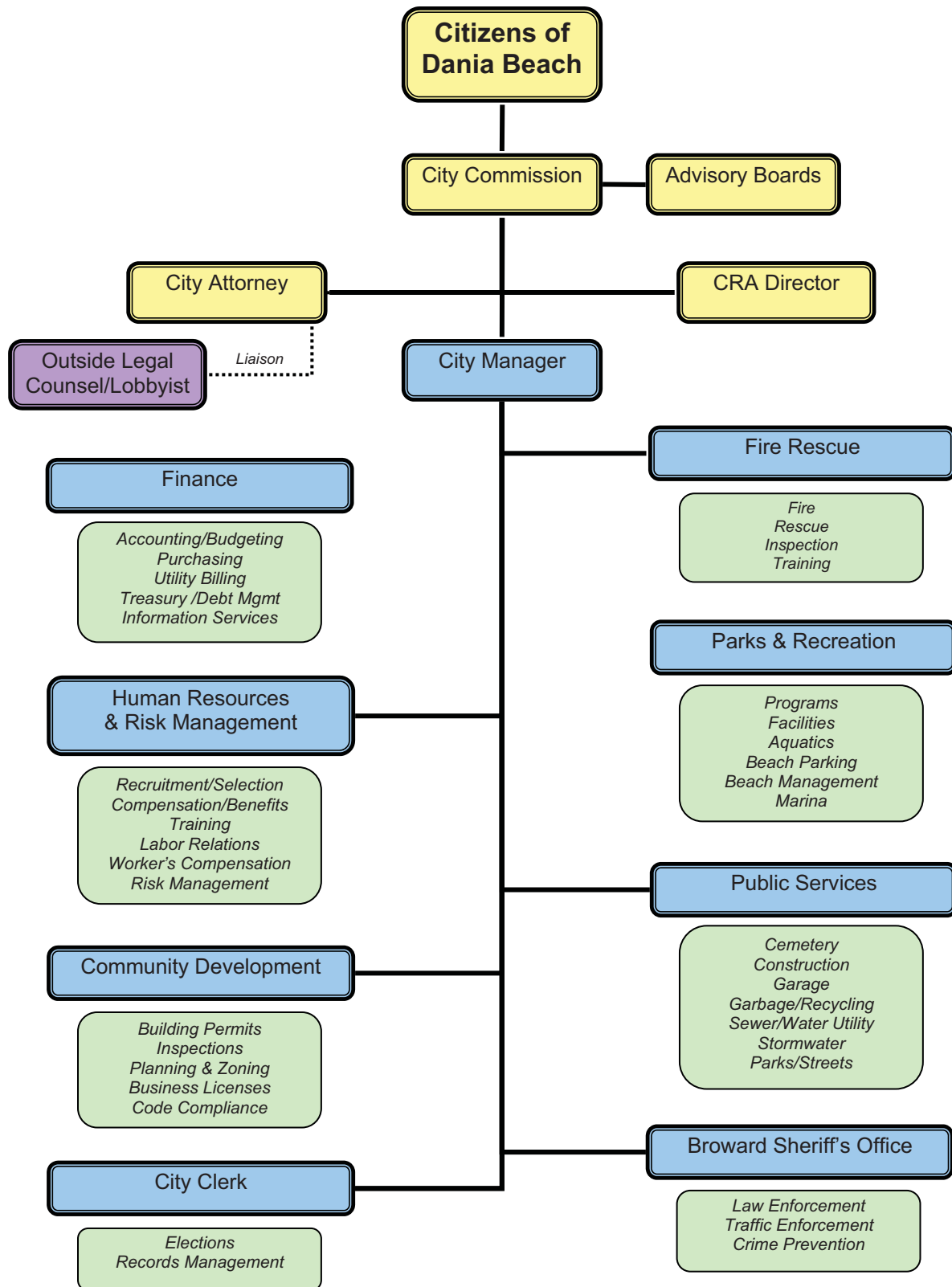
CONTROLLER

Frank DiPaolo

CITY AUDITORS

Keefe, McCullough & Co., LLP

CITY OF DANIA BEACH ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida
Dania Beach, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Dania Beach, Florida (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the Pension Trust Fund for Police Officers and Firefighters, which represents 52% and 52%, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund for Police Officers and Firefighters, is based solely on the report of the other auditor. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Dania Beach, Florida at September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, on our consideration of City of Dania Beach, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the analysis of funding progress on pages 3 through 16 and 74 through 76 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 and the other auditor 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 regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dania Beach's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, statistical section and schedule of local financial assistance, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, schedule of local financial assistance, 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 financial statements. The information has been subjected to the auditing procedures applied by us and the other auditor in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditor, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

KEEFE, MCCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 30, 2012

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

The City of Dania Beach's financial statements are designed to provide the readers of the financial statements easy to understand information and analysis of the City's financial activities based on currently known facts, decisions and conditions. This section is specifically designed to assist the reader in focusing on significant financial issues, changes in the City's financial position and material deviations from the approved budget and also to identify each individual funds issues and concerns. We encourage the reader to consider the information presented here in conjunction with the information provided in the letter of transmittal which can be found on pages i to vi of this report.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities at the close of fiscal year 2011 by \$ 97,035,453 (net assets) reflecting an increase of \$ 1,586,437 over the prior year. Of this total amount, \$ 32,347,581 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens. Unrestricted net asset reflect a increase of \$ 568,532 over the prior year comprised of a (\$ 2.9) million decrease in governmental activities relating primarily to capital projects and litigation matters and a \$ 3.5 million increase from business-type activities in anticipation of completing the receipt of significant loans for capital projects to improve and replace aging utility infrastructure.

At the close of fiscal year 2011, the City's governmental funds reported a combined ending fund balance of \$ 26,323,306, which includes the General Fund, Capital Projects Fund, Grants Fund, CRA Fund and other governmental funds. This balance represents a decrease of (\$ 2,477,373) from the prior year due primarily to investments in capital projects and litigation matters. The General Fund portion of the governmental funds total reflects an unreserved fund balance of \$ 9,832,009 available for spending at the City's discretion. This unreserved fund balance is \$ 278,820 more than the prior year and does not include non-spendable loan advances of \$3.755 million being used to support Water Plant construction projects and Marina operating losses. The General Fund assigned and unassigned fund balances totals \$ 11,958,446 or 30.9% of the General Fund budget. The deficit fund balance of (\$ 970,606) in the Grant Fund will be cured in future periods upon completion of approved projects and payment to the City from granting agencies. The \$ 6,289,319 fund balance in the Capital Projects Fund is planned to be used entirely for approved governmental capital improvements. Similarly, the \$ 2,197,279 fund balance of the CRA Fund is also planned for use toward approved neighborhood improvement projects and enhanced business development.

The General Fund reported an operating deficit for budgetary purposes of (\$ 316,712) for fiscal year 2011, before transfers and other financing sources. General Fund revenue sources were \$ 35,557,173 reflecting a variance of \$ 6,260,105 from the budget plan caused by capital project transfers and grant inter-fund loans. Expenditures for the year were \$ 35,873,885 before transfers and other financing sources reflecting a variance of \$ 1,829,597 from the budget plan. The amount of net inter-fund transfers totaled (\$ 3,996,852) pertaining to various capital projects and debt repayments, leaving the General Fund with a net decrease in fund balance of (\$ 4,283,564) for the fiscal year.

For the City's business-type activities, the City experienced an operating income of \$ 4,090,802 which, after net non-operating expenses of (\$ 196,943), grant capital contributions of \$ 2,550,000, and net inter-fund transfers of (\$ 848,976), generated an increase in net assets of \$ 5,594,883.

City-wide depreciation expenses recorded during the year amounted to \$ 3,918,323 reflecting an increase of \$938,805 or 31.2% from the prior year. Total capital assets net of related debt was \$ 59,185,802 at year end, reflecting a net increase of \$ 2,047,398 over 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statement is comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. In addition to the basic financial statements, this report also contains other supplementary information that further explains and supports the information in the financial statements.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 September 30, 2011

The following table summarizes the major features of the City's financial statements:

	Fund Statements			
	Government-wide Statement	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary such as police, fire, parks	Activities the City operates similar to private business such as water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as retirement plans for employees
Required financial statements	<ul style="list-style-type: none"> ◆ Statement of Net Assets ◆ Statement of Activities 	<ul style="list-style-type: none"> ◆ Balance Sheet ◆ Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> ◆ Statement of Net Assets ◆ Statement of Revenues, Expenses and Changes in Fund Net Assets ◆ Statement of Cash Flows 	<ul style="list-style-type: none"> ◆ Statement of Fiduciary Net Assets ◆ Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon after, no capital assets included	All assets and liabilities, both financial and Capital and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenses when goods/services have been received and payment is due, during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Dania Beach. Reporting is similar to that of a private-sector business.

The City's government-wide financial statements include the statement of net assets and statement of activities. As described below, these statements do not include the City's fiduciary funds as resources of these funds cannot be used to finance the City's operations. However, the financial statements of the fiduciary funds are included in the City's fund financial statements as the City is financially accountable for those resources.

The Statement of Net Assets (page 17) provides information on the assets held and liabilities owed by the City. Assets and liabilities are reported using the accrual basis of accounting, meaning assets are recorded when the City acquires ownership and liabilities are reported when they are incurred, regardless of when cash is received or paid. The difference between the City's total assets and total liabilities is net assets. This statement combines and consolidates the governmental entity's current financial resources (short-term spendable resources) with capital assets and long term financial obligations.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

The Statement of Activities (page 18) is focused on both the gross and net cost of various activities. This is intended to summarize and simplify the user's analysis of cost of various governmental services and the local taxing effort necessary to sustain each of those activities. The operations of City of Dania Beach are divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. It includes police, fire, public services, community development, parks, the Dania Beach Community Redevelopment Agency and administrative departments. These services are principally supported by property taxes, franchise fees and utility taxes, license and permit fees, intergovernmental revenues, special assessment and state, federal and local grant revenues.
- Business-type activities – City's services for which fees and charges are implemented with the intention to cover all or significant portion of the related costs. These services include water, sewer, stormwater, beach pier and parking systems.

These two statements report net assets and the changes in those assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Many non-financial or external factors, such as the City's tax base are reflected in the quality of its housing and commercial properties, the condition of City buildings and roads, and the number and types of businesses in the City, which all contribute to the overall health of the City.

FUND FINANCIAL STATEMENTS

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. Except for the General Fund, separate funds are established to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements as required by state and federal laws, bond covenants and the governmental accounting standards. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Most of City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and on the balance left at year-end that is available for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources available for allocation to future budgets and programs. The relationship (or differences) between governmental activities, as reported in the Statement of Net Assets and the Statement of Activities, and governmental funds is reconciled on the page following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet, governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Grants Fund, Community Redevelopment Agency Fund and the Capital Projects Fund which are considered to be major funds. Information from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 77 and 78 of this report.

The City adopts annual appropriated budgets for its General Fund, Capital Projects Fund, Tree Preservation Fund, Marina Operation Fund, Community Redevelopment Agency Fund, Building Fund and Debt Service Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets on pages 70 through 72 and 81 through 85.

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The City's governmental fund financial statements are presented on pages 17 through 24.

Proprietary Funds – The City maintains two different proprietary fund types. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, stormwater, pier and parking operations.

Proprietary funds provide the same type of information as the government-wide financial statements except in more details. The financial statements provide separate information for the water, sewer, stormwater utility, pier and parking operations.

The proprietary fund financial statements can be found on pages 25 through 32 of the report.

Fiduciary Funds – The City reports pension trusts for its two defined benefit pension plans and Other-Post-Employment Plan in the fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund statements can be found on pages 33 and 34 of this report and a more detailed description of the City's two pension trust funds may be found in the notes to financial statements on pages 58 through 64.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 69 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. This required supplemental information can be found on pages 74 through 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule is a summary of the fiscal year 2011 Statement of Net Assets with comparative information for fiscal year 2010. This schedule which presents net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 32,594,823	\$ 39,028,389	\$ 12,085,015	\$ 14,513,976	\$ 44,679,838	\$ 53,542,365
Capital assets	55,853,482	56,897,157	34,197,834	29,210,148	90,051,316	86,107,305
Total assets	88,448,305	95,925,546	46,282,849	43,724,124	134,731,154	139,649,670
Long-term liabilities	19,781,121	21,155,946	11,091,371	8,154,517	30,872,492	29,310,463
Other liabilities	4,381,490	6,475,460	2,441,719	8,414,731	6,823,209	14,890,191
Total liabilities	24,162,611	27,631,406	13,533,090	16,569,248	37,695,701	44,200,654
Net assets:						
Invested in capital assets, net of related debt	36,656,751	36,452,629	22,529,051	20,685,775	59,185,802	57,138,404
Restricted	2,262,284	3,575,974	3,239,786	2,955,589	5,502,070	6,531,563
Unrestricted	25,366,659	28,265,537	6,980,922	3,513,512	32,347,581	31,779,049
Total net assets	\$ 64,285,694	\$ 68,294,140	\$ 32,749,759	\$ 27,154,876	\$ 97,035,453	\$ 95,449,016

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The overall financial position of the City improved in total by \$ 1.6 million during fiscal year 2011 compared to 2010. Governmental net assets declined by (\$ 4.0) million due to a combination of reduced property taxes, increased staff benefit costs, litigation and settlement costs, and investments in capital projects. Business net assets increased by \$5.6 million reflecting plans for improved financial balances supporting loans for needed large capital infrastructure improvements. Changes in net assets over time is a good and useful indicator of financial position. Key elements of the reconciliation of the statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives through annual depreciation charges and changes in long-term liabilities as adjustments of expenses. Conversely, the governmental fund statements report the issuance of debt as other financing source of funds, the repayment of debt and the purchase of capital assets as expenditures, and changes in long-term liabilities are not reported in the operating statements.

The majority of the City's total net assets (60.99%) are in capital assets, such as land, construction in progress, buildings and improvements, infrastructure, furniture, fixtures and equipment, less any related debt outstanding that was used to acquire those assets. This reflects new City investments in capital infrastructure and facilities totaling \$ 6,446,567 that was offset somewhat from asset sales and transfers totaling \$ 3,775,513 relating primarily to fire equipment transferred to the County by a new interlocal fire-rescue services agreement dated January 2011. The City uses capital assets to provide basic services to its residents. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because it is unlikely that these capital assets would be sold or liquidated.

An additional portion of the net assets (5.67%) represents resources that are subject to external restrictions on how they may be used. The remaining net asset category, unrestricted, reflects a small overall increase of \$ 568,532 during the year comprised of a governmental activity decrease of (\$ 2.890) million from operating, legal and capital costs noted earlier and business-type activity increase of \$3.467 million in preparation for loan financing of planned infrastructure improvements. Unrestricted net assets (33.34%) may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of fiscal year 2011, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

CHANGES IN NET ASSETS

The following schedule is a summary of the fiscal year 2011 Statement of Activities with comparative information for fiscal year 2010.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 10,603,211	\$ 10,092,651	\$ 12,983,532	\$ 10,221,284	\$ 23,586,743	\$ 20,313,935
Operating grants	739,742	330,046	-	-	739,742	330,046
Capital grants contributions	320,526	3,263,346	2,550,000	-	2,870,526	3,263,346
General revenues:						
Property taxes	15,872,847	16,750,836	-	-	15,872,847	16,750,836
Utility taxes	4,288,639	4,364,708	-	-	4,288,639	4,364,708
Franchise fees	2,123,895	2,068,527	-	-	2,123,895	2,068,527
Intergovernmental	3,189,370	3,054,591	-	-	3,189,370	3,054,591
Miscellaneous	563,009	334,933	-	-	563,009	334,933
Investment earnings	126,727	512,983	21,925	23,031	148,652	536,014
Total revenues	37,827,966	40,772,621	15,555,457	10,244,315	53,383,423	51,016,936

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	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenses:						
General Government	9,167,195	8,147,507	-	-	9,167,195	8,147,507
Public Safety	22,604,730	20,775,149	-	-	22,604,730	20,775,149
Highway and Streets	1,616,983	2,250,950	-	-	1,616,983	2,250,950
Physical Environment	3,019,840	2,812,528	-	-	3,019,840	2,812,528
Culture and Recreation	3,912,623	3,284,918	-	-	3,912,623	3,284,918
Community Redevelopment	1,688,410	1,318,685	-	-	1,688,410	1,318,685
Interest expense	675,607	503,330	-	-	675,607	503,330
Water	-	-	3,000,283	2,981,620	3,000,283	2,981,620
Sewer	-	-	4,662,042	4,525,526	4,662,042	4,525,526
Stormwater	-	-	904,739	850,813	904,739	850,813
Parking	-	-	481,255	2,791	481,255	2,791
Pier operations	-	-	63,279	-	63,279	-
Total expenses	<u>42,685,388</u>	<u>39,093,067</u>	<u>9,111,598</u>	<u>8,360,750</u>	<u>51,796,986</u>	<u>47,453,817</u>
Increase in net assets before transfers	(4,857,422)	1,679,554	6,443,859	1,883,565	1,586,437	3,563,119
Transfers	<u>848,976</u>	<u>338,980</u>	<u>(848,976)</u>	<u>(338,980)</u>	<u>-</u>	<u>-</u>
Increase in net assets	(4,008,446)	2,018,534	5,594,883	1,544,585	1,586,437	3,563,119
Net assets, beginning of year	<u>68,294,140</u>	<u>66,275,606</u>	<u>27,154,876</u>	<u>25,610,291</u>	<u>95,449,016</u>	<u>91,885,897</u>
Net assets, ending of year	<u>\$ 64,285,694</u>	<u>\$ 68,294,140</u>	<u>\$ 32,749,759</u>	<u>\$ 27,154,876</u>	<u>\$ 97,035,453</u>	<u>\$ 95,449,016</u>

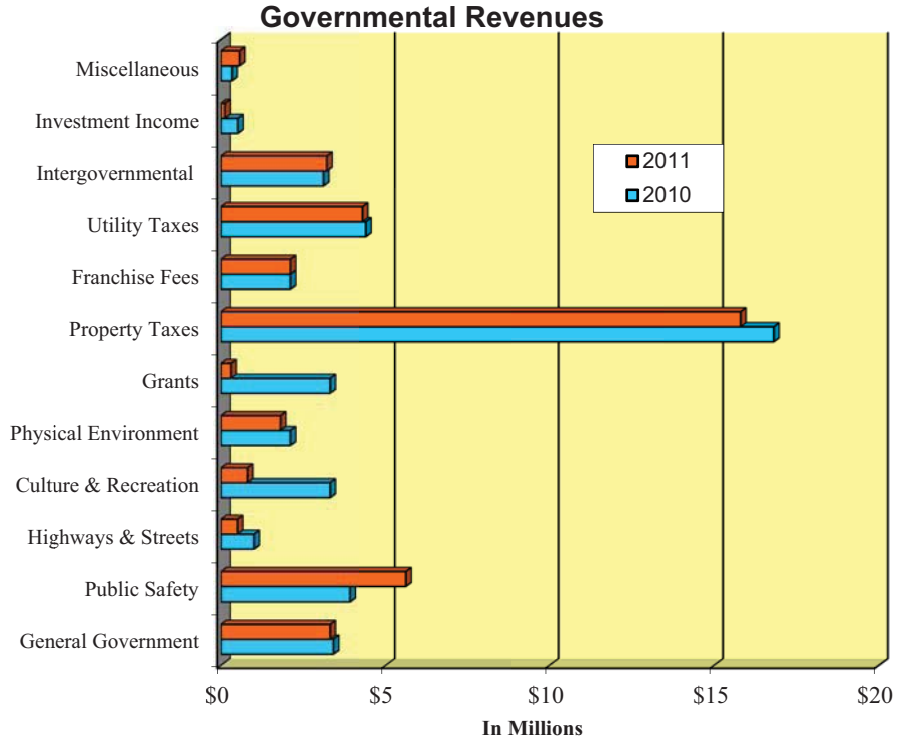
GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net assets by (\$ 4.0) million primarily due to a significant decline of (\$ 2.9) million in grant revenue receipts from the prior year and a reduction in property tax revenue of \$.9 million. Assessment rates for fire service were increased in 2011 resulting in higher charges for service revenues to help fund the expansion of fire staffing with the help of a Federal grant and to pay for the purchase and financing of new vehicles. Federal monetary policy maintaining interest rates at historically low rates resulted in a (\$.4) million decline in investment earnings.

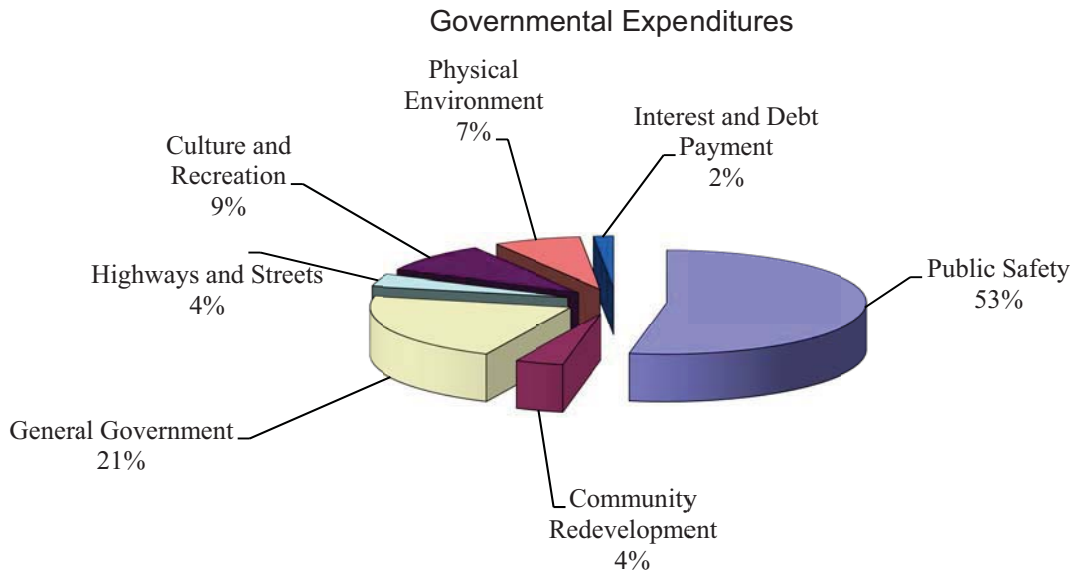
City investments in expanding police staffing and costs of annual police and fire operations resulted in a cost increase for public safety of \$ 1.8 million over the prior year. Fire Rescue impact fees were used toward purchase of a second new ladder truck prior to transfer of this service through interlocal agreement to the County in January 2011. Other capital improvements such as neighborhood solar lighting and park improvements were undertaken using a combination of grant fund awards and matching City funds. The City also purchased and began installation of a new City-wide automated computer system while also continuing installation of new sidewalks, park improvements, traffic calming devices and solar lighting during fiscal year 2011. Legal costs related to airport litigation matters and a litigation settlement of certain City rental facilities increased General Government costs by approximately \$ 1.1 during the fiscal year.

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The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2011 and 2010:



The pie chart below illustrates the program expenses for governmental activities for fiscal year 2011:



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BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net assets by \$ 5,594,883 to strengthen the financial condition of Utility Enterprise funds in preparation for capital improvement loans planned to pay for needed infrastructure improvements.

- Water Fund operations reflect an increase of \$ 3,999,665 in net assets. This included an increase of approximately \$ 630,000 in operating income stemming primarily from adjustment to user rates and delays in capital project construction resulting in reduced loan financing costs. The Water Fund also received a \$ 2.55 million loan forgiveness capital contribution in support of the new nano-membrane water plant construction project in 2011. Unrestricted net assets of the Water Fund show an improved balance of \$ 2,312,522 reflecting an increase of \$ 1,537,482 from the prior year.
- The Sewer Fund experienced an increase in net assets of \$ 358,761 primarily as a result of adjustment to user rates. Unrestricted net assets of the Sewer Fund show an improved level of \$ 1,859,404 reflecting an increase of \$ 632,608 from the prior year.
- The Stormwater Fund experienced an increase of \$ 1,059,194 in net assets as a direct result of adjustment to the annual equivalent residency unit (ERU) charges for Stormwater maintenance. This rate was adjusted to provide financial resources for a substantial infrastructure replacement project planned to begin in the coming 2011-12 year.
- The Parking Fund created last year now reflects \$ 125,651 in unrestricted net assets after its first full year of operations. Revenues are derived almost entirely from Beach parking fees and parking enforcement as downtown development initiatives of the City CRA seek to create an opportunity to allow parking fees at the new downtown garage. A noted increase in monthly beach parking fees was accomplished in 2011 through improved oversight and administration of parking meter internal controls and monitoring. Operating costs of the beach and garage areas are reflected in this fund.
- The City created a new Pier Fund in July 2011 as City staff assumed operation of the ocean Pier and bait shop following settlement of litigation with a vendor renting this City facility. The Pier fund reflects net assets of \$ 30,568 after its first 2-1/2 months of operation.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The City of Dania Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 19 through 24. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$ 26,323,306, a decrease of (\$ 2,477,373) in comparison with the prior year. Approximately 42%, or \$ 11,058,682 of the ending balance is unassigned and available for spending at the City's discretion with \$ 7,306,944 assigned by City direction for emergency recovery, health claims and capital projects. A balance of \$ 2,262,284 is restricted for specific use by laws and grant agreements. The remaining fund balance of \$ 4,086,792 is non-spendable (not available for spending) because it is being used for the following:

- Loan advances to other City funds - \$ 3,755,449
- Used for City inventory and prepaid expenses - \$ 99,729
- Property held for sale - \$ 231,614

Below is the analysis of the fund balances for fiscal year 2011:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other</u>	<u>Total</u>
Fund balances, September 30, 2010	\$ 21,794,406	\$ 5,862,222	\$ 1,144,051	\$ 28,800,679
Revenues	35,744,657	43,219	4,923,152	40,711,028
Expenditures	(36,166,767)	(3,613,334)	(5,044,371)	(44,824,472)
Other financing sources (uses)	<u>(4,001,364)</u>	<u>3,997,212</u>	<u>1,640,223</u>	<u>1,636,071</u>
Fund balances, September 30, 2011	17,370,932	6,289,319	2,663,055	26,323,306
Nonspendable fund balance, September 30, 2011	(4,086,792)	-	-	(4,086,792)
Restricted fund balance, September 30, 2011	(411,886)	(1,108,812)	(741,586)	(2,262,284)
Committed fund balance, September 30, 2011	(913,808)	-	(694,796)	(1,608,604)
Assigned fund balance, September 30, 2011	<u>(2,126,437)</u>	<u>(5,180,507)</u>	<u>-</u>	<u>(7,306,944)</u>
Unassigned fund balance, September 30, 2011	<u>\$ 9,832,009</u>	<u>\$ -</u>	<u>\$ 1,226,673</u>	<u>\$ 11,058,682</u>

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2011, the fund balance of the City's General Fund decreased by (\$ 4,423,474). Total General Fund revenues remained almost level showing a small increase of \$ 56,276. Expenditures increased by \$ 1,532,867 or 4.43% when compared to fiscal year 2010 predominantly in public safety and recreation costs.

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The amount of General Fund revenue by type, their percent of the total and the amount of change compared to the last two fiscal years are shown in the following schedule:

	<u>Current Year</u> <u>9/30/2011</u>	<u>1 year ago</u> <u>9/30/2010</u>	<u>2 years ago</u> <u>9/30/2009</u>	<u>Change Over</u> <u>Past 2 Years</u>	<u>Change</u> <u>Percent</u>
General Fund Revenues:					
Ad valorem taxes	\$ 15,872,847	\$ 16,750,836	\$ 16,798,253	\$ (925,406)	-6%
Special assessments	3,937,523	2,789,488	2,772,620	1,164,903	42%
Franchise fees	2,123,895	2,068,527	2,282,918	(159,023)	-7%
Utility taxes	4,288,639	4,364,708	4,212,067	76,572	2%
Licenses and permits	1,088,539	793,423	921,170	167,369	18%
Intergovernmental	3,189,370	3,054,591	3,148,474	40,896	1%
Charges for services	3,212,735	3,718,422	3,834,064	(621,329)	-16%
Fines and forfeitures	424,301	532,308	424,115	186	0%
Interest	119,232	495,587	748,574	(629,342)	-84%
Grants	-	28	13,531	(13,531)	-100%
Miscellaneous	1,487,576	1,120,463	1,231,755	255,821	21%
Total revenues	\$ 35,744,657	\$ 35,688,381	\$ 36,387,541	\$ (642,884)	-2%

Revenues

General Fund operating revenue totaled \$ 35,744,657, reflecting a decrease of (\$ 642,884) over two years when compared to fiscal year 2009. Decrease in ad valorem taxes is attributed to a combination of State legislative restrictions coupled with impacts of reductions in taxable property values. For fiscal year 2011, the City approved a millage rate of 5.9998 reflecting a 7.44% decrease from the "rolled-back" rate. In fiscal year 2011, City property values declined significantly and construction development was dramatically reduced. Non Ad-Valorem assessment rates for fire-rescue services were adjusted in 2010 to pay for costs of new equipment and operating costs of the City fire department. The City fire department services, staff and equipment were contracted by interlocal agreement to the County Sheriff's Office in January 2011. Decreased City investment earnings reflect the nation's continuing economic recovery efforts through Federal action reducing and maintaining interest rates at historic lows.

The amount of General Fund expenditures by type, their percent of the total and the amount of change compared to the last two fiscal years are shown in the following schedule:

	<u>Current Year</u> <u>9/30/2011</u>	<u>1 year ago</u> <u>9/30/2010</u>	<u>2 years ago</u> <u>9/30/2009</u>	<u>Change Over</u> <u>Past 2 Years</u>	<u>Change</u> <u>Percent</u>
General Fund Expenditures:					
Current:					
General government	\$ 7,231,574	\$ 7,045,152	\$ 7,015,547	\$ 216,027	3%
Public safety	21,372,031	20,475,723	19,171,848	2,200,183	11%
Highways and streets	1,442,289	1,388,010	1,442,391	(102)	0%
Physical environment	2,700,705	2,715,486	2,502,094	198,611	8%
Community					
redevelopment	708,041	603,528	-	708,041	100%
Culture and recreation	2,712,127	2,406,001	2,341,343	370,784	16%
Debt service:					
Principal	-	-	112,940	(112,940)	-100%
Interest	-	-	16,217	(16,217)	-100%
Total expenditures	\$ 36,166,767	\$ 34,633,900	\$ 32,602,380	\$ 3,564,387	11%

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Expenditures

Operating expenditures in the General Fund amounted to \$ 36,166,767, an increase of 10.9% over the past two years.

- The administration reclassified the Code Enforcement Division costs from the City Manager's Office into City Public Safety services under the oversight of the Community Development Department. Additionally, Community Development costs for planning and zoning services were reclassified from General government into Community redevelopment. The administration also reclassified and centralized debt service payments into the City's Debt Service Fund thus removing incremental reporting in the General Fund.
- Increases in public safety costs are primarily attributed to four factors. First, the annual contractual cost increase of Broward Sheriff's Office police services. Second, was the increased annual retirement contribution cost required for funding the City's Police and Fire Pension Plan. Third, was the increased cost of salaries and benefits attributed to merit raises and health benefit costs. Finally, the transition of City fire staff to the Broward Sheriff's Office resulted in a combination of promotional pay adjustments and payout of certain accumulated leave balances.

Proprietary Funds

The fund financial statements for the proprietary funds provide essentially the same type of information found in the government-wide financial statements, but in more detail.

- There are five proprietary funds for fiscal year 2011: Water, Sewer, Stormwater, Parking and the creation and initial start-up of a new City Pier Fund. The net changes of the funds have already been addressed in the discussion of the City's business-type activities.

BUDGET INFORMATION

The City Commission approves the original budget (adopted budget) in September prior to the beginning of the fiscal year. The final budget (amended budget) reflects divisional changes made administratively and approved by the City Manager, prior year encumbrances and departmental changes and supplemental appropriations approved by the City Commission during the year.

The most significant differences between the adopted budget and the amended budget are as follows:

- The \$ 3.4 million increase in the appropriation of prior year reserves reflected planned transfers of cash balances to fund major construction projects, equipment purchases, approved uses of various impact fees for public safety, recreation and administration, and unforeseen operating expenditures.
- Increase in legal department is attributed to outside counsel cost for airport litigation, collective bargaining matters and litigation involving the City's Pier facility rental.
- Increase in public safety is attributed to renegotiation of a new police services agreement with the Broward County Sheriff and additional equipment purchases by Fire Rescue.

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- Increase in the inter-fund transfers is attributed to the fund transfers from the General Fund to the Capital Projects Fund relating to the City's neighborhood and facility improvements recorded in the Capital Projects Fund and purchase of equipment from a City Enterprise Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Dania Beach total capital assets for governmental and business-type activities as of September 30, 2011 amounts to \$ 90,051,316 (net of accumulated depreciation) representing an increase of \$ 3,944,011 over last year's balance at September 30, 2010. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility system, furniture, fixtures and equipment.

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 16,184,221	\$ 16,184,221	\$ 220,976	\$ 220,976	\$ 16,405,197	\$ 16,405,197
Utility system	-	-	21,481,705	18,191,110	21,481,705	18,191,110
Buildings	27,302,683	17,688,460	2,333,376	4,275,788	29,636,059	21,964,248
Equipment	2,187,546	2,881,460	355,147	202,233	2,542,693	3,083,693
Infrastructure	9,187,290	15,513,651	-	-	9,187,290	15,513,651
Construction-in-progress	991,742	4,629,365	9,806,630	6,320,041	10,798,372	10,949,406
	<u>\$ 55,853,482</u>	<u>\$ 56,897,157</u>	<u>\$ 34,197,834</u>	<u>\$ 29,210,148</u>	<u>\$ 90,051,316</u>	<u>\$ 86,107,305</u>

Major capital asset events during the fiscal year included:

- 100% completion of the Public Services Facility Compound
- 100% completion of the Library
- 90% completion of the Nano-filtration water plant
- 70% completion of the lift station rehabilitation project
- 50% completion of neighborhood solar lighting improvements

Additional information on the City's capital assets can be found in Note 7 on pages 49 and 50 of this report.

Long-Term Debt

As of September 30, 2011, the City had a total outstanding debt of \$ 33,159,097. This debt consists of compensated absences, bonds, notes, and capital leases payable that are secured by non ad-valorem revenues or through covenants to budget and appropriation, and general obligation bonds secured by ad-valorem revenues.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

The City's debt total increased by a net amount of \$ 2,082,400 during 2011. This is due to a net decrease in governmental activity borrowings of \$ (1,092,737) including the addition of a capital lease for purchase of a new fire ladder truck and a net reduction of scheduled annual loan repayments coupled with a significant reduction in compensated absences caused by the transfer of City fire staff upon contracting fire rescue services with the County Sheriff's Office. City business-type activities also increased borrowings from the State revolving fund for water fund improvements and sewer lift station improvements. Additional information on the City's debt and other long-term liabilities can be found in Note 7 pages 51 through 55 of this report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Sales tax bonds	\$ 2,075,000	\$ 2,175,000	\$ -	\$ -	\$ 2,075,000	\$ 2,175,000
General obligation bonds	9,430,000	9,630,000	-	-	9,430,000	9,630,000
Notes	7,091,636	7,786,157	16,605	34,549	7,108,241	7,820,706
Capital leases	1,692,365	1,005,855	-	-	1,692,365	1,005,855
State revolving loan	-	-	11,652,178	8,489,824	11,652,178	8,489,824
Compensated absences	855,413	1,640,139	345,900	315,173	1,201,313	1,955,312
	<u>\$ 21,144,414</u>	<u>\$ 22,237,151</u>	<u>\$ 12,014,683</u>	<u>\$ 8,839,546</u>	<u>\$ 33,159,097</u>	<u>\$ 31,076,697</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City has continued to experience a low level of building activity and as yet no substantive private business investment or development in the City's business envisioned City Center area due to general economic conditions that continue to keep business development risks in the real estate market at cautious levels. The City's economic development plans, branding and marketing efforts coupled with its proximity to attractive amenities and transportation hubs will assist in immediate and meaningful long-range economic investment and vitality as the local and State business climate strengthens in coming periods. Prudent monitoring of economic development and building service costs will aide the City in maintaining a stable and sustainable development plan over the next 2-3 years while the economy and business development environment improves. Balancing on-going revenue resources with the City's on-going levels of service delivery costs will help prioritize and allocate the City's financial resources among increasingly competitive operating needs and economic development goals. The City has continued to maintain a reasonable level of financial balances during the past three years of economic challenge.

The City has considered and continued to approve a large number of significant capital projects over the past three years. These projects bring with them a notable and growing cost for annual upkeep that will need planning, staff and financial resources to properly maintain. Generally, projects are planned and carried out through some combination of grant awards, loan financing and use of accumulated City cash resources. When possible, the City places high priority on grant award projects, moderate priority on loan financing and the most cautious priority on projects paid entirely by accumulated funds. Loans will cause levels of annual City debt to rise in 2011 and later years as projects are completed (Canal Dredging, Stormwater, Sewer I&I, Nano-Plant completion). Continued use of accumulated cash balances for unplanned and unbudgeted capital projects should be discouraged to preserve the City's financial condition.

The Broward County Commission has approved the expansion of the South runway at the Fort Lauderdale/Hollywood International Airport. This plan will likely impact property values of the City adjacent to this expanded runway. Under this expansion the City will lose a large number of single family homes and a large hotel property in the proximity of the landing zone. The loss of annual revenues associated with these properties and decreased values of remaining property adjacent to the runway expansion could have significant impacts on the City's future property tax and assessment revenues.

CITY OF DANIA BEACH, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2011

The County approved the establishment of a Community Redevelopment Agency (CRA) for the City of Dania Beach. The original CRA area was expanded in 2010 to include a much larger area. This is not a traditional CRA in that the City will not be able to obtain property tax increment revenue derived from the increase of the property value in the CRA area. Rather than tax increment financing, the County has provided a five year interest free loan of up to \$ 6,345,866 for projects the County has approved to assist the redevelopment opportunities in the CRA area. These improvements have included the City's new 4-level parking garage. The County loan agreement allows the City to convert this loan to a grant provided increased property values are achieved through use of these funds in a timely manner. The City has adopted an ordinance that does provide tax increment revenue to the CRA from the City and provided annual funding of \$ 693,283 and \$ 822,150 during 2010 and 2011, respectively.

In fiscal year 2009, the City was required to implement GASB 45. The City chose to create and annually fund a separate Trust fund to provide financial resources for costs of retiree health care. The actuary indicated the initial contribution to fund the OPEB cost (Other Post-Employment Benefits) was \$ 1,703,066. The City funded \$ 1.3 million, \$ 2.02 million and \$ 1.75 million to the OPEB Trust in fiscal year 2009, 2010 and 2011, respectively. Additionally, the City uses a pay-as-you-go payment process from City operations to pay the annual cost of retiree health benefits in 2009, 2010 and 2011 in the amount of \$ 529,796 and \$ 586,000, and \$ 1,085,391, respectively. At September 30, 2011 the OPEB Trust held a balance of \$ 5,329,492 in assets for payment of retiree health benefits and had accumulated an estimated OPEB net asset of \$ 2.345 million stemming from pay-as-you-go retiree payments.

The economy is expected to remain challenging over the next 2-3 years but continue to show a slow, steady recovery in City property values. Declines in property values experienced in 2010 and 2011 throughout south Florida are expected to halt and remain level in the coming 2012 year. A cautious and steady increase in City infrastructure improvements, economic development, neighborhood improvements and prudent fiscal restraint should allow Dania Beach to benefit as the local economic and business environment improves in coming years. Preliminary estimates for the next 2012 fiscal year indicate the City will likely experience a property value change of less than 2%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to the Finance Department, 100 West Dania Beach Boulevard, Dania Beach, FL 33004.

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position of all funds, the operating results of all funds and the cash flows of proprietary funds. They also serve as an introduction to the more detailed statements and schedules that follow in the next section.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash, cash equivalents and investments	\$ 22,981,720	\$ 10,640,211	\$ 33,621,931
Receivables:			
Franchise, utility, and other taxes	862,344	-	862,344
Customer/other, net	373,673	1,528,361	1,902,034
Internal balances	2,679,239	(2,679,239)	-
Due from other governmental agencies	1,143,894	6,116	1,150,010
Inventories	32,854	-	32,854
Prepays	66,875	29,258	96,133
Deferred debt issuance costs	125,418	-	125,418
Property held for resale	231,614	-	231,614
Net pension asset	283,607	-	283,607
Net OPEB asset	2,345,915	-	2,345,915
Restricted assets:			
Cash, cash equivalents and investments	1,467,670	2,560,308	4,027,978
Capital assets not being depreciated	17,175,963	10,027,606	27,203,569
Capital assets being depreciated, net	38,677,519	24,170,228	62,847,747
	<u>88,448,305</u>	<u>46,282,849</u>	<u>134,731,154</u>
Total assets			
LIABILITIES:			
Accounts payable and accrued liabilities	1,693,916	1,263,880	2,957,796
Deposits	114,616	252,522	367,138
Due to other governmental agencies	24,095	15	24,110
Unearned revenue	717,683	1,990	719,673
Claims and judgments payable	256,976	-	256,976
Other liabilities	194,369	-	194,369
Due within one year:			
Compensated absences	128,312	51,885	180,197
Notes payable	1,251,523	871,427	2,122,950
Due in more than one year:			
Compensated absences	727,101	294,015	1,021,116
Notes payable	19,054,020	10,797,356	29,851,376
	<u>24,162,611</u>	<u>13,533,090</u>	<u>37,695,701</u>
Total liabilities			
NET ASSETS:			
Invested in capital assets, net of related debt	36,656,751	22,529,051	59,185,802
Restricted for:			
Renewal and replacement	-	375,000	375,000
Capital improvements	-	2,348,362	2,348,362
Culture and recreation	54,394	-	54,394
Institutional investment trust	174,168	5,515	179,683
Building code costs	142,011	-	142,011
Debt service	382,191	510,909	893,100
Public safety	400,708	-	400,708
Capital projects	1,108,812	-	1,108,812
Unrestricted	25,366,659	6,980,922	32,347,581
	<u>64,285,694</u>	<u>32,749,759</u>	<u>97,035,453</u>
Total net assets			

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

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
Governmental activities:							
General government	\$ 9,167,195	\$ 3,339,702	\$ -	\$ -	\$ (5,827,493)	\$ -	\$ (5,827,493)
Public safety	22,604,730	5,089,902	511,842	22,390	(16,980,596)	-	(16,980,596)
Highways and streets	1,616,983	36,487	-	13,702	(1,566,794)	-	(1,566,794)
Physical environment	3,019,840	1,843,507	-	-	(1,176,333)	-	(1,176,333)
Culture and recreation	3,912,623	293,613	227,900	284,434	(3,106,676)	-	(3,106,676)
Community redevelopment	1,688,410	-	-	-	(1,688,410)	-	(1,688,410)
Interest on long-term debt	675,607	-	-	-	(675,607)	-	(675,607)
Total governmental activities	<u>42,685,388</u>	<u>10,603,211</u>	<u>739,742</u>	<u>320,526</u>	<u>(31,021,909)</u>	<u>-</u>	<u>(31,021,909)</u>
Business-type activities:							
Water	3,000,283	4,905,537	-	2,550,000	-	4,455,254	4,455,254
Sewer	4,662,042	5,325,944	-	-	-	663,902	663,902
Stormwater	904,739	2,034,254	-	-	-	1,129,515	1,129,515
Parking	481,255	623,950	-	-	-	142,695	142,695
Pier operations	63,279	93,847	-	-	-	30,568	30,568
Total business-type activities	<u>9,111,598</u>	<u>12,983,532</u>	<u>-</u>	<u>2,550,000</u>	<u>-</u>	<u>6,421,934</u>	<u>6,421,934</u>
Total	<u>\$ 51,796,986</u>	<u>\$ 23,586,743</u>	<u>\$ 739,742</u>	<u>\$ 2,870,526</u>	<u>(31,021,909)</u>	<u>6,421,934</u>	<u>(24,599,975)</u>
General revenues:							
Property taxes					15,872,847	-	15,872,847
Franchise fees based on gross receipts					2,123,895	-	2,123,895
Utility taxes					4,288,639	-	4,288,639
Unrestricted intergovernmental revenue					3,189,370	-	3,189,370
Unrestricted investment earnings					126,727	21,925	148,652
Miscellaneous					563,009	-	563,009
Transfers					848,976	(848,976)	-
Total general revenues					<u>27,013,463</u>	<u>(827,051)</u>	<u>26,186,412</u>
Change in net assets					(4,008,446)	5,594,883	1,586,437
Net assets, beginning					68,294,140	27,154,876	95,449,016
Net assets, ending					<u>\$ 64,285,694</u>	<u>\$ 32,749,759</u>	<u>\$ 97,035,453</u>

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

CITY OF DANIA BEACH, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
September 30, 2011

	Special Revenue Funds		
General	Grants	Community Redevelopment Agency	
ASSETS:			
Cash, cash equivalents and investments	\$ 16,230,842	\$ 20,649	\$ 2,607,083
Receivables:			
Franchise, utility and other taxes	862,344	-	-
Customer/other, net	247,773	-	-
Due from other funds	1,394,144	-	-
Due from other governmental agencies	518,076	212,265	-
Advance to other funds	3,755,449	-	-
Inventories	32,854	-	-
Prepays	66,875	-	-
Property held for sale	231,614	-	-
Restricted assets:			
Cash, cash equivalents and investments	-	-	-
Total assets	\$ 23,339,971	\$ 232,914	\$ 2,607,083
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 996,018	\$ 69,280	\$ 59,804
Due to other funds	3,700,000	1,120,354	350,000
Due to other governmental agencies	3,263	-	-
Deposits	114,616	-	-
Claims and judgments payable	256,976	-	-
Deferred revenue	703,797	13,886	-
Other liabilities	194,369	-	-
Total liabilities	5,969,039	1,203,520	409,804
Fund balances (deficit):			
Nonspendable:			
Inventories	32,854	-	-
Prepays	66,875	-	-
Advances	3,755,449	-	-
Property held for sale	231,614	-	-
Restricted for:			
Institutional investment trust	174,168	-	-
Capital projects	-	-	-
Public safety	200,734	-	-
Building code costs	-	-	-
Debt service	-	-	-
Culture and recreation	36,984	-	-
Committed for:			
Maintenance of cemeteries	-	-	-
Tree preservation	-	-	-
Capital improvements	913,808	-	-
Assigned to:			
Claims reserves	256,976	-	-
Disaster recovery	1,869,461	-	-
Capital projects	-	-	-
Unassigned:			
General Fund	9,832,009	-	-
Grants Fund (deficit)	-	(970,606)	-
Community Redevelopment Agency Fund	-	-	2,197,279
Total fund balances (deficit), as restated (Note 3)	17,370,932	(970,606)	2,197,279
Total liabilities and fund balances	\$ 23,339,971	\$ 232,914	\$ 2,607,083

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

	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$	2,619,797	\$ 1,503,349	\$ 22,981,720
	-	-	862,344
	-	900	248,673
	3,000,000	-	4,394,144
	-	23,631	753,972
	-	-	3,755,449
	-	-	32,854
	-	-	66,875
	-	-	231,614
	<u>1,108,812</u>	<u>358,858</u>	<u>1,467,670</u>
\$	<u><u>6,728,609</u></u>	<u><u>\$ 1,886,738</u></u>	<u><u>\$ 34,795,315</u></u>
\$	439,290	\$ 129,524	\$ 1,693,916
	-	300,000	5,470,354
	-	20,832	24,095
	-	-	114,616
	-	-	256,976
	-	-	717,683
	-	-	194,369
	<u>439,290</u>	<u>450,356</u>	<u>8,472,009</u>
	-	-	32,854
	-	-	66,875
	-	-	3,755,449
	-	-	231,614
	-	-	174,168
	1,108,812	-	1,108,812
	-	199,974	400,708
	-	142,011	142,011
	-	382,191	382,191
	-	17,410	54,394
	-	643,627	643,627
	-	51,169	51,169
	-	-	913,808
	-	-	256,976
	-	-	1,869,461
	5,180,507	-	5,180,507
	-	-	9,832,009
	-	-	(970,606)
	-	-	2,197,279
	<u>6,289,319</u>	<u>1,436,382</u>	<u>26,323,306</u>
\$	<u><u>6,728,609</u></u>	<u><u>\$ 1,886,738</u></u>	<u><u>\$ 34,795,315</u></u>

CITY OF DANIA BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
September 30, 2011

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 20 \$ 26,323,306

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 55,853,482

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Net pension asset	283,607	
Deferred debt issuance costs	125,418	
Net OPEB asset	<u>2,345,915</u>	2,754,940

Receivables in governmental funds are susceptible to full accrual in the government-wide statements. 514,922

Long-term liabilities, including bonds payable, notes payable, capital leases and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (21,160,956)

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 17 \$ 64,285,694

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

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CITY OF DANIA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	Special Revenue Funds		
	General	Grants	Community Redevelopment Agency
REVENUES:			
Property taxes	\$ 15,872,847	\$ -	\$ -
Special assessments	3,937,523	-	-
Franchise fees	2,123,895	-	-
Utility taxes	4,288,639	-	-
Licenses and permits	1,088,539	-	-
Intergovernmental	3,189,370	-	-
Charges for services	3,212,735	-	-
Fines and forfeitures	424,301	-	-
Investment earnings	119,232	-	2,592
Grants	-	3,939,790	-
Contributions	-	-	-
Miscellaneous	1,487,576	6,219	-
	<u>35,744,657</u>	<u>3,946,009</u>	<u>2,592</u>
Total revenues			
	<u>35,744,657</u>	<u>3,946,009</u>	<u>2,592</u>
EXPENDITURES:			
Current:			
General government	7,231,574	-	-
Public safety	21,372,031	696,378	-
Highways and streets	1,442,289	13,702	-
Physical environment	2,700,705	-	-
Community redevelopment	708,041	-	960,381
Culture and recreation	2,712,127	397,459	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>36,166,767</u>	<u>1,107,539</u>	<u>960,381</u>
Total expenditures			
	<u>36,166,767</u>	<u>1,107,539</u>	<u>960,381</u>
Excess (deficiency) of revenues over expenditures	<u>(422,110)</u>	<u>2,838,470</u>	<u>(957,789)</u>
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Transfers in	624,919	-	822,150
Transfers out	(4,626,283)	(526,391)	-
	<u>(4,001,364)</u>	<u>(526,391)</u>	<u>822,150</u>
Total other financing sources (uses)			
	<u>(4,001,364)</u>	<u>(526,391)</u>	<u>822,150</u>
Net change in fund balances	<u>(4,423,474)</u>	<u>2,312,079</u>	<u>(135,639)</u>
FUND BALANCES, BEGINNING OF YEAR (as restated, Note 3)	<u>21,794,406</u>	<u>(3,282,685)</u>	<u>2,332,918</u>
FUND BALANCES (DEFICIT), END OF YEAR	<u>\$ 17,370,932</u>	<u>\$ (970,606)</u>	<u>\$ 2,197,279</u>

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

Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 15,872,847
-	-	3,937,523
-	-	2,123,895
-	-	4,288,639
-	880,376	1,968,915
-	-	3,189,370
-	23,250	3,235,985
-	21,679	445,980
400	4,503	126,727
-	-	3,939,790
-	3,540	3,540
<u>42,819</u>	<u>41,203</u>	<u>1,577,817</u>
<u>43,219</u>	<u>974,551</u>	<u>40,711,028</u>
589,522	1,200,429	9,021,525
-	4,619	22,073,028
31,802	-	1,487,793
-	-	2,700,705
-	-	1,668,422
9,594	-	3,119,180
2,982,416	-	2,982,416
-	1,095,106	1,095,106
<u>-</u>	<u>676,297</u>	<u>676,297</u>
<u>3,613,334</u>	<u>2,976,451</u>	<u>44,824,472</u>
<u>(3,570,115)</u>	<u>(2,001,900)</u>	<u>(4,113,444)</u>
787,095	-	787,095
3,210,117	1,896,407	6,553,593
<u>-</u>	<u>(551,943)</u>	<u>(5,704,617)</u>
<u>3,997,212</u>	<u>1,344,464</u>	<u>1,636,071</u>
427,097	(657,436)	(2,477,373)
<u>5,862,222</u>	<u>2,093,818</u>	<u>28,800,679</u>
\$ <u><u>6,289,319</u></u>	\$ <u><u>1,436,382</u></u>	\$ <u><u>26,323,306</u></u>

CITY OF DANIA BEACH, 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, 2011

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 23 \$ (2,477,373)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets. 2,808,944

Provision for depreciation on governmental capital assets is included in the governmental activities in the statement of net assets. (2,913,338)

The issuance of long-term debt provides current financial resources to governmental funds; however, has no effect on net assets. Also, governmental funds report their effect of issuance costs and similar items when debt is first issued, whereas those amounts are deferred and amortized in the statement of activities:

Debt proceeds (787,095)

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of assets. 1,095,106

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. (2,883,062)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (939,281)

Certain items 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:

Provision for amortization of bond premium	\$ 690	
Provision for amortization of bond issuance costs	(4,185)	
Change in net pension assets	(9,796)	
Change in OPEB asset	1,316,218	
Change in compensated absences	784,726	
		2,087,653

CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 18 \$ (4,008,446)

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

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CITY OF DANIA BEACH, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

	Business-Type Activities		
	Water	Sewer	Stormwater
ASSETS:			
Current assets:			
Cash, cash equivalents and investments	\$ 6,891,867	\$ 1,656,501	\$ 1,562,317
Receivables, net	766,215	762,146	-
Due from other funds	-	1,100,000	1,200,000
Due from other governmental agencies	-	-	2,903
Prepays and other assets	15,011	3,555	10,692
Total current assets	<u>7,673,093</u>	<u>3,522,202</u>	<u>2,775,912</u>
Noncurrent assets:			
Restricted cash, cash equivalents and investments	1,404,804	1,155,504	-
Capital assets not being depreciated	9,411,602	30,290	585,714
Capital assets being depreciated, net	12,379,253	5,759,680	6,003,042
Total noncurrent assets	<u>23,195,659</u>	<u>6,945,474</u>	<u>6,588,756</u>
Total assets	<u>30,868,752</u>	<u>10,467,676</u>	<u>9,364,668</u>
LIABILITIES:			
Current liabilities:			
Accounts payable and accrued liabilities	539,517	623,374	68,197
Due to other funds	900,000	-	-
Due to other governmental agencies	-	-	-
Advance from other funds	3,376,523	378,926	-
Deposits	252,522	-	-
Deferred revenue	-	-	-
Current portion of compensated absences	27,600	13,691	7,905
Current maturities of long term debt	678,045	172,295	21,087
Total current liabilities	<u>5,774,207</u>	<u>1,188,286</u>	<u>97,189</u>
Noncurrent liabilities:			
Compensated absences	156,398	77,581	44,792
State revolving loans	8,575,921	2,165,182	56,253
Total noncurrent liabilities	<u>8,732,319</u>	<u>2,242,763</u>	<u>101,045</u>
Total liabilities	<u>14,506,526</u>	<u>3,431,049</u>	<u>198,234</u>
NET ASSETS:			
Invested in capital assets, net of related debt	12,536,889	3,452,493	6,511,416
Restricted for:			
Institutional investment trust	3,689	1,826	-
Renewal and replacement	-	375,000	-
Capital improvements	1,086,605	1,261,757	-
Debt Service	422,521	86,147	2,241
Unrestricted	2,312,522	1,859,404	2,652,777
Total net assets	<u>\$ 16,362,226</u>	<u>\$ 7,036,627</u>	<u>\$ 9,166,434</u>

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

- Enterprise Funds

Nonmajor Funds		
Parking	Pier Operations	Totals
\$ 427,540	\$ 101,986	\$ 10,640,211
-	-	1,528,361
-	-	2,300,000
3,213	-	6,116
-	-	29,258
<u>430,753</u>	<u>101,986</u>	<u>14,503,946</u>
-	-	2,560,308
-	-	10,027,606
<u>28,253</u>	<u>-</u>	<u>24,170,228</u>
<u>28,253</u>	<u>-</u>	<u>36,758,142</u>
<u>459,006</u>	<u>101,986</u>	<u>51,262,088</u>
11,389	21,403	1,263,880
273,790	50,000	1,223,790
-	15	15
-	-	3,755,449
-	-	252,522
1,990	-	1,990
2,690	-	51,885
-	-	871,427
<u>289,859</u>	<u>71,418</u>	<u>7,420,958</u>
15,243	-	294,015
-	-	10,797,356
<u>15,243</u>	<u>-</u>	<u>11,091,371</u>
<u>305,102</u>	<u>71,418</u>	<u>18,512,329</u>
28,253	-	22,529,051
-	-	5,515
-	-	375,000
-	-	2,348,362
-	-	510,909
<u>125,651</u>	<u>30,568</u>	<u>6,980,922</u>
<u>\$ 153,904</u>	<u>\$ 30,568</u>	<u>\$ 32,749,759</u>

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Business-Type Activities		
	Water	Sewer	Stormwater
OPERATING REVENUES:			
Charges for services	\$ 4,595,191	\$ 5,250,500	\$ 1,916,443
Fines and forfeitures	-	-	-
Miscellaneous	310,346	75,444	117,811
Total operating revenues	4,905,537	5,325,944	2,034,254
OPERATING EXPENSES			
Operation and maintenance	2,456,732	4,189,510	699,916
Depreciation	382,412	417,687	201,939
Total operating expenses	2,839,144	4,607,197	901,855
Operating income	2,066,393	718,747	1,132,399
NON-OPERATING REVENUES (EXPENSES):			
Interest income	10,289	6,957	4,679
Interest expense	(161,139)	(54,845)	(2,884)
Total non-operating revenues (expenses)	(150,850)	(47,888)	1,795
CAPITAL CONTRIBUTIONS:			
Intergovernmental grant	2,550,000	-	-
Total capital contributions	2,550,000	-	-
Income before other financing sources (uses)	4,465,543	670,859	1,134,194
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(465,878)	(312,098)	(75,000)
Total other financing sources (uses)	(465,878)	(312,098)	(75,000)
Change in net assets	3,999,665	358,761	1,059,194
NET ASSETS, beginning of year	12,362,561	6,677,866	8,107,240
NET ASSETS, end of year	\$ 16,362,226	\$ 7,036,627	\$ 9,166,434

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

- Enterprise Funds

Nonmajor Funds		
Parking	Pier Operations	Totals
\$ 576,261	\$ -	\$ 12,338,395
47,689	-	47,689
-	93,847	597,448
623,950	93,847	12,983,532
478,308	63,279	7,887,745
2,947	-	1,004,985
481,255	63,279	8,892,730
142,695	30,568	4,090,802
-	-	21,925
-	-	(218,868)
-	-	(196,943)
-	-	2,550,000
-	-	2,550,000
142,695	30,568	6,443,859
4,000	-	4,000
-	-	(852,976)
4,000	-	(848,976)
146,695	30,568	5,594,883
7,209	-	27,154,876
\$ 153,904	\$ 30,568	\$ 32,749,759

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Business-Type Activities		
	Water	Sewer	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 4,695,155	\$ 5,193,091	\$ 2,038,758
Payments to employees	(942,145)	(440,171)	(284,425)
Payments to suppliers	<u>(1,779,815)</u>	<u>(4,446,985)</u>	<u>(1,608,368)</u>
Net cash provided by operating activities	<u>1,973,195</u>	<u>305,935</u>	<u>145,965</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	-	-	-
Cash provided to other funds	<u>(2,189,355)</u>	<u>(312,098)</u>	<u>(75,000)</u>
Net cash provided by (used in) non-capital financing activities	<u>(2,189,355)</u>	<u>(312,098)</u>	<u>(75,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital grants	2,550,000	-	-
Purchases of capital assets	(5,854,225)	(16,031)	(91,216)
Proceeds from state revolving funds	3,613,759	-	-
Principal paid on long-term debt	(332,811)	(114,167)	(22,529)
Interest paid on long-term debt	<u>(163,346)</u>	<u>(56,100)</u>	<u>(2,900)</u>
Net cash used in capital and related financing activities	<u>(186,623)</u>	<u>(186,298)</u>	<u>(116,645)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	<u>10,289</u>	<u>6,957</u>	<u>4,679</u>
Net cash provided by investing activities	<u>10,289</u>	<u>6,957</u>	<u>4,679</u>
Net increase (decrease) in cash, cash equivalents and investments	(392,494)	(185,504)	(41,001)
CASH, CASH EQUIVALENTS AND INVESTMENTS, beginning	<u>8,689,165</u>	<u>2,997,509</u>	<u>1,603,318</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS, ending	<u>\$ 8,296,671</u>	<u>\$ 2,812,005</u>	<u>\$ 1,562,317</u>
RECONCILIATION TO STATEMENT OF NET ASSETS:			
Cash, cash equivalents and investments	\$ 6,891,867	\$ 1,656,501	\$ 1,562,317
Restricted cash, cash equivalents and investments	<u>1,404,804</u>	<u>1,155,504</u>	<u>-</u>
Cash, cash equivalents and investments, ending	<u>\$ 8,296,671</u>	<u>\$ 2,812,005</u>	<u>\$ 1,562,317</u>

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

- Enterprise Funds

Nonmajor Funds		
Parking	Pier Operations	Totals
\$ 896,517	\$ 143,862	\$ 12,967,383
(70,630)	-	(1,737,371)
<u>(381,032)</u>	<u>(41,876)</u>	<u>(8,258,076)</u>
 444,855	 101,986	 2,971,936
 4,000	 -	 4,000
<u>-</u>	<u>-</u>	<u>(2,576,453)</u>
 4,000	 -	 (2,572,453)
 -	 -	 2,550,000
(31,200)	-	(5,992,672)
-	-	3,613,759
-	-	(469,507)
<u>-</u>	<u>-</u>	<u>(222,346)</u>
 (31,200)	 -	 (520,766)
 -	 -	 21,925
<u>-</u>	<u>-</u>	<u>21,925</u>
 417,655	 101,986	 (99,358)
 9,885	 -	 13,299,877
<u>\$ 427,540</u>	<u>\$ 101,986</u>	<u>\$ 13,200,519</u>
 \$ 427,540	 \$ 101,986	 \$ 10,640,211
<u>-</u>	<u>-</u>	<u>2,560,308</u>
<u>\$ 427,540</u>	<u>\$ 101,986</u>	<u>\$ 13,200,519</u>

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
(continued)
For the Year Ended September 20, 2011

	Business-Type Activities		
	Water	Sewer	Stormwater
RECONCILIATION OF OPERATING INCOME			
TO NET CASH PROVIDED BY OPERATING			
ACTIVITIES:			
Operating income (loss)	\$ 2,066,393	\$ 718,747	\$ 1,132,399
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for depreciation	382,412	417,687	201,939
(Increase) decrease in:			
Receivables	(208,292)	(132,853)	-
Prepays and other assets	(8,496)	(245)	(1,040)
Due from other funds	-	(1,100,000)	(1,200,000)
Due from other governmental agencies	-	-	4,503
Increase (decrease) in:			
Accounts payable and accrued liabilities	(258,441)	15,624	5,128
Due to other funds	-	378,926	-
Due to other governmental agencies	-	-	-
Deposits	(2,090)	-	-
Deferred revenue	-	-	-
Compensated absences	1,709	8,049	3,036
	(93,198)	(412,812)	(986,434)
Total adjustments			
Net cash provided by operating activities	\$ 1,973,195	\$ 305,935	\$ 145,965

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

<u>- Enterprise Funds</u>			
<u>Nonmajor Funds</u>			
<u>Parking</u>	<u>Pier Operations</u>		<u>Totals</u>
\$ 142,695	\$ 30,568	\$	4,090,802
2,947	-		1,004,985
-	-		(341,145)
-	-		(9,781)
-	-		(2,300,000)
(3,213)	-		1,290
8,713	21,403		(207,573)
273,790	50,000		702,716
-	15		15
-	-		(2,090)
1,990	-		1,990
<u>17,933</u>	<u>-</u>		<u>30,727</u>
<u>302,160</u>	<u>71,418</u>		<u>(1,118,866)</u>
\$ <u>444,855</u>	\$ <u>101,986</u>	\$	<u>2,971,936</u>

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
September 30, 2011

ASSETS:

Investments, at fair value:

Cash	\$ 13,057,856
Money market funds	8,803,342
Common stocks	15,052,986
Corporate and foreign bonds	2,316,928
Government securities	3,954,519
Real estate trust	<u>2,799,495</u>

Total investments	<u>45,985,126</u>
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Receivables:

Employee	25,204
Employer	56,587
Accrued interest receivable	59,141
Due from broker for securities purchased	612,662
Loans to DROP participants	<u>48,084</u>

Total receivables	<u>801,678</u>
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Prepays

	<u>60,120</u>
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Total assets	<u>46,846,924</u>
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LIABILITIES:

Accounts payable	66,603
Due to broker for securities purchased	655,621
Deferred revenue	105,401
Due to DROP participants	<u>1,010,659</u>

Total liabilities	<u>1,838,284</u>
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NET ASSETS:

Held in trust for pension benefits	\$ <u><u>45,008,640</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
For the Year Ended September 30, 2011

ADDITIONS:

Contributions:

Employees	\$ 1,219,295
City	3,459,575
State	<u>445,419</u>

Total contributions	<u>5,124,289</u>
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Investment income:

Net appreciation in fair value of investments	(345,249)
Interest and dividends	<u>710,103</u>

Total investment income	<u>364,854</u>
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Investment expenses	<u>(239,991)</u>
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Net investment income	<u>124,863</u>
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Other income	<u>142,664</u>
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Total additions	<u>5,391,816</u>
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DEDUCTIONS:

Pension benefits	4,793,219
Administrative expenses	<u>292,609</u>

Total deductions	<u>5,085,828</u>
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Change in net assets	305,988
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year	<u>44,702,652</u>
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NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, end of year	<u>\$ 45,008,640</u>
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The accompanying notes to financial statements are an integral part of these statements.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 1 - ORGANIZATION AND OPERATIONS

The City of Dania Beach, Florida (the "City") located in Broward County, is a political subdivision of the State of Florida. The legislative branch of the City is composed of a five-member elected commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the commission-appointed City Manager. In addition to the general government function, the City provides its residents with public works, public safety (police and fire), culture and recreation, building, zoning and planning functions, water, sewer and stormwater management.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The financial statements were prepared in accordance with government accounting standards which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City is financially accountable for a component unit if it appoints a voting majority of the organization's board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, or impose specific financial burdens on the City.

The Dania Beach Community Redevelopment Agency (the "CRA") is governed by the CRA Board which is also the City Commission. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA is reported as a major special revenue fund type using the blended method.

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and fines and forfeitures 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, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation:

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements and relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. 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 City considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. 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.

Property taxes, intergovernmental revenues, franchise fees, licenses and investment earnings 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. In applying the susceptible to accrual concept to intergovernmental revenues, revenues are recognized when all eligibility requirements are met. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government except those required to be accounted for in a separate fund.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Grants Fund accounts for the revenues and expenditures related to federal, state and local grants received by the City with the exception of FEMA reimbursements for hurricane-related expenses.

The Community Redevelopment Agency Fund accounts for funds received to be used for eliminating slum and blight conditions existing in the community redevelopment area.

The Capital Projects Fund accounts for the resources accumulated for the completion of the five-year capital budget.

The City reports the following major proprietary funds:

The Water and Sewer Funds account for the provision of potable water to residents and the corresponding sewage disposal, which is supplied by the City of Hollywood, Florida. The City operates the water treatment facility, water distribution system, sewage drainage pipelines and sewage pumping stations.

The Stormwater Fund accounts for the infrastructure and operations of stormwater transportation, which is funded through user charges.

Additionally, the City reports the following fund type:

The Pension Trust Funds account for the activities of the General Employees Retirement System, the Police and Firefighter's Retirement System and OPEB Trust Plan. These funds accumulate resources for pension benefit payments to qualified employees and other post-employment benefits for qualified retirees.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water, sewer and stormwater enterprise funds are charges to customers for sales and services.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The water and sewer funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is City policy to use restricted resources first, and then unrestricted resources as needed.

Assets, liabilities and net assets or fund balance:

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, time and demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and investments with the State Board Investment Pool.

Short-term investments, except the State Board Investment Pool, are reported at cost, which approximates fair value. The Investment Pool is recorded at its value of the pool shares (2A-7 Pool) which is fair value.

The nature of investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the Local Government Surplus Funds Trust Fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain government agencies, interest bearing time deposits or savings accounts.

2. Receivables and Payables:

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Property taxes are levied as of January 1 on property values assessed as of the same date. Assessment and collections are made on behalf of the City by Broward County. Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Broward County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. All trade and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable allowances are based on historical trends.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating revenues in the water and sewer enterprise funds are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption period and billed in October.

The City's contracted service provider processes receivables associated with Emergency Medical Services (EMS).

With the exception of EMS, the City deems receivable balances collectible and as such does not establish an allowance for doubtful accounts. An allowance account of approximately \$ 7,333,000 is established for EMS receivables based on historical collection rates.

3. Inventories and Prepays:

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed. The reported governmental fund type inventories are offset by a nonspendable fund balance that indicates that they do not constitute available spendable resources.

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

4. Restricted Assets:

Certain assets of the Debt Service and Capital Projects Funds have been classified as restricted because their use is completely restricted by a bond indenture agreement for the City's debt service requirements.

Impact fees collected in the Water and Sewer Funds are also restricted for costs associated with improvements to the systems that will provide for increased capacity as well as the expansion of the system.

5. Capital Assets:

Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, construction in progress, infrastructure (e.g., roads, bridges, sidewalks and similar items) and utility systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. For infrastructure assets the City defines capital assets with an initial cost of more than \$ 10,000 and an estimated life in excess of five years. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10-40 years
Infrastructure	20-30 years
Utility system	5-50 years
Furniture, fixtures and equipment	3-10 years

6. Compensated Absences:

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. An employee may, on an annual basis, or upon termination, cash in a portion of these unused benefits. Vacation and sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported and recorded in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. When the liability is liquidated it is expended/expensed in the General Fund and the Enterprise Fund.

7. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line amortization method. The results of using this method do not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Equity Classification:

Government-Wide and Proprietary Fund Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted net assets – consists of net assets with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Equity

During the year, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) or a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned: This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or through the Commission delegating this responsibility to City management.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

9. Unearned/Deferred Revenue:

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

10. Use of Estimates:

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 the reported amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

11. Deficit Fund Balances:

At September 30, 2011, the City had a deficit fund balance in the Grants Fund of \$ 970,606. This deficit is expected to be eliminated by reimbursements from grantor agencies in future years.

12. Date of Management Review:

Subsequent events were evaluated by management through March 30, 2012, which is the date the financial statements were available to be issued.

NOTE 3 – IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD BOARD PRONOUNCEMENT AND RESTATEMENT OF FUND EQUITY

During 2011, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 3 – IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD BOARD PRONOUNCEMENT AND RESTATEMENT OF FUND EQUITY (continued)

The implementation of GASB Statement No. 54 had the following effect on fund balances of the General Fund, IT Parker Fund, Marina Operation Fund and Fire Explorer Fund:

	<u>General Fund</u>	<u>IT Parker Fund</u>	<u>Marina Operation Fund</u>	<u>Fire Explorer Fund</u>
Fund balance (deficit) at September 30, 2010	\$ 22,103,025	\$ 8,500	\$ (320,515)	\$ 3,396
GASB 54 change in fund structure	<u>(308,619)</u>	<u>(8,500)</u>	<u>320,515</u>	<u>(3,396)</u>
Restated fund balance at September 30, 2010	<u>\$ 21,794,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits:

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

Investments:

The City is authorized to invest in obligations of the United States Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net investment earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

The City invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The SBA previously reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio.

The City also invests in the Florida Municipal Investment Trust (the "Municipal Trust") which was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The Municipal Trust is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a "2a-like" pool.

Investments - City:

As of September 30, 2011, the City had the following investments and maturities:

	Fair Value	Investment Maturities (In Years)		
		Less Than 1	1-5	6-10
Florida PRIME	\$ 31,699,322	\$ 31,699,322	\$ -	\$ -
Fund B	307,141	-	-	307,141
Municipal Trust - FMIvT				
0-2 Year High Quality				
Bond Fund	<u>1,093,812</u>	<u>1,093,812</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,100,275</u>	<u>\$ 32,793,134</u>	<u>\$ -</u>	<u>\$ 307,141</u>

Interest rate risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The City has a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates. The policy establishes a maximum range of ten years for United States Treasury Securities, five years for Federal Agencies and Instrumentalities and three years for Certificates of Deposit.

Credit risk

The City has a formal investment policy that mitigates credit risk by limiting investments to the safest types of securities; prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifies the investment portfolio so that potential losses on individual securities will be minimized. In addition, state law limits investments in 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, unless 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 Florida PRIME is rated AAAM by Standard and Poor's and Fund B is not rated by any nationally recognized statistical rating agency. The FMIvT 0-2 Year High Quality Bond Fund is rated AAA.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments - Pension Plans:

As of September 30, 2011, the City's Pension and Other Post-Employment Benefits Plans had the following investments:

Common stocks	\$	15,052,986
Cash		13,057,856
Government securities		3,954,519
Corporate and foreign bonds		2,316,928
Real estate trust		2,799,495
Money market funds		<u>8,803,342</u>
	\$	<u><u>45,985,126</u></u>

Maturity risk

State law does not limit maturity term on fixed income holdings. As of September 30, 2011, the Police and Firefighters Pension Plan held fixed income securities with the following maturities:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
United States Government Agency Notes	\$ 2,411,088	\$ 6,504	\$ -	\$ 270,979	\$ 2,133,605
United States Government notes and bonds	1,543,431	2	248,964	765,770	528,695
Corporate and foreign bonds	<u>2,316,928</u>	<u>-</u>	<u>678,316</u>	<u>717,647</u>	<u>920,965</u>
Total	\$ <u><u>6,271,447</u></u>	\$ <u><u>6,506</u></u>	\$ <u><u>927,280</u></u>	\$ <u><u>1,754,396</u></u>	\$ <u><u>3,583,265</u></u>

Interest rate risk

Interest rate risk refers to the portfolio's exposure to fair value losses arising from increasing interest rates. The Plans do not have a formal investment policy that limits investment maturities as a means of managing its exposure to market value losses arising from increasing interest rates.

Credit risk

State law limits investments in 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, unless 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.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The Police and Firefighters Pension Plan investments subject to credit risk were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 2,261,288
Aa1	202,351
Aa2	134,090
Aa3	116,180
A1	187,824
A2	275,702
A3	349,531
Baa1	114,780
Baa2	358,576
Baa3	98,656
No rating available	316,813
U.S. Agencies (not rated)	<u>1,855,656</u>
Total	<u>\$ 6,271,447</u>

Concentration risk

The General Employees' Pension Plan investment policy stipulates that not more than 5% of Plan assets can be invested in the common stock of any one issuing company nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of any company. As of September 30, 2011, the value of each position held by the General Employees' Pension Plan portfolio comprised less than 5% of Plan assets and less than 5% of the value of the outstanding capital stock of the respective company.

The Police and Firefighters Pension Plan limits investments that may be invested in any one issuer to no more than 5% of Plan net assets other than government and government agencies securities. There were no individual investments that represent 5% or more of Plan net assets at September 30, 2011.

Foreign credit risk

For an investment, foreign currency risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. dollars as well as the carrying value of foreign investments. The City is not exposed to foreign credit risk. The Police and Firefighters' Pension Fund's exposure to foreign currency risk derives mainly from its investments in international equity funds. The Police and Firefighters' Pension Fund's exposure to foreign currency risk related to foreign equity funds is as follows:

Barin Focused International Equity	\$ 1,719,028
I-Shares MSCI Emerging Markets Index	<u>40,359</u>
Total	<u>\$ 1,759,387</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The Police and Firefighters' Pension Fund also has exposure to foreign currency risk from its investments in international equity stock totaling \$ 1,339,148, invested through ICC Capital Management as follows:

Country	Fair Value
United Kingdom	\$ 401,418
Japan	243,125
Germany	193,618
Switzerland	80,635
Luxemburg	48,004
Canada	46,650
Other countries	325,698
Total international equity	\$ 1,339,148

The Police and Firefighters' Pension Fund's investment policy limits the foreign investments to no more than 20% of the Fund's investment balance. As of year-end, the foreign investments were 14% of total investments.

Risks and uncertainties

The Plans have investments that are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits. The Plans, through their investment advisors, monitor the Plans' investments and risks associated therewith on a regular basis, which the Plans believe minimizes their risks.

NOTE 5 - RECEIVABLES

Receivables as of September 30, 2011 for the City's individual funds in the aggregate including the allowances for uncollectible receivables are as follows:

	General Fund	Nonmajor Funds	Water Fund	Sewer Fund	Total
Customers billed	\$ 7,453,157	\$ 900	\$ 666,146	\$ 791,047	\$ 8,911,250
Franchise fees	552,322	-	-	-	552,322
Utility taxes	242,289	-	-	-	242,289
Other	195,771	-	124,560	-	320,331
Gross receivable	8,443,539	900	790,706	791,047	10,026,192
Less allowance for uncollectibles	(7,333,422)	-	(24,491)	(28,901)	(7,386,814)
Net total receivables	\$ 1,110,117	\$ 900	\$ 766,215	\$ 762,146	\$ 2,639,378

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 6 - INTERFUND ADVANCES, RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2011 is as follows:

	Advance From	Advance to
General Fund	\$ 3,755,449	\$ -
Water Fund	-	3,376,523
Sewer Fund	-	378,926
	\$ 3,755,449	\$ 3,755,449

Receivable Fund	Payable Fund	Amount
General Fund	Grants Fund	\$ 220,354
General Fund	Water Fund	\$ 850,000
General Fund	Parking Fund	\$ 273,790
General Fund	Pier Operations Fund	\$ 50,000
Capital Projects Fund	General Fund	\$ 3,000,000
Sewer Fund	Community Redevelopment Agency Fund	350,000
Sewer Fund	Water Fund	\$ 50,000
Sewer Fund	General Fund	\$ 700,000
Stormwater Fund	Grants Fund	\$ 900,000
Stormwater Fund	Building Permit Fund	\$ 300,000

The City awarded a construction contract of approximately \$ 9,000,000 for a new nano-filtration water production plant. At the time of this contract award, construction loan commitments from the State Revolving Fund totaled only approximately \$ 3,000,000. To ensure that the Water Fund had sufficient financial resources to pay for this contract award, the General Fund advanced funds as a “bridge loan” to the Water Fund. The City does not anticipate award of additional loan financing commitments from the State Revolving Fund in subsequent periods.

The City operates on a pooled cash basis and transfers funding for governmental capital projects into the Capital Projects Fund at the time of project approval. At year-end many Capital Projects Fund projects had not incurred expenditures resulting in balances of available, dormant cash. These dormant cash balances are reallocated at year-end, through the City’s pooled cash process, to properly reflect the substance and availability of cash balances among all City funds including a \$ 3,000,000 allocation of cash from the Capital Projects Fund to the General Fund.

The remaining balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

The composition of interfund transfers for the year ended September 30, 2011 is as follows:

Transfer Out	Transfer In					Total
	General Fund	Community Redevelopment Agency Fund	Capital Projects Fund	Parking Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 822,150	\$ 1,903,726	\$ 4,000	\$ 1,896,407	\$ 4,626,283
Grants Fund	-	-	526,391	-	-	526,391
Nonmajor Governmental Funds	41,943	-	510,000	-	-	551,943
Water Fund	285,878	-	180,000	-	-	465,878
Sewer Fund	252,098	-	60,000	-	-	312,098
Stormwater Fund	45,000	-	30,000	-	-	75,000
	<u>\$ 624,919</u>	<u>\$ 822,150</u>	<u>\$ 3,210,117</u>	<u>\$ 4,000</u>	<u>\$ 1,896,407</u>	<u>\$ 6,557,593</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to/ the debt service fund to establish mandatory reserve accounts, 3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance, Beginning of year, as reclassified	Increases	Decreases	Balance, End of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,184,221	\$ -	\$ -	\$ 16,184,221
Construction in progress	4,629,365	405,205	4,042,828	991,742
Total assets, not being depreciated	<u>20,813,586</u>	<u>405,205</u>	<u>4,042,828</u>	<u>17,175,963</u>
Capital assets, being depreciated:				
Buildings and improvements	28,993,600	5,177,553	-	34,171,153
Furniture, fixtures and equipment	7,269,655	1,008,277	3,775,513	4,502,419
Infrastructure	28,039,986	260,737	-	28,300,723
Total capital assets, being depreciated	<u>64,303,241</u>	<u>6,446,567</u>	<u>3,775,513</u>	<u>66,974,295</u>
Less accumulated depreciation for:				
Buildings and improvements	5,969,137	1,178,352	279,019	6,868,470
Furniture, fixtures and equipment	4,388,195	483,891	2,557,213	2,314,873
Infrastructure	17,862,338	1,251,095	-	19,113,433
Total accumulated depreciation	<u>28,219,670</u>	<u>2,913,338</u>	<u>2,836,232</u>	<u>28,296,776</u>
Total capital assets, being depreciated, net	<u>36,083,571</u>	<u>3,533,229</u>	<u>939,281</u>	<u>38,677,519</u>
Governmental activities capital assets, net	<u>\$ 56,897,157</u>	<u>\$ 3,938,434</u>	<u>\$ 4,982,109</u>	<u>\$ 55,853,482</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 7 - CAPITAL ASSETS (continued)

	Balance, Beginning of Year, as reclassified	Increases	Decreases	Balance, End of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 220,976	\$ -	\$ -	\$ 220,976
Construction in progress	6,320,041	5,683,867	2,197,278	9,806,630
 Total capital assets, not being depreciated	 6,541,017	 5,683,867	 2,197,278	 10,027,606
Capital assets being depreciated:				
Buildings and improvements	370,236	2,048,494	-	2,418,730
Furniture, fixtures and equipment	1,329,585	47,211	31,815	1,344,981
Utility system	38,291,277	410,377	-	38,701,654
 Total capital assets, being depreciated	 39,991,098	 2,506,082	 31,815	 42,465,365
Less accumulated depreciation for:				
Buildings and improvements	-	85,354	-	85,354
Furniture, fixtures and equipment	926,056	95,593	31,815	989,834
Utility system	16,395,911	824,038	-	17,219,949
 Total accumulated depreciation	 17,321,967	 1,004,985	 31,815	 18,295,137
 Total capital assets, being depreciated	 22,669,131	 1,501,097	 -	 24,170,228
 Business-type activities capital assets, net	 \$ 29,210,148	 \$ 7,184,964	 \$ 2,197,278	 \$ 34,197,834

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,278,415
Highways and streets	799,375
Public safety	463,614
Culture and recreation	287,672
Physical environment	84,262
Total depreciation expense - governmental activities	\$ 2,913,338
 Business-type activities:	
General government	\$ 2,926
Physical environment	998,912
Highways and streets	3,147
Total depreciation expense - business-type activities	\$ 1,004,985

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for governmental activities for the year ended September 30, 2011:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year	Due Within One Year
Governmental activities:					
Bonds, notes and capital leases payable:					
Sales tax revenue bonds	\$ 2,175,000	\$ -	\$ 100,000	\$ 2,075,000	\$ 105,000
General obligation bonds	9,630,000	-	200,000	9,430,000	265,000
Notes payable	7,786,157	-	694,521	7,091,636	691,963
Capital leases payable	1,005,855	787,095	100,585	1,692,365	189,560
Less deferred amounts:					
Bond premium	17,232	-	690	16,542	-
 Total bonds, notes and capital leases payable*	 <u>20,614,244</u>	 <u>787,095</u>	 <u>1,095,796</u>	 <u>20,305,543</u>	 <u>1,251,523</u>
Other liabilities:					
Compensated absences payable**	1,640,139	722,110	1,506,836	855,413	128,312
 Total other liabilities	 <u>1,640,139</u>	 <u>722,110</u>	 <u>1,506,836</u>	 <u>855,413</u>	 <u>128,312</u>
 Long-term liabilities	 <u>\$ 22,254,383</u>	 <u>\$ 1,509,205</u>	 <u>\$ 2,602,632</u>	 <u>\$ 21,160,956</u>	 <u>\$ 1,379,835</u>

*Debt issued for capital purposes

**The \$ 1,506,636 includes \$ 769,919 of accruals which were deleted due to the fire rescue services being contracted out to Broward Sheriff's Office in fiscal year 2011.

Bonds Payable

The City previously issued \$ 3,500,000 of General Obligation Bonds, Series 2010. The proceeds of the Series 2010 Bonds were used to finance a portion of the parking garage and entry road with associated infrastructure related to a downtown library facility and paying costs of issuance of the Bonds. The Bonds are payable in annual principal installments beginning October 15, 2010 through October 15, 2025. Interest at 4.43% is payable semiannually on the 15th day of April and October. The Series 2010 Bonds are secured by the full faith, credit and taxing power of the City.

The City previously issued \$ 3,255,000 of Sales Tax Revenue Bonds, Series 1994. The proceeds of the Series 1994 Bonds were used to (i) make a deposit to an interest account to pay capitalized interest on the Bonds, (ii) retire the Series 1993 Sales Tax Revenue Bonds totaling approximately \$ 741,714, (iii) make a deposit in the Construction Fund for the construction of a municipal fishing pier, (iv) make a deposit into a reserve account. The Bonds are due in varying annual installments through 2025. Annual bond interest rates vary from 3.2% to 5.0%. The Bonds are limited obligations of the City payable solely from sales tax revenues.

The City previously issued \$ 6,800,000 General Obligation Bonds, Series 2006 to fund the construction of a fire station in the annexed area, parks and recreation centers improvements, and neighborhood improvements for lighting projects, sidewalk improvements and traffic calming devices.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 8 - LONG-TERM DEBT (continued)

Annual debt service requirements of the Sales Tax Revenue Bonds, Series 1994, the General Obligations Bonds, Series 2006 and the General Obligations Bonds, Series 2010 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 370,000	\$ 517,801	\$ 887,801
2013	390,000	502,230	892,230
2014	405,000	485,812	890,812
2015	425,000	468,592	893,592
2016	440,000	450,270	890,270
2017-2021	2,510,000	1,938,365	4,448,365
2022-2026	3,940,000	1,267,154	5,207,154
2027-2031	1,530,000	549,225	2,079,225
2032-2035	1,495,000	171,900	1,666,900
	<u>\$ 11,505,000</u>	<u>\$ 6,351,349</u>	<u>\$ 17,856,349</u>

As of September 30, 2011, the City has complied with all of the provisions outlined within its Series 1994 Sales Tax Revenue Bond Indenture Agreement.

Notes Payable - Governmental Funds

The City previously issued a note payable for \$ 2,350,000 bearing interest at 4.33% for the construction of certain capital projects. The note, which is collateralized by franchise fees collected from Florida Power and Light, is payable in monthly installments through December 2012. \$ 243,276

The City previously issued a note payable for \$ 220,000 bearing interest at 5.1% to purchase real property for the purpose of erecting Fire Station #93. The note, which is secured by non-ad valorem revenues is payable in 60 quarterly installments of \$ 5,295 through March 2013. 25,780

The City previously issued a note payable for \$ 637,000 bearing interest at 4.95% for the renovation of Fire Station #1. The note, which is secured by non-ad valorem revenues, is payable in 60 quarterly installments of \$ 15,176 through September 2014. 155,583

The City previously issued a note payable for \$ 386,904, bearing interest at 3.29% for the purchase of City vehicles, renovations to City buildings and the purchase of a document imaging system. The note is secured by non-ad valorem revenues. The note is payable in installments of \$ 17,920 through April 2013. 56,186

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 8 - LONG-TERM DEBT (continued)

The City previously entered into a loan agreement in the amount of \$ 822,500 for the financing of construction of the Frost Park Recreation Center improvements. The loan is payable in semi-annual payments of \$ 41,125 including interest at 3.625% through June 2014. 246,750

The City previously issued a promissory note in the amount of \$ 1,050,000 to pay for the City's \$ 650,000 promissory note originally issued for the construction of the fishing pier restaurant and to pay for additional capital costs in connection with such construction. The note is payable in semi-annual payments of \$ 69,698 bearing interest at 5.72% through September 2015. 492,164

The City previously issued a promissory note in the amount of \$ 1,466,640 to pay for the renovation, expansion and equipping of the City Hall Complex and related costs. The note is payable in semi-annual payments of \$ 89,998 bearing interest at 4.07% through June 2016. 806,788

The City previously entered into an interlocal agreement with Broward County to borrow an amount up to \$ 6,345,866 for eligible projects in the County Redevelopment Capital Program. The city received the first draw in the amount of \$ 2,334,200 in 2009 and the second draw in the amount of \$ 2,730,909 in 2010. The loan is held to conditions requiring the City to complete the project within five years of the first draw and to demonstrate a net increase in the tax base of the Community Redevelopment Area. If the conditions are met the note will be forgiven using a predetermined schedule. If the conditions are not met the note will be payable to the County over a fifteen-year period commencing at the end of the initial five-year interest-free period with interest at the Municipal Market Data (MMD) "A" revenue bond rate in effect at the time repayment begins. 5,065,109

Total notes payable \$ 7,091,636

Annual debt service requirements for the notes payable, excluding the interlocal agreement with Broward County, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 691,963	\$ 82,702	\$ 774,665
2013	436,806	55,991	492,797
2014	421,873	36,485	458,358
2015	301,387	18,114	319,501
2016	174,498	5,349	179,847
	<u>\$ 2,026,527</u>	<u>\$ 198,641</u>	<u>\$ 2,225,168</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 8 - LONG-TERM DEBT (continued)

The following is a summary of changes in long-term debt of the City for business-type activities for the year ended September 30, 2011:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year	Due Within One Year
Business-type activities:					
Note and loans payable:					
Note payable	\$ 34,549	\$ -	\$ 17,944	\$ 16,605	\$ 16,605
State revolving loans payable	8,489,824	3,613,917	451,563	11,652,178	854,822
Compensated absences payable	315,173	185,159	154,432	345,900	51,885
Total	\$ 8,839,546	\$ 3,799,076	\$ 623,939	\$ 12,014,683	\$ 923,312

Note Payable - Enterprise Funds

Due to the implementation of GASB Statement No. 34, long-term debt that had been previously classified as a Special Revenue Fund obligation in the general long-term debt account group was moved to the Stormwater Enterprise Fund (and classified as an Enterprise Fund). The outstanding principal is a portion of the original note issued for the construction of certain capital projects. The note, which is collateralized by franchise fees collected from Florida Power and Light, is payable in monthly installments through December 2012.

\$ 16,605

Annual debt service requirements for the note are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 16,605	\$ 408	\$ 17,013

State Revolving Loans Payable - Enterprise Funds

During the year and in previous years, the City entered into loan agreements with the State Department of Environmental Protection's Clean Water State Revolving Fund Loan Program and Drinking Water State Revolving Fund Loan Program to borrow up to \$ 15,311,674. As of September 30, 2011, the City has \$ 11,652,178 outstanding which it has borrowed to finance the planning, design and construction of water, wastewater and stormwater infrastructure improvements. The City is required to maintain rates and charges for the services furnished by the water, sewer and stormwater systems which will be sufficient to provide revenues equal to or exceeding 1.15 times the sum of the semi-annual loan payments (debt service). The loans are payable in semi-annual payments upon completion of the projects. The amount of semi-annual payments is calculated based on the actual amount of the principal drawn under the agreements, as well as associated capitalized interest and loan issuance cost. The amount of semiannual payments made during the year amounted to \$ 451,563. These amounts are subject to change since the projects have not been completed; therefore, amortization schedules are not available at this time.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 8 - LONG-TERM DEBT (continued)

The financing interest rates and principal amounts of the loans are as follows:

<u>Fund</u>	<u>Rate</u>	<u>Amount</u>
Water Fund	2.60% - 2.82%	\$ 9,253,966
Sewer Fund	0.905% - 1.355%	2,337,477
Stormwater Fund	1.355%	<u>60,735</u>
		<u>\$ 11,652,178</u>

NOTE 9 - LEASES

Operating Leases

The City leases parcels of real estate to private corporations. The leases, classified as operating leases, expire in years 2014 and 2040. The marina lease is subject to contingency rentals, which are calculated as a percentage of gross receipts. In addition, the City leases its pier facilities on a month-to-month basis. Rental income of \$ 379,197 is included as miscellaneous revenue in the General Fund.

The following is a schedule of minimum future rental income of non-cancelable operating leases, excluding the pier facilities, without considering increases for CPI as of September 30, 2011:

<u>Year Ending September 30,</u>		
2012	\$	180,085
2013		180,085
2014		180,085
2015		165,157
2016		170,112
2017-2021		850,561
2022-2026		850,561
2027-2031		850,561
2032-2036		850,561
2037-2040		<u>652,097</u>
	\$	<u>4,929,865</u>

Capital Leases

The City entered into two lease agreements for financing the acquisition of equipment for the Fire Department in the amounts of \$ 1,005,855 and \$ 889,744. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of inception date. As of September 30, 2011, the City had only received \$ 787,095 of the \$ 889,744.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 9 – LEASES (continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011 are as follows:

Year Ending September 30,		
2012	\$	244,209
2013		238,281
2014		232,354
2015		226,427
2016		220,500
2017-2021		913,004
Total minimum lease payments		2,074,775
Less interest portion		279,761
Present value of minimum lease payments	\$	1,795,014

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City purchases commercial insurance for all types of claims with nominal deductible amounts. Settled claims have not exceeded commercial coverage limitations in any of the past three fiscal years.

The City provides certain health and dental insurance coverage to its employees through a self-insured health plan. The health plan provides an individual stop loss limit per year of \$ 75,000, and an aggregate stop loss limit of approximately \$ 2,000,000. The City establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that have been incurred, but not reported. The City accounts for the activities of the self-insured health plan in its General Fund. An independent actuarial report issued annually calculated the claims liability of \$ 252,976 at September 30, 2011.

Changes in claims payable, including estimated incurred but not reported claims, during the past three fiscal years are as follows:

Fiscal Year Ended	Beginning of Year Claims Payable	Current Year Claims and Changes in Estimated	Claims Payments	End of Year Claims Payable
9/30/2009	\$ 264,949	\$ 2,038,568	\$ 2,057,776	\$ 245,741
9/30/2010	245,741	3,423,168	2,990,703	678,206
9/30/2011	678,206	1,790,887	2,216,117	252,976

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Interlocal Agreement with Broward County Sheriff's Office for Police Services

A contract exists between the Broward County Sheriff's Office and the City, whereby the Broward County Sheriff's Office provides police officers to serve the City. These police officers are paid on the Broward County Sheriff's Office payroll. The City pays the Broward County Sheriff's Office for the police services based on the contract. The City paid the Broward County Sheriff's Office \$ 10,369,612 for the fiscal year ended September 30, 2011.

Interlocal Agreement with Broward County Sheriff's Office for Fire Rescue and Emergency Medical Services

Effective January 6, 2011, the City entered into an agreement with the Broward County Sheriff's Office to provide fire rescue and emergency medical services. This agreement is through September 2015 and provides for three (3) five (5) year options for renewals based upon the mutual written agreement of both parties. All fire personnel are paid on the Broward County Sheriff's Office payroll. The City pays the Broward County Sheriff's Office for the fire rescue and emergency medical services based on the contract. The City paid the Broward County Sheriff's Office \$ 5,875,730 for the fiscal year ended September 30, 2011.

Interlocal Agreement with City of Hollywood

The City has an Interlocal Agreement with the City of Hollywood for utilization of a common area-wide wastewater collection, treatment and disposal facility. The City of Hollywood is required to provide the City of Dania Beach an estimate of all costs at the beginning of each fiscal year. The annual estimate is the basis for monthly billings and is adjusted annually based upon actual flows and actual costs when known. Charges for services provided by the City of Hollywood include operation, maintenance and administrative costs, debt service charges, depreciation charges and renewal, replacement and improvement account contributions. For the fiscal year ended September 30, 2011, the City recognized expenses of \$ 3,202,511 under this agreement. The agreement will continue in existence until modified by mutual consent or termination by one of the parties after giving one year's notice. Should the City terminate the agreement, it would be required to pay all debt service charges which would otherwise have been chargeable to the City (based upon a weighted average for future years using projected flows) and a sum equal to the present value of five years of all other payments based on the annual payment in the year of termination. Management considers the termination of this agreement to be remote. Future payments under this agreement cannot be estimated.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

Construction Commitments

The City has numerous active construction projects as of September 30, 2011. The projects include a new library and parking garage, lighting project, neighborhood improvements, public works facility, lift station rehabilitation and water tank membrane. At year end, the City's significant commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Capital Projects Fund:		
Marina Improvements	\$ 139,805	\$ 329,988
US 1 Landscaping Phase I	274,525	604,631
Southeast Traffic Calming	446,506	520,126
CPTED Improvements	688,188	411,812
Site 449 Fuzzy Bunny	244,985	468,442
Solar Lighting Projects	<u>38,757</u>	<u>45,359</u>
	<u>\$ 1,832,766</u>	<u>\$ 2,380,358</u>
Water, Sewer and Stormwater Funds:		
Water Main US1/Malaleuca	\$ 376,580	\$ 41,629
Water Plant Rehabilitation	194,023	58,347
Water Tank Membrane	<u>8,302,551</u>	<u>874,207</u>
	<u>\$ 8,873,154</u>	<u>\$ 974,183</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Plan Description

The City is the sponsor of two single-employer Public Employee Retirement Systems ("PERS") defined benefit pension plans established to provide pension, disability and death benefits for its employees and beneficiaries. The two plans are the General Employees' Pension Fund and the City of Dania Beach Retirement System for Police and Firefighters. The Police and Firefighters' Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial reports for the Police and Firefighters' Plan may be obtained by writing to the Board of Trustees c/o City of Dania Beach, 100 West Dania Beach Boulevard, Dania Beach, Florida 33004.

The City's covered payroll for employees covered by the General Employees' Pension Plan for the year ended September 30, 2011 was \$ 1,846,148.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Under the provisions of the General Employees' Pension Plan, all full-time employees who were hired prior to March 1, 2006 were eligible to participate. Pension benefits are vested after six years of credited service. Members were eligible to retire at age 55 with 6 years credited service or at age 50 with 25 years of credited service at a benefit of 2.5% (for each year of credited service) of final average salary based on the highest 3 years' salary during the last 10 years of employment. The benefit multiplier was raised to 3% for those who retired after December 31, 1998. City ordinance established these benefit provisions. Amendments to the Plan must be authorized by the City Commission.

Summary of Significant Accounting Policies

Basis of Accounting:

The Plans' 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 the 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 the Plan.

Method Used to Value Investments:

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market price are presented at estimated fair values as provided by the custodial bank and investment counsel.

At October 1, 2010, the date of the latest actuarial valuation, the Plan's membership consisted of:

	General Employees	Police and Firefighters
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	56	52
DROP participants	15	7
Total	71	59
Current employees	41	35

Funding Policy

City ordinance establishes the contribution requirements of General Employees' Pension Plan members and the City. City employee members are required to contribute 19.74% of their annual covered salary of which 16.08% is contributed by the City on behalf of the employee. Additionally, the City is required to contribute at an actuarially determined rate of 30.49% for fiscal year 2011, bringing the combined total pension contribution rate to 50.23%. City and employee contributions for fiscal year 2011 were \$ 683,091, and \$ 370,119, respectively.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Firefighters currently make contributions to the Plan at a rate equal to 24.6% of earnings. Police officers make contributions to the Plan at a rate equal to 7% of their annual covered salary. Firefighters hired prior to September 30, 2001 and those hired on or after October 1, 2001 contribute 2% and 6.46%, respectively, of their earnings through payroll deductions. The remaining employee contributions are made by the City of Dania Beach on the firefighters' behalf. The entire 7% contribution for the police officers would be made entirely by the City of Dania Beach on the police officers' behalf if the City had any remaining active officers in the Plan. Additionally, the City is required to contribute an actuarially determined rate of 19.72% for firefighters in the fiscal year, bringing the combined total firefighter contribution rate to 44.32%. City and employee contributions for fiscal year 2011 were \$ 1,630,010 and \$ 849,176, respectively.

Financial Reports

The General Employees' Pension Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. The Plan financial statements are as follows:

General Employees' Pension Fund
 Statement of Net Assets
 September 30, 2011

ASSETS:	
Investments, at fair value	
Cash	\$ 13,057,856
Common stocks	3,059,976
Money market funds	<u>1,361,573</u>
Total investments	<u>17,479,405</u>
Receivables:	
Accrued interest receivable	3
Loans to DROP participants	<u>48,084</u>
Total receivables	<u>48,087</u>
Total assets	<u>17,527,492</u>
LIABILITIES:	
Accounts payable	<u>30,867</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 17,496,625</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

General Employees' Pension Fund
Statement of Changes in Net Assets
Available for Benefits
For the Year Ended September 30, 2011

ADDITIONS:	
Contributions:	
Employees	\$ 370,119
City	<u>683,091</u>
Total contributions	<u>1,053,210</u>
Investment income:	
Net depreciation in fair value of investments	(16,451)
Interest and dividends	<u>160,775</u>
Total investment income	<u>144,324</u>
Investment expenses	<u>(75,721)</u>
Net investment income	<u>68,603</u>
Total additions	<u>1,121,813</u>
DEDUCTIONS:	
Pension benefits	1,169,697
Administrative expenses	<u>121,811</u>
Total deductions	<u>1,291,508</u>
Change in net assets	(169,695)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year	<u>17,666,320</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, end of year	<u>\$ 17,496,625</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Annual Pension Cost and Net Pension Asset

The City's annual pension cost and net pension asset for the General Employees Retirement System for the year ended September 30, 2011 was as follows:

Annual required contribution	\$	683,091
Interest on net pension obligation		(17)
Adjustment to annual required contribution		<u>39</u>
Annual pension cost		683,113
Contributions made		<u>683,091</u>
Decrease in net pension asset		22
Net pension asset, beginning of year		<u>(230)</u>
Net pension asset, end of year	\$	<u><u>(208)</u></u>

The annual required contribution for the current year was determined based on an October 1, 2010 actuarial valuation date. The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, net of investment-related expenses, (ii) projected salary increases of 4% a year attributable to historical events, including inflation, merit and seniority, (iii) normal retirement at age 50, and 25 years of credited service or age 55 and 6 years of credited service and (iv) no post-retirement benefit increases. Both (i) and (ii) include an inflation component of 4%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period.

Funded Status

The funded status of the Plan as of October 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
\$ 17,173,624	\$ 22,177,225	\$ 5,003,601	77.4%	\$ 2,041,766	245.1%

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

The schedule of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2009	\$ 547,052	\$ 547,027	100.0%	\$ (253)
9/30/2010	595,699	595,676	100.0%	(230)
9/30/2011	683,113	683,091	100.0%	(208)

The City's annual pension cost and net pension asset to the Police and Firefighters' Plan for the year ended September 30, 2011 was as follows:

Annual required contribution*	\$ 1,225,373
Interest on net pension obligation	(23,454)
Adjustment to annual required contribution	<u>33,228</u>
Annual pension cost	1,235,147
Contributions made	<u>1,225,373</u>
Decrease in net pension asset	9,774
Net pension asset, beginning of year	<u>(293,173)</u>
Net pension asset, end of year	<u><u>\$ (283,399)</u></u>

*Includes expected maximum state contribution.

The annual required contribution for the current year was determined as part of the October 1, 2010 actuarial valuation using the individual entry age actuarial cost method. The City received \$ 445,419 from the state that was generated from the insurance premium tax as part of the required funding for the Plan and recorded revenues and expenditures in the General Fund, as appropriate. The actuarial assumptions included (i) 8.0% investment rate of return (net of investment related expenses) compounded annually and (ii) projected salary increases of 6% a year. Both (i) and (ii) included an inflation component of 4%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 5-year period. The unfunded actuarial accrued liability is being amortized as a level dollar of project payroll on a closed basis. The remaining amortization period at October 1, 2010 was 30 years. Cost of living adjustments are determined based on actuarial gains.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Funded Status

The fund status of the plan as of October 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
\$ 29,305,856	\$ 44,144,032	\$ 14,838,176	66.4%	\$ 2,777,071	534.3%

The schedule of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2009	\$ 1,197,449	\$ 1,191,837	99.5%	\$ (299,785)
9/30/2010	1,253,128	1,246,516	99.5%	(293,173)
9/30/2011	1,235,147	1,225,373	99.2%	(283,399)

NOTE 12 - FLORIDA RETIREMENT SYSTEM

Plan Description

The City previously elected to participate in the Florida Retirement System (“FRS”). All general employees hired after March 1, 2006 participate in the FRS, a cost sharing, multiple-employer, public retirement system controlled by the State Legislature and administered by the State of Florida Department of Administration, Division of Retirement. The FRS provides retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members and beneficiaries. A post-employment health insurance subsidy is also provided to eligible employees.

Benefits are established by Chapter 121, Florida Statutes and Chapter 22B, Florida Administrative Code. Amendments to the law can only be made by an act of the Florida Legislature.

The State of Florida issues a publicly available financial report that includes financial statement and required supplementary information for the FRS. The latest available report was for the fiscal year ended June 30, 2011. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 12 - FLORIDA RETIREMENT SYSTEM (continued)

Funding Policy

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due (see Plan description for current rates). Level percentage of payroll employer contribution rates, established by state law, is determined using the entry-age actuarial cost method. If an unfunded actuarial liability reemerges as a result of future plan benefit changes, assumption changes or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated that future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

The City's required contributions to the FRS for the past three years are as follows:

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
9/30/2009	\$ 335,895	100.0%
9/30/2010	372,857	100.0%
9/30/2011	359,861	100.0%

Plan Benefits

The system provides for vesting of benefits after six years of creditable service; however, employees initially enrolled on or after July 1, 2011 vest with 8 years of service. Employees are eligible for normal retirement at age 62 or 30 years of service; however, employees initially enrolled after July 1, 2011 are eligible for normal retirement at age 65 or 33 years of service. Early retirement or reduced retirement may be taken after a member has vested; however, there is a five percent benefit reduction for each year remaining from a member's retirement age to his/her normal retirement age. Benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. The system also provides for death and disability benefits.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB No. 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. The City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Plan Description

The Employee Health Benefit Plan (the "Plan") is self-insured and administered by AvMed on behalf of the City. Coverage under the Plan is a benefit available to retirees of the City and their eligible dependents. On July 28, 2009, the City adopted Ordinance 2009-010 creating the Other Post-Employment Benefits Trust Fund, a single employer post-employment benefit plan, in accordance with Florida Statutes Chapter 115. The City entered into a master trust agreement with Florida Municipal Pension Trust Fund ("FMPTF"), a pooled trust fund established to provide retirement and other post-employment benefit plan administration.

As of October 1, 2010, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

Current retirees:	
Under age 65	43
Over age 65	29
Dependents	41
Total current retirees	113
Active employees:	
Under age 65	85
Over age 65	3
Total active employees	88
Total number of participants	200

Financial Reports

The Plan does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. The Plan financial statements are as follows:

Other Post-Employment Benefits
 Statement of Net Assets
 September 30, 2011

ASSETS:	
Investments, at fair value	
Money market funds	\$ <u>5,329,492</u>
Total assets	<u>5,329,492</u>
LIABILITIES	
	-
NET ASSETS HELD IN TRUST	
FOR PENSION BENEFITS	\$ <u>5,329,492</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Other Post-Employment Benefits
Statement of Changes in Net Assets
Available for Benefits
For the Year Ended September 30, 2011

ADDITIONS:	
Contributions:	
City	\$ <u>1,743,056</u>
Investment income:	
Interest and dividends	<u>23,921</u>
Total additions	<u>1,766,977</u>
Change in net assets	1,766,977
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year	
	<u>3,562,515</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, end of year	
	\$ <u><u>5,329,492</u></u>

Actuarial Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk and changes in marital status, could result in actual costs being greater or less than estimated.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (continued)

The following table provides information concerning actuarial methods and assumptions:

Valuation date	October 1, 2010
Actuarial cost method	Projected unit credit cost method
Amortization period	30 years
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Assumed rate of return on investments	6% per annum
Mortality	General Plan members - Fully Generational RP2000 Combined Healthy Participant Morality Table Florida Retirement System members - RP-2000 Combined Tables projected to the valuation date using the AA Table Firefighter Plan - 1983 Group Mortality Table
Inflation rate	2.75%

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits when earned and determined annually by the City's actuary. Pay-as-you-go financing is paid by the City and plan members and is accounted for in the City's General Fund. For the year ended September 30, 2011, the City paid a total of \$ 2,828,447 for the OPEB Plan, including pay-as-you-go financing of \$ 1,085,391 and a transfer of assets of \$ 1,743,056 to the FMPTF. It is the City's intent to base future OPEB Trust contributions on the actuarially determined annual required contribution (ARC) less pay-as-you-go financing; however, no future Trust contributions are legally or contractually required. The City shares the insurance premium costs by subsidizing two-thirds of the cost. Retiree plan members are responsible for the remaining portion. The contribution requirements of plan members are established and may be amended by the City Commissioners.

For the year ended September 30, 2011, the City's annual other post-employment benefit (OPEB) costs were as follows:

Annual required contribution	\$ 1,648,817
Interest on net OPEB obligation	(61,782)
Adjustment to annual required contribution	<u>(74,806)</u>
Annual OPEB cost	1,512,229
Contributions made:	
Pay-as-you-go financing	1,085,391
Contribution of assets to OPEB Trust	<u>1,743,056</u>
	2,828,447
Change in net OPEB obligation (asset)	(1,316,218)
Net OPEB obligation (asset), beginning of year	<u>(1,029,697)</u>
Net OPEB obligation (asset), end of year	<u>\$ (2,345,915)</u>

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2011

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
9/30/2009	\$ 1,703,066	\$ 107.4%	\$ (126,730)
9/30/2010	1,703,066	153.0%	(1,029,697)
9/30/2011	1,512,229	187.0%	(2,345,915)

Funded Status

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll (b-a) / (c)
10/1/2008	\$ -	\$ 15,292,752	\$ 15,292,752	0%	N/A	N/A
10/1/2010	\$ 3,562,515	\$ 23,495,201	\$ 19,932,686	15.2%	N/A	N/A

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 15,922,708	\$ 15,922,708	\$ 15,872,847	\$ (49,861)
Special assessments	4,060,485	4,060,485	3,937,523	(122,962)
Franchise fees	2,162,000	2,162,000	2,123,895	(38,105)
Utility taxes	4,260,424	4,260,424	4,288,639	28,215
Licenses and permits	778,115	778,115	1,088,539	310,424
Intergovernmental	2,591,787	3,032,968	3,189,370	156,402
Charges for services	4,067,791	3,330,791	3,212,735	(118,056)
Fines and forfeitures	534,400	534,400	424,301	(110,099)
Investment earnings	566,955	566,955	119,232	(447,723)
Grants	-	-	-	-
Miscellaneous	1,269,315	1,229,315	1,300,092	70,777
Appropriation of prior year reserves	2,531,652	5,939,117	-	(5,939,117)
Total revenues	<u>38,745,632</u>	<u>41,817,278</u>	<u>35,557,173</u>	<u>(6,260,105)</u>
EXPENDITURES:				
General government:				
Legislative	327,698	327,698	317,796	9,902
Executive:				
City Clerk	508,758	521,458	355,710	165,748
City Manager	450,458	450,458	439,981	10,477
Finance and administration:				
Human Resources	537,559	537,559	470,117	67,442
Finance	1,212,360	1,258,243	1,180,542	77,701
General Services	2,341,160	2,328,756	2,247,909	80,847
Legal	1,150,641	2,254,010	2,219,519	34,491
Total general government	<u>6,528,634</u>	<u>7,678,182</u>	<u>7,231,574</u>	<u>446,608</u>
Public safety:				
Police	11,748,516	12,022,594	11,574,542	448,052
Fire	9,516,927	9,722,824	9,797,489	(74,665)
Total public safety	<u>21,265,443</u>	<u>21,745,418</u>	<u>21,372,031</u>	<u>373,387</u>
Highways and street	<u>1,433,651</u>	<u>1,841,097</u>	<u>1,442,289</u>	<u>398,808</u>
Physical environment	<u>2,977,060</u>	<u>2,921,984</u>	<u>2,700,705</u>	<u>221,279</u>
Community redevelopment	<u>706,210</u>	<u>801,892</u>	<u>708,041</u>	<u>93,851</u>
Culture and recreation	<u>2,581,125</u>	<u>2,714,909</u>	<u>2,419,245</u>	<u>295,664</u>
Total expenditures	<u>35,492,123</u>	<u>37,703,482</u>	<u>35,873,885</u>	<u>1,829,597</u>
Excess (deficiency) of revenues over expenditures	<u>3,253,509</u>	<u>4,113,796</u>	<u>(316,712)</u>	<u>(4,430,508)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	659,431	666,431	659,431	(7,000)
Transfers out	<u>(3,912,940)</u>	<u>(4,780,227)</u>	<u>(4,626,283)</u>	<u>153,944</u>
Total other financing sources (uses)	<u>(3,253,509)</u>	<u>(4,113,796)</u>	<u>(3,966,852)</u>	<u>146,944</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,283,564)</u>	<u>\$ (4,283,564)</u>

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND (continued)
 For the Year Ended September 30, 2011

EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY
 COMPARISON SCHEDULE GENERAL FUND AND STATEMENT
 OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - GENERAL FUND

Net change in fund balance, Page 70 \$ (4,283,564)

Amounts reported for budget to actual are different because:

The net change in fund balance in the City's Marina Fund is reported in the Marina Fund for the budgetary purposes but in the General Fund for the purpose of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:

Net change in fund balance - Marina Fund (139,910)

General Fund net change in fund balance per the Statement of Revenues,
 Expenditures and Changes in Fund Balances - Governmental Funds, Page 22 \$ (4,423,474)

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY REDEVELOPMENT AGENCY FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 2,592	\$ 2,592
Appropriation of prior year reserves	<u>-</u>	<u>2,402,310</u>	<u>-</u>	<u>(2,402,310)</u>
Total revenues	<u>-</u>	<u>2,402,310</u>	<u>2,592</u>	<u>(2,399,718)</u>
EXPENDITURES:				
Community development	<u>\$ 822,150</u>	<u>\$ 4,586,126</u>	<u>\$ 960,381</u>	<u>\$ 3,625,745</u>
Total expenditures	<u>822,150</u>	<u>4,586,126</u>	<u>960,381</u>	<u>3,625,745</u>
Deficiency of revenues over expenditures	<u>(822,150)</u>	<u>(2,183,816)</u>	<u>(957,789)</u>	<u>1,226,027</u>
OTHER FINANCING SOURCES:				
Debt proceeds	-	911,666	-	(911,666)
Transfers in	<u>822,150</u>	<u>1,272,150</u>	<u>822,150</u>	<u>(450,000)</u>
Total other financing sources	<u>822,150</u>	<u>2,183,816</u>	<u>822,150</u>	<u>(1,361,666)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,639)</u>	<u>\$ (135,639)</u>

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
September 30, 2011

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The City Manager submits to the Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the annual budget is legally adopted through passage of an ordinance.
- (d) The City Commission, by motion, may make supplemental appropriations to the budget. During fiscal year ended September 30, 2011, there were supplemental appropriations for expenditures and transfers in the General Fund of \$ 3,078,646.
- (e) Formal budgetary integration is employed as a management control device for the General Fund.
- (f) The annual budgets for the General Fund, Capital Projects Fund, Tree Preservation Fund, Marina Operation Fund, Building Permit Fund, Community Redevelopment Agency Fund and Debt Service Fund are legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (g) Annual budgets are prepared for the Grants Fund, Donations Fund, the Perpetual Care Fund, the IT Parker Fund and the Law Enforcement Fund, but they are not legally adopted.
- (h) The City Manager is authorized to transfer part or all of an encumbered appropriation balance within departments within a fund; however, any revisions that alter the total appropriations of any department or fund must be approved by the City Commission. The classification detail at which expenditures may not legally exceed appropriations is at the department level.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded the budget in the General Fund for the fiscal year ended September 30, 2011 at the Fire Department level by \$ 74,665 due primarily to the payment of accrued leave balances for staff transferred to the County's contract fire service in 2011.

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
SCHEDULE OF FUNDING PROGRESS
GENERAL EMPLOYEES' PENSION TRUST FUND
For the Last Six Years

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2005	\$ 12,848,618	\$ 15,859,601	\$ 3,010,983	81.0%	\$ 4,484,529	67.1%
10/1/2006	14,040,888	16,992,099	2,951,211	82.6%	3,969,558	74.3%
10/1/2007	16,273,401	19,090,013	2,816,612	85.2%	3,083,065	91.4%
10/1/2008	16,992,592	20,136,633	3,144,041	84.4%	2,835,359	110.9%
10/1/2009	17,229,412	21,042,019	3,812,607	81.9%	2,544,861	149.8%
10/1/2010	17,173,624	22,177,225	5,003,601	77.4%	2,041,756	245.1%

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2005	\$ 577,369	100.0%
2006	691,110	100.0%
2007	688,860	100.0%
2008	632,162	100.0%
2009	547,027	100.0%
2010	595,676	100.0%

The information presented in the required supplemental schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	10/1/2010
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization	N/A
Asset valuation method	5-year smoothed market

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
SCHEDULE OF FUNDING PROGRESS
POLICE AND FIREFIGHTERS' PENSION FUND
For the Last Six Years

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2005	\$ 24,464,687	\$ 33,974,462	\$ 9,509,775	72.0%	\$ 3,187,077	298.4%
10/1/2006	25,449,912	35,478,177	10,028,265	71.7%	3,393,551	295.5%
10/1/2007	27,465,062	37,885,674	10,420,612	72.5%	3,688,427	282.5%
10/1/2008	28,645,419	39,321,636	10,676,217	72.8%	4,155,215	256.9%
10/1/2009	29,499,135	40,664,346	11,165,211	72.5%	4,449,422	250.9%
10/1/2010	29,305,856	44,144,032	14,838,176	66.4%	2,777,071	534.3%

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2005	\$ 738,780	100.0%
2006	890,422	100.0%
2007	1,055,904	100.0%
2008	1,134,502	100.0%
2009	1,191,837	100.0%
2010	1,246,516	100.0%

The information presented in the required supplemental schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	10/1/2010
Actuarial cost method	Individual entry age
Amortization method	Level dollar, closed
Remaining amortization	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	6.0%
Cost of living adjustments	Based on actuarial gains

*Includes inflation at 4%

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/1/2008	\$ -	\$ 15,292,752	\$ 15,292,752	0.0%	\$ N/A	N/A
10/1/2010	\$ 3,562,515	\$ 23,495,201	\$ 19,932,686	15.2%	\$ N/A	N/A

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 1,703,066	100.0%
2010	1,703,066	100.0%
2011	1,512,229	100.0%

The information presented in the required supplemental schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	10/1/2010
Actuarial cost method	Projected unit credit cost method
Amortization period	30 years
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Inflation rate	2.75%

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OTHER FINANCIAL INFORMATION

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NONMAJOR
GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenues sources or to finance specified activities as required by law or administrative regulation. The City's Special Revenue Funds and their purposes are:

Donations Fund - Accounts for contributions from local and civic organizations for the administration of cultural and recreational activities within the City.

Perpetual Care Fund - To account for a portion of the monies received from the sale of lots or plots for the maintenance of cemeteries.

Tree Preservation Fund - Accounts for the collection of tree removal fees to be used for the preservation, maintenance, relocation or restoration of tree ecosystems.

Law Enforcement Trust Fund - To account for funds received from forfeitures, to be used for police equipment, training or crime prevention programs.

Building Permit Fund - To account for monies received from the issuance of building permits.

Debt Service Fund

This fund is used to account for the (i) payment of principal and interest on the City's revenue bond used for the construction of the municipal fishing pier and are payable from sales tax revenue; (ii) payment of principal and interest on the general obligation bond for neighborhood improvements, parks and recreation centers improvements and the building of a fire station.

CITY OF DANIA BEACH, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2011

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit Fund	Debt Service Fund	
ASSETS:							
Cash, cash equivalents and investments	\$ 17,410	\$ 642,727	\$ 51,169	\$ 199,974	\$ 592,069	\$ -	\$ 1,503,349
Receivables, net	-	900	-	-	-	-	900
Due from other governmental agencies	-	-	-	-	-	23,631	23,631
Restricted assets:							
Cash, cash equivalents and investments	-	-	-	-	-	358,858	358,858
Total assets	<u>\$ 17,410</u>	<u>\$ 643,627</u>	<u>\$ 51,169</u>	<u>\$ 199,974</u>	<u>\$ 592,069</u>	<u>\$ 382,489</u>	<u>\$ 1,886,738</u>
LIABILITIES AND FUND BALANCES:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 129,226	\$ 298	\$ 129,524
Due to other funds	-	-	-	-	300,000	-	300,000
Due to other governmental agencies	-	-	-	-	20,832	-	20,832
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,058</u>	<u>298</u>	<u>450,356</u>
Fund balances:							
Restricted for:							
Public safety	-	-	-	199,974	-	-	199,974
Building code costs	-	-	-	-	142,011	-	142,011
Debt service	-	-	-	-	-	382,191	382,191
Culture and recreation	17,410	-	-	-	-	-	17,410
Committed for:							
Maintenance of cemeteries	-	643,627	-	-	-	-	643,627
Tree preservation	-	-	51,169	-	-	-	51,169
Total fund balances	<u>17,410</u>	<u>643,627</u>	<u>51,169</u>	<u>199,974</u>	<u>142,011</u>	<u>382,191</u>	<u>1,436,382</u>
Total liabilities and fund balances	<u>\$ 17,410</u>	<u>\$ 643,627</u>	<u>\$ 51,169</u>	<u>\$ 199,974</u>	<u>\$ 592,069</u>	<u>\$ 382,489</u>	<u>\$ 1,886,738</u>

CITY OF DANIA BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit Fund		
REVENUES:							
Charges for services	\$ -	\$ 23,250	\$ -	\$ -	\$ -	\$ -	\$ 23,250
Licenses and permits	-	-	-	-	880,376	-	880,376
Fines and forfeitures	-	-	-	21,679	-	-	21,679
Investment earnings	-	680	1,069	78	1,460	1,216	4,503
Contributions	3,540	-	-	-	-	-	3,540
Miscellaneous	-	-	17,572	-	-	23,631	41,203
	<u>3,540</u>	<u>23,930</u>	<u>18,641</u>	<u>21,757</u>	<u>881,836</u>	<u>24,847</u>	<u>974,551</u>
Total revenues							
EXPENDITURES:							
Current:							
Public safety	-	-	-	4,619	-	-	4,619
General government	-	-	-	-	1,200,429	-	1,200,429
Debt service:							
Principal	-	-	-	-	-	1,095,106	1,095,106
Interest	-	-	-	-	-	676,297	676,297
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,619</u>	<u>1,200,429</u>	<u>1,771,403</u>	<u>2,976,451</u>
Total expenditures							
Excess (deficiency) of revenues over expenditures	<u>3,540</u>	<u>23,930</u>	<u>18,641</u>	<u>17,138</u>	<u>(318,593)</u>	<u>(1,746,556)</u>	<u>(2,001,900)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	1,896,407	1,896,407
Transfers out	-	(41,943)	(450,000)	-	(60,000)	-	(551,943)
	<u>-</u>	<u>(41,943)</u>	<u>(450,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>1,896,407</u>	<u>1,344,464</u>
Total other financing sources (uses)							
Net change in fund balances	3,540	(18,013)	(431,359)	17,138	(378,593)	149,851	(657,436)
FUND BALANCE, beginning of year	<u>13,870</u>	<u>661,640</u>	<u>482,528</u>	<u>182,836</u>	<u>520,604</u>	<u>232,340</u>	<u>2,093,818</u>
FUND BALANCES, end of year	<u>\$ 17,410</u>	<u>\$ 643,627</u>	<u>\$ 51,169</u>	<u>\$ 199,974</u>	<u>\$ 142,011</u>	<u>\$ 382,191</u>	<u>\$ 1,436,382</u>

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TRUST FUNDS

Pension Trust Funds

Trust funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. The City has two Pension Trust Funds.

General Employees' Pension Fund - To account for the accumulation of resources to be used for retirement benefit payments to the City's general employees.

Police and Firefighters' Pension Fund - To account for the accumulation of resources to be used for retirement benefit payments to the City's police officers and firefighters.

OPEB Trust Fund - To account for the accumulation of resources to be used for other post-employment benefit payments on behalf of the City's employees. Resources are contributed by the City at rates determined by the City's actuary.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
September 30, 2011

	<u>General Employees Pension</u>	<u>Police and Firefighters Pension</u>	<u>Other Post- Employment Benefits</u>	<u>Totals</u>
ASSETS:				
Investments, at fair value:				
Cash	\$ 13,057,856	\$ -	\$ -	\$ 13,057,856
Money market funds	1,361,573	2,112,277	5,329,492	8,803,342
Common stocks	3,059,976	11,993,010	-	15,052,986
Corporate and foreign bonds	-	2,316,928	-	2,316,928
Government securities	-	3,954,519	-	3,954,519
Real estate trust	-	2,799,495	-	2,799,495
	<u>17,479,405</u>	<u>23,176,229</u>	<u>5,329,492</u>	<u>45,985,126</u>
Receivables:				
Employee	-	25,204	-	25,204
Employer	-	56,587	-	56,587
Accrued interest receivable	3	59,138	-	59,141
Due from broker for securities purchased	-	612,662	-	612,662
Loans to DROP participants	48,084	-	-	48,084
	<u>48,087</u>	<u>753,591</u>	<u>-</u>	<u>801,678</u>
Prepays	<u>-</u>	<u>60,120</u>	<u>-</u>	<u>60,120</u>
Total assets	<u>17,527,492</u>	<u>23,989,940</u>	<u>5,329,492</u>	<u>46,846,924</u>
LIABILITIES:				
Accounts payable	30,867	35,736	-	66,603
Due to broker for securities purchased	-	655,621	-	655,621
Deferred revenue	-	105,401	-	105,401
Due to DROP participants	-	1,010,659	-	1,010,659
	<u>30,867</u>	<u>1,807,417</u>	<u>-</u>	<u>1,838,284</u>
NET ASSETS:				
HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 17,496,625</u>	<u>\$ 22,182,523</u>	<u>\$ 5,329,492</u>	<u>\$ 45,008,640</u>

CITY OF DANIA BEACH, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended September 30, 2011

	<u>General Employees Pension</u>	<u>Police and Firefighters Pension</u>	<u>Other Post- Employment Benefits</u>	<u>Totals</u>
ADDITIONS:				
Contributions:				
Employees	\$ 370,119	\$ 849,176	\$ -	\$ 1,219,295
City	683,091	1,033,428	1,743,056	3,459,575
State	-	445,419	-	445,419
	<u>1,053,210</u>	<u>2,328,023</u>	<u>1,743,056</u>	<u>5,124,289</u>
Total contributions				
Investment income:				
Net appreciation (depreciation) in fair value of investments	(16,451)	(328,798)	-	(345,249)
Interest and dividends	160,775	525,407	23,921	710,103
	<u>144,324</u>	<u>196,609</u>	<u>23,921</u>	<u>364,854</u>
Total investment income				
Investment expenses	(75,721)	(164,270)	-	(239,991)
	<u>68,603</u>	<u>32,339</u>	<u>23,921</u>	<u>124,863</u>
Net investment income				
Other income	-	142,664	-	142,664
	<u>1,121,813</u>	<u>2,503,026</u>	<u>1,766,977</u>	<u>5,391,816</u>
Total additions				
DEDUCTIONS:				
Pension benefits	1,169,697	3,623,522	-	4,793,219
Administrative expenses	121,811	170,798	-	292,609
	<u>1,291,508</u>	<u>3,794,320</u>	<u>-</u>	<u>5,085,828</u>
Total deductions				
Change in net assets	(169,695)	(1,291,294)	1,766,977	305,988
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, beginning of year				
	<u>17,666,320</u>	<u>23,473,817</u>	<u>3,562,515</u>	<u>44,702,652</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS, end of year				
	<u>\$ 17,496,625</u>	<u>\$ 22,182,523</u>	<u>\$ 5,329,492</u>	<u>\$ 45,008,640</u>

CITY OF DANIA BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 400	\$ 400
Miscellaneous	-	-	42,819	42,819
Appropriation of prior year reserves	-	<u>3,832,020</u>	-	<u>(3,832,020)</u>
Total revenues	<u>-</u>	<u>3,832,020</u>	<u>43,219</u>	<u>(3,788,801)</u>
 EXPENDITURES:				
Current:				
General government	1,100,000	1,100,000	589,522	510,478
Highways and streets	-	46,464	31,802	14,662
Physical environment	-	6,000	-	6,000
Culture and recreation	-	14,869	9,594	5,275
Capital outlay	<u>340,439</u>	<u>4,283,577</u>	<u>2,982,416</u>	<u>1,301,161</u>
Total expenditures	<u>1,440,439</u>	<u>5,450,910</u>	<u>3,613,334</u>	<u>1,837,576</u>
Deficiency of revenues over expenditures	<u>(1,440,439)</u>	<u>(1,618,890)</u>	<u>(3,570,115)</u>	<u>(1,951,225)</u>
 OTHER FINANCING SOURCES:				
Debt proceeds	-	-	787,095	787,095
Transfers in	<u>1,440,439</u>	<u>1,618,890</u>	<u>3,210,117</u>	<u>1,591,227</u>
Total other financing sources	<u>1,440,439</u>	<u>1,618,890</u>	<u>3,997,212</u>	<u>2,378,322</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,097</u>	<u>\$ 427,097</u>

CITY OF DANIA BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 TREE PRESERVATION FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Investment earnings	\$ 1,823	\$ 1,823	\$ 1,069	\$ (754)
Miscellaneous	<u>13,177</u>	<u>463,177</u>	<u>17,572</u>	<u>(445,605)</u>
Total revenues	<u>15,000</u>	<u>465,000</u>	<u>18,641</u>	<u>(446,359)</u>
EXPENDITURES:				
Current:				
Highways and streets	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess of revenues over expenditures	<u>-</u>	<u>450,000</u>	<u>18,641</u>	<u>(431,359)</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (431,359)</u>	<u>\$ (431,359)</u>

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MARINA OPERATION FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Miscellaneous	\$ 253,107	\$ 183,107	\$ 187,484	\$ 4,377
Total revenues	<u>253,107</u>	<u>183,107</u>	<u>187,484</u>	<u>4,377</u>
EXPENDITURES:				
Current:				
Culture and recreation	<u>302,539</u>	<u>302,539</u>	<u>292,882</u>	<u>9,657</u>
Total expenditures	<u>302,539</u>	<u>302,539</u>	<u>292,882</u>	<u>9,657</u>
Excess (deficiency) of revenues over expenditures	<u>(49,432)</u>	<u>(119,432)</u>	<u>(105,398)</u>	<u>14,034</u>
OTHER FINANCING SOURCES (USES):				
Advance proceeds	83,944	153,944	-	(153,944)
Transfer out	<u>(34,512)</u>	<u>(34,512)</u>	<u>(34,512)</u>	<u>-</u>
Total other financing sources (uses)	<u>49,432</u>	<u>119,432</u>	<u>(34,512)</u>	<u>(153,944)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (139,910)</u>	<u>\$ (139,910)</u>

CITY OF DANIA BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 BUILDING PERMIT FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Licenses and permits	\$ 1,341,683	\$ 941,683	\$ 880,376	\$ (61,307)
Investment earnings	1,905	1,905	1,460	(445)
Appropriation of prior year reserves	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>(400,000)</u>
Total revenues	<u>1,343,588</u>	<u>1,343,588</u>	<u>881,836</u>	<u>(461,752)</u>
EXPENDITURES:				
Current:				
General government	<u>1,283,588</u>	<u>1,283,588</u>	<u>1,200,429</u>	<u>83,159</u>
Total expenditures	<u>1,283,588</u>	<u>1,283,588</u>	<u>1,200,429</u>	<u>83,159</u>
Excess (deficiency) of revenues over expenditures	<u>60,000</u>	<u>60,000</u>	<u>(318,593)</u>	<u>(378,593)</u>
OTHER FINANCING USES:				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (378,593)</u>	<u>\$ (378,593)</u>

CITY OF DANIA BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 For the Year Ended September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 1,216	\$ 1,216
Miscellaneous	-	-	23,631	23,631
	<u>-</u>	<u>-</u>	<u>24,847</u>	<u>24,847</u>
Total revenues	<u>-</u>	<u>-</u>	<u>24,847</u>	<u>24,847</u>
 EXPENDITURES:				
Debt service:				
Principal	1,199,644	1,199,644	1,095,417	104,227
Interest and fiscal charges	696,763	696,763	675,986	20,777
	<u>1,896,407</u>	<u>1,896,407</u>	<u>1,771,403</u>	<u>125,004</u>
Total expenditures	<u>1,896,407</u>	<u>1,896,407</u>	<u>1,771,403</u>	<u>125,004</u>
Deficiency of revenues over expenditures	<u>(1,896,407)</u>	<u>(1,896,407)</u>	<u>(1,746,556)</u>	<u>149,851</u>
 OTHER FINANCING SOURCES:				
Transfers in	<u>1,896,407</u>	<u>1,896,407</u>	<u>1,896,407</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,851</u>	<u>\$ 149,851</u>

STATISTICAL SECTION

CITY OF DANIA BEACH, FLORIDA
STATISTICAL SECTION
For the Year Ended September 30, 2011

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

	<u>PAGES</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	86-91
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	92-95
Debt Capacity These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	96-101
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	102-103
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	104-106

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DANIA BEACH, FLORIDA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

TABLE 1

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES:									
Invested in capital assets, net of related debt	\$ 26,200,509	\$ 26,038,571	\$ 20,957,548	\$ 28,700,867	\$ 31,017,715	\$ 33,549,856	\$ 33,183,331	\$ 36,452,629	\$ 36,656,751
Restricted	1,054,746	3,045,967	13,318,035	13,212,590	10,865,600	7,143,153	2,731,011	3,575,974	2,262,284
Unrestricted	<u>9,586,494</u>	<u>12,760,558</u>	<u>12,515,132</u>	<u>10,027,318</u>	<u>18,555,658</u>	<u>23,916,145</u>	<u>31,361</u>	<u>28,265,537</u>	<u>25,366,659</u>
Total governmental activities net assets	<u>36,841,749</u>	<u>41,845,096</u>	<u>46,790,715</u>	<u>51,940,775</u>	<u>60,438,973</u>	<u>64,609,154</u>	<u>66,275,606</u>	<u>68,294,140</u>	<u>64,285,694</u>
BUSINESS-TYPE ACTIVITIES:									
Invested in capital assets, net of related debt	16,197,936	16,089,239	16,047,953	15,298,530	14,894,916	14,772,216	17,305,168	20,685,775	22,529,051
Restricted	1,560,884	1,896,587	2,137,543	3,360,050	4,281,063	4,284,941	3,238,789	2,955,589	3,239,786
Unrestricted	<u>1,436,238</u>	<u>2,453,606</u>	<u>3,842,409</u>	<u>4,557,490</u>	<u>4,885,005</u>	<u>5,444,242</u>	<u>5,066,334</u>	<u>3,513,512</u>	<u>6,980,922</u>
Total business-type activities net assets	<u>19,195,058</u>	<u>20,439,432</u>	<u>22,027,905</u>	<u>23,216,070</u>	<u>24,060,984</u>	<u>24,501,399</u>	<u>25,610,291</u>	<u>27,154,876</u>	<u>32,749,759</u>
PRIMARY GOVERNMENT:									
Invested in capital assets, net of related debt	42,398,445	42,127,810	37,005,501	43,999,397	45,912,631	48,322,072	49,488,499	57,138,404	59,185,802
Restricted	2,615,630	4,942,554	15,455,578	16,572,640	15,146,663	11,428,094	5,969,800	6,531,563	5,502,070
Unrestricted	<u>11,022,732</u>	<u>15,214,164</u>	<u>16,357,541</u>	<u>14,584,808</u>	<u>23,440,663</u>	<u>29,360,387</u>	<u>36,427,598</u>	<u>31,779,049</u>	<u>32,347,581</u>
Total primary government net assets	<u>\$ 56,036,807</u>	<u>\$ 62,284,528</u>	<u>\$ 68,818,620</u>	<u>\$ 75,156,845</u>	<u>\$ 84,499,957</u>	<u>\$ 89,110,553</u>	<u>\$ 91,885,897</u>	<u>\$ 95,449,016</u>	<u>\$ 97,035,453</u>

Note: Information on net assets prior to 2003 is not available

**CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

TABLE 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES:									
Governmental activities:									
General government	\$ 6,666,921	\$ 6,308,576	\$ 5,238,408	\$ 9,751,310	\$ 8,146,290	\$ 8,874,100	\$ 9,040,937	\$ 8,147,507	\$ 9,167,195
Public safety	13,481,340	13,854,866	14,506,003	16,264,293	16,739,064	17,651,948	19,672,196	20,775,149	22,604,730
Highways and streets	1,634,336	2,216,416	1,382,659	2,389,021	2,620,652	2,710,987	2,780,790	2,250,950	1,616,983
Physical environment	2,077,727	2,470,880	2,514,643	2,436,496	2,416,031	2,493,452	2,208,629	2,812,528	3,019,840
Culture and recreation	1,943,018	2,395,973	3,390,177	3,039,681	307,745	3,503,091	3,148,906	3,284,918	3,912,623
Community redevelopment	-	-	-	-	-	231,915	661,950	1,318,685	1,688,410
Interest expense	459,047	354,130	340,160	627,913	645,326	605,738	548,514	503,330	675,607
Total governmental activities expenses	26,262,389	27,600,841	27,372,050	34,508,714	33,644,408	36,071,231	38,061,922	39,093,067	42,685,388
Business-type activities:									
Water	1,923,311	2,098,848	2,223,557	2,501,748	2,580,820	4,305,175	2,683,359	2,981,620	3,000,283
Sewer	2,491,869	2,509,841	2,756,225	3,254,899	3,317,021	2,544,161	3,775,635	4,525,526	4,662,042
Stormwater	544,808	529,467	626,424	741,398	742,391	730,298	845,123	850,813	904,739
Parking	-	-	-	-	-	-	-	2,791	481,255
Pier operations	-	-	-	-	-	-	-	-	63,279
Total business-type activities expenses	4,959,988	5,138,156	5,606,206	6,498,045	6,640,232	7,579,634	7,304,117	8,360,750	9,111,598
Total primary government expenses	\$ 31,222,377	\$ 32,738,997	\$ 32,978,256	\$ 41,006,759	\$ 40,284,640	\$ 43,650,865	\$ 45,366,039	\$ 47,453,817	\$ 51,796,986
PROGRAM REVENUES:									
Governmental activities:									
Charges for services:									
General government	\$ 1,505,675	\$ 1,618,962	\$ 1,493,391	\$ 3,028,662	\$ 3,392,159	\$ 3,229,456	\$ 4,342,675	\$ 3,394,372	\$ 3,339,702
Public safety	3,719,248	3,924,580	3,901,819	3,554,444	3,644,256	3,894,694	4,138,761	3,829,501	5,089,902
Highways and streets	310,693	304,287	325,655	272,713	390,453	437,157	448,821	449,083	36,487
Physical environment	1,723,447	1,745,188	1,753,422	1,902,220	1,934,499	1,901,323	1,904,643	2,134,197	1,843,507
Culture and recreation	514,846	211,739	106,498	241,704	807,790	431,859	360,097	285,498	293,613
Operating grants and contributions	480,316	601,907	1,090,195	3,380,405	1,311,215	448,122	279,490	330,046	739,742
Capital grants and contributions	1,237,179	594,915	427,828	104,232	662,682	166,553	650	3,263,346	320,526
Total governmental activities program revenues	9,491,404	9,001,578	9,098,808	12,484,380	12,143,054	10,509,164	11,475,137	13,686,043	11,663,479

Note: Information on net assets prior to 2003 is not available.

CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(continued)

TABLE 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services:									
Water	2,380,115	2,739,769	2,844,917	3,892,985	3,395,399	3,392,757	3,700,510	4,259,810	4,905,537
Sewer	2,602,745	2,923,275	3,088,439	3,096,811	3,320,400	3,783,524	4,199,198	4,814,985	5,325,944
Stormwater	354,548	742,249	781,442	821,925	822,662	1,102,906	998,697	1,146,489	2,034,254
Parking	-	-	-	-	-	-	-	-	623,950
Pier operations	-	-	-	-	-	-	-	-	93,847
Operating grants and contributions	-	36,315	7,545	20,021	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	2,550,000
Total business-type activities program revenues	<u>5,337,408</u>	<u>6,441,608</u>	<u>6,722,343</u>	<u>7,831,742</u>	<u>7,538,461</u>	<u>8,279,187</u>	<u>8,898,405</u>	<u>10,221,284</u>	<u>15,533,532</u>
Total primary government program revenues	<u>\$ 14,828,812</u>	<u>\$ 15,443,186</u>	<u>\$ 15,821,151</u>	<u>\$ 19,316,122</u>	<u>\$ 19,681,515</u>	<u>\$ 18,788,351</u>	<u>\$ 20,373,542</u>	<u>\$ 23,907,327</u>	<u>\$ 27,197,011</u>
NET EXPENSE/REVENUE:									
Governmental activities	\$ (16,770,985)	\$ (18,599,263)	\$ (18,273,242)	\$ (22,024,335)	\$ (21,501,354)	\$ (25,562,067)	\$ (26,586,785)	\$ (25,407,024)	\$ (31,021,909)
Business-type activities	<u>377,420</u>	<u>1,303,452</u>	<u>1,116,137</u>	<u>333,697</u>	<u>898,229</u>	<u>699,553</u>	<u>1,594,288</u>	<u>1,860,534</u>	<u>6,421,934</u>
Total primary government net expense	<u>(16,393,565)</u>	<u>(17,295,811)</u>	<u>(17,157,105)</u>	<u>(21,690,638)</u>	<u>(20,603,125)</u>	<u>(24,862,514)</u>	<u>(24,992,497)</u>	<u>(23,546,490)</u>	<u>(24,599,975)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:									
Governmental activities:									
Property taxes	10,722,255	11,683,540	12,834,029	15,731,757	17,691,570	17,452,748	16,798,253	16,750,836	15,872,847
Franchise fees	1,657,949	1,790,644	1,901,432	2,231,584	2,311,503	2,306,262	2,282,918	2,068,527	2,123,895
Utility taxes	3,910,206	3,668,596	4,012,437	3,965,173	4,013,192	4,332,499	4,212,067	4,364,708	4,288,639
Intergovernmental	3,559,800	2,722,628	2,988,402	3,164,473	3,096,652	3,357,296	3,148,474	3,054,591	3,189,370
Investment earnings	162,466	227,289	584,245	1,308,691	1,973,323	1,561,622	813,306	512,983	126,727
Miscellaneous	1,092,969	2,995,174	1,153,654	312,721	195,941	233,861	455,861	334,933	563,009
Transfers	388,097	199,785	(255,338)	459,995	478,334	487,960	542,358	338,980	848,976
Total governmental activities	<u>21,493,742</u>	<u>123,287,656</u>	<u>23,218,861</u>	<u>27,174,394</u>	<u>29,760,515</u>	<u>29,732,248</u>	<u>28,253,237</u>	<u>27,425,558</u>	<u>27,013,463</u>
Business-type activities:									
Investment earnings	44,519	45,928	77,790	329,361	425,019	228,822	56,962	23,031	21,925
Miscellaneous	-	59,779	139,206	985,102	-	-	-	-	-
Intergovernmental	35,000	35,000	-	-	-	-	-	-	-
Transfers	(388,097)	(199,785)	255,338	(459,995)	(478,334)	(487,960)	(542,358)	(338,980)	(848,976)
Total business-type activities	<u>(308,578)</u>	<u>(59,078)</u>	<u>472,334</u>	<u>854,468</u>	<u>(53,315)</u>	<u>(259,138)</u>	<u>(485,396)</u>	<u>(315,949)</u>	<u>(827,051)</u>
Total primary government general revenue	<u>21,185,164</u>	<u>23,228,578</u>	<u>23,691,195</u>	<u>28,028,862</u>	<u>29,707,200</u>	<u>29,473,110</u>	<u>27,767,841</u>	<u>27,109,609</u>	<u>26,186,412</u>
CHANGE IN NET ASSETS:									
Governmental activities	4,722,757	4,688,393	4,945,619	5,150,060	8,259,161	4,170,181	1,666,452	2,018,534	(4,008,446)
Business-type activities	<u>68,842</u>	<u>1,244,374</u>	<u>1,588,471</u>	<u>1,188,165</u>	<u>844,914</u>	<u>440,415</u>	<u>1,108,892</u>	<u>1,544,585</u>	<u>5,594,883</u>
Total primary government	<u>\$ 4,791,599</u>	<u>\$ 5,932,767</u>	<u>\$ 6,534,090</u>	<u>\$ 6,338,225</u>	<u>\$ 9,104,075</u>	<u>\$ 4,610,596</u>	<u>\$ 2,775,344</u>	<u>\$ 3,563,119</u>	<u>\$ 1,586,437</u>

Note: Information on net assets prior to 2003 is not available.

CITY OF DANIA BEACH, FLORIDA
FUND BALANCES
GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

TABLE 3

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:									
Reserved	\$ 3,034,118	\$ 3,594,930	\$ 4,269,752	\$ 4,473,579	\$ 5,693,502	\$ 5,466,808	\$ 2,974,916	\$ 8,925,423	\$ -
Unreserved	4,603,844	9,375,597	11,372,000	16,162,869	21,487,742	20,591,407	23,291,728	13,177,602	-
Nonspendable	-	-	-	-	-	-	-	-	4,086,792
Restricted	-	-	-	-	-	-	-	-	411,886
Committed	-	-	-	-	-	-	-	-	913,808
Assigned	-	-	-	-	-	-	-	-	2,126,437
Unassigned	-	-	-	-	-	-	-	-	9,832,009
Total General Fund	<u>\$ 7,637,962</u>	<u>\$ 12,970,527</u>	<u>\$ 15,641,752</u>	<u>\$ 20,636,448</u>	<u>\$ 27,181,244</u>	<u>\$ 26,058,215</u>	<u>\$ 26,266,644</u>	<u>\$ 22,103,025</u>	<u>\$ 17,370,932</u>
All other government funds:									
Reserved	\$ 3,003,328	\$ 3,382,011	\$ 10,829,891	\$ 11,325,798	\$ 9,942,726	\$ 8,804,438	\$ 5,177,509	\$ 3,217,527	\$ -
Unreserved, reported in									
Special revenue funds	-	-	-	-	-	-	(100,210)	(1,277,415)	-
Capital projects funds	-	-	-	-	-	-	4,506,476	4,757,542	-
Restricted	-	-	-	-	-	-	-	-	1,850,398
Committed	-	-	-	-	-	-	-	-	694,796
Assigned	-	-	-	-	-	-	-	-	5,180,507
Unassigned	-	-	-	-	-	-	-	-	1,226,673
Total all other governmental funds	<u>\$ 3,003,328</u>	<u>\$ 3,382,011</u>	<u>\$ 10,829,891</u>	<u>\$ 11,325,798</u>	<u>\$ 9,942,726</u>	<u>\$ 8,804,438</u>	<u>\$ 9,583,775</u>	<u>\$ 6,697,654</u>	<u>\$ 8,952,374</u>

Note: Information for fiscal years 2003 to 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

CITY OF DANIA BEACH, FLORIDA
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS

TABLE 4

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES:									
Property taxes	\$ 10,722,255	\$ 11,683,540	\$ 12,834,029	\$ 15,731,757	\$ 17,691,570	\$ 17,452,748	\$ 16,798,253	\$ 16,750,836	\$ 15,872,847
Special assessments	2,229,338	2,551,875	2,621,159	2,642,546	2,955,494	2,542,334	2,772,620	2,789,488	3,937,523
Franchise fees	1,657,949	1,790,644	1,901,452	2,231,584	2,311,503	2,306,262	2,282,918	2,068,527	2,123,895
Utility taxes	3,910,206	3,668,596	4,012,437	3,965,173	4,013,192	4,332,499	4,212,067	4,364,708	4,288,639
Licenses and permits	1,505,675	1,566,512	1,428,861	1,845,354	1,780,133	1,730,787	2,922,086	1,871,371	1,968,915
Intergovernmental	3,559,800	2,722,628	2,988,402	3,164,473	3,443,954	3,357,296	3,148,474	3,054,591	3,189,370
Charges for services	2,962,367	3,086,159	3,127,421	3,313,012	3,782,429	3,985,026	4,090,731	3,916,010	3,235,985
Fines and forfeitures	657,429	600,210	403,344	542,642	794,496	796,864	455,100	562,067	445,980
Investment earnings	162,466	227,289	584,245	1,308,653	1,973,323	1,561,622	813,306	512,983	126,727
Grants	1,678,270	1,133,152	1,493,151	3,455,250	1,611,161	604,405	261,480	311,969	3,939,790
Contributions	39,275	63,670	24,872	13,017	13,740	10,270	18,660	7,811	3,540
Miscellaneous	1,512,069	2,995,174	1,153,654	985,318	1,146,056	1,145,949	1,416,883	1,164,276	1,577,817
Total revenues	30,597,099	32,089,449	32,573,007	39,198,779	41,517,051	39,826,062	39,192,578	37,374,637	40,711,028
EXPENDITURES:									
General government	5,265,217	5,793,760	6,471,175	9,848,697	7,863,133	8,334,222	8,604,488	8,483,735	9,021,525
Public safety	13,351,796	13,323,988	14,512,651	15,872,358	16,553,767	17,455,196	19,427,161	20,553,073	22,073,028
Highways and streets	1,721,356	1,171,885	1,259,957	1,256,702	2,591,656	1,855,391	1,511,723	1,684,765	1,487,793
Physical environment	1,933,693	2,138,138	2,292,862	2,169,996	2,319,206	2,415,094	2,659,401	2,750,208	2,700,705
Community redevelopment	1,669,199	2,266,011	3,199,905	2,793,542	2,947,011	3,392,049	661,950	1,315,063	1,668,422
Culture and recreation	53,372	10,536	17,373	35,890	-	231,915	2,971,721	3,468,938	3,119,180
Capital outlay	2,186,747	2,177,896	427,828	1,953,948	3,394,871	7,269,855	3,784,234	12,310,518	2,982,416
Debt service:									
Principal	822,148	1,018,929	1,484,624	1,075,765	1,008,070	1,015,193	911,489	905,491	1,095,106
Interest and fiscal charges	459,047	354,130	340,160	627,913	646,015	606,424	549,203	503,330	676,297
Bond issuance costs	-	-	-	-	-	-	-	25,000	-
Total expenditures	27,462,575	28,255,273	30,006,535	35,634,811	37,323,729	42,575,339	41,081,370	52,000,121	44,824,472
Excess (deficiency) of revenues over expenditures	3,134,524	3,834,176	2,566,472	3,563,968	4,193,322	(2,749,277)	(1,888,792)	(14,625,484)	(4,113,444)

CITY OF DANIA BEACH, FLORIDA
 CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (continued)

TABLE 4

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
OTHER FINANCING SOURCES (USES):									
Note proceeds	-	822,500	7,825,000	1,466,640	-	-	2,334,200	7,236,764	787,095
Transfers in	1,404,244	1,648,319	1,927,346	2,722,391	4,599,943	8,882,030	4,730,472	12,029,648	6,553,593
Transfers out	(1,016,147)	(1,448,534)	(2,182,684)	(2,262,396)	(4,121,609)	(8,394,070)	(4,188,114)	(11,690,668)	(5,704,617)
Transfer from reserves	-	-	(17,028)	-	-	-	-	-	-
Capital lease proceeds	459,880	851,063	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>847,977</u>	<u>1,873,348</u>	<u>7,552,634</u>	<u>1,926,635</u>	<u>478,334</u>	<u>487,960</u>	<u>2,876,558</u>	<u>7,575,744</u>	<u>1,636,071</u>
Net change in fund balances	<u>\$ 3,982,501</u>	<u>\$ 5,707,524</u>	<u>\$ 10,119,106</u>	<u>\$ 5,490,603</u>	<u>\$ 4,671,656</u>	<u>\$ (2,261,317)</u>	<u>987,766</u>	<u>\$ (7,049,740)</u>	<u>\$ (2,477,373)</u>
DEBT SERVICES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.07%	5.11%	6.48%	5.12%	5.12%	4.64%	3.97%	3.62%	4.22%

CITY OF DANIA BEACH, FLORIDA
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year Ended September 30,	Taxable Value of Personal and Real Property for Operating Purposes	Taxable Value of Centrally Assessed Property for Operating Purposes	Gross Taxable Value	Less Tax-Exempt Property	Total Taxable Assessed Value	Millage Rate
2002	1,950,175,527	1,510,325	1,951,685,852	339,471,598	1,612,214,254	6.1000
2003	2,116,141,605	1,550,541	2,117,692,146	354,542,008	1,763,150,138	6.3900
2004	2,319,724,821	1,802,006	2,321,526,827	384,982,168	1,936,544,659	6.3900
2005	2,520,243,800	1,953,650	2,522,197,450	402,384,028	2,119,813,422	6.3900
2006	2,943,575,427	2,246,537	2,945,821,964	460,996,268	2,484,825,696	6.5664
2007	3,459,245,548	2,489,914	3,461,735,462	475,243,055	2,986,492,407	6.2169
2008	3,779,716,562	2,687,574	3,782,404,136	472,937,316	3,309,466,820	5.5360
2009	3,769,003,270	3,461,076	3,772,464,346	629,905,002	3,142,559,344	5.5444
2010	3,559,009,784	2,943,777	3,561,953,561	622,764,458	2,939,189,103	6.1557
2011	3,266,278,557	2,370,745	3,268,649,302	579,843,129	2,688,806,173	6.2450

* Annexation took place in November 2001.

Source: Broward County Property Appraiser (Form DR-403)

Notes: The Millage Rate is the rate used in the calculation for property taxes. One mil equals \$ 1 per \$ 1,000 of taxable value. A millage of 6.2450 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2450 per each \$ 1,000 of taxable value on real property.

CITY OF DANIA BEACH, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 6

<u>Fiscal Year</u>	<u>Basic Rate</u>	<u>Voted Debt Service</u>	<u>Total Direct</u>	<u>Broward County</u>	<u>Broward County Schools</u>	<u>Children's Services Council</u>	<u>South Florida Water Management District</u>	<u>Florida Inland Navigation District</u>	<u>South Broward Hospital District</u>	<u>Total Direct and Overlapping</u>
2002	6.1000	-	6.1000	7.4005	8.7541	0.3055	0.6970	0.0385	1.8694	25.1650
2003	6.3900	-	6.3900	7.3650	8.8825	0.3316	0.6970	0.0385	1.7336	25.4382
2004	6.3900	-	6.3900	7.1880	8.4176	0.3920	0.6970	0.0385	1.7336	24.8567
2005	6.3900	-	6.3900	7.0230	8.2695	0.4231	0.6970	0.0385	1.5761	24.4172
2006	6.3900	0.1764	6.5664	6.7830	8.0623	0.4231	0.6970	0.0385	1.4500	24.0203
2007	6.0679	0.1490	6.2169	6.0661	7.8687	0.4073	0.6970	0.0385	1.3300	22.6245
2008	5.4044	0.1316	5.5360	5.2868	7.6484	0.3572	0.6240	0.0345	1.1643	20.6512
2009	5.4044	0.1400	5.5444	5.3145	7.4170	0.3754	0.6240	0.0345	1.1913	20.5011
2010	6.0043	0.1514	6.1557	5.2163	7.4310	0.4243	0.6240	0.0345	1.2732	21.1590
2011	5.9998	0.2452	6.2450	5.5530	7.6310	0.4696	0.6240	0.0345	1.2732	21.8303

Source: Broward County Property Appraiser

Notes: The Millage Rate is the rate used in the calculation for property taxes. One mil equals \$ 1 per \$ 1,000 of taxable value. A millage of 6.2450 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2450 per each \$ 1,000 of taxable value on real property.

**CITY OF DANIA BEACH, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

TABLE 7

Taxpayer	2011			2001		
	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value (2)	Rank	Percentage of Total City Taxable Assessed Value
Florida Power and Light	\$ 347,032,167	1	12.91%	\$ 13,586,752	6	1.35%
Design Center of the Americas	64,593,180	2	2.40%	-	-	-
South Florida Materials	43,859,267	3	1.63%			
The Aragon Group, INC	29,927,130	4	1.11%			
DCOTA	24,435,720	5	0.91%	42,640,730	1	4.24%
Inland Southeast Dania LLC	23,112,030	6	0.86%	-	-	-
Ft. Lauderdale Owner, LLC	22,122,990	7	0.82%	-	-	-
Wilson Hollywood Showroom LLC	21,802,180	8	0.81%	-	-	-
EQR - Paradise Pointe Vistas, Inc.	21,457,213	9	0.80%	11,793,778	8	1.17%
HEI Ft. Lauderdale Airport, LLC	20,288,270	10	0.75%	19,899,410	3	1.98%
Stirling Industrial Park	-		0.00%	10,264,450	9	1.02%
Trafalgar Associates of Sheridan	-		0.00%	10,029,758	10	1.00%
Sheridan 200 Ltd.	-		0.00%	20,408,060	2	2.03%
Tangier Properties Ltd. Partner (Outdoor World)	-		0.00%	17,958,990	4	1.78%
Southern Bell Telephone Company	-		0.00%	15,802,025	5	1.57%
Dania Jai-Alai	-		0.00%	12,325,500	7	1.22%
Total	\$ 618,630,147		23.01%	\$ 174,709,453		17.35%

Source: Broward County Revenue Collection Division

(1) Property values assessed as of January 1, 2010

(2) Property values assessed as of January 1, 2000

**CITY OF DANIA BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE 8

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of the Levy		Amount	Percentage of the Levy
2002	\$ 9,719,026	\$ 9,672,805	99.52%	\$ 28,098	\$ 9,700,903	99.81%
2003	11,258,693	10,681,331	94.87%	40,924	10,722,255	95.24%
2004	12,175,802	11,654,249	95.72%	29,292	11,683,541	95.96%
2005	13,303,305	12,786,734	96.12%	47,294	12,834,028	96.47%
2006	16,120,249	5,665,362	97.18%	66,395	15,731,757	97.59%
2007	18,400,743	17,593,792	95.61%	97,778	17,691,570	96.15%
2008	18,556,030	17,332,196	93.40%	120,552	17,452,748	94.05%
2009	17,488,859	16,530,749	94.52%	267,504	16,798,253	96.05%
2010	17,978,399	15,735,773	87.53%	1,015,063	16,750,836	93.17%
2011	16,654,408	14,973,597	89.91%	899,250	15,872,847	95.31%

Source: Broward County Revenue Collector

**CITY OF DANIA BEACH, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

TABLE 9

Fiscal Year Ended September 30,	Governmental Activities				Business-Type Activities				Total Government	Per Capita for Government Activities	Per Customer for Business Activities
	Sales Tax Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases Payable	Capital Leases Payable	Sewer Revenue Bonds	Long-Term Notes Payable	State Revolving Loan Payable			
2002	\$ 2,900,000	\$ -	\$ 4,849,187	\$ 164,398	\$ 366,375	\$ -	\$ 121,621	\$ -	\$ 8,401,581	295	61
2003	2,835,000	-	4,481,113	122,550	228,646	-	243,964	-	7,911,273	277	78
2004	2,760,000	-	4,668,070	24,878	776,635	-	166,779	-	8,396,362	292	41
2005	2,685,000	6,670,154	4,541,793	-	543,288	-	142,153	148,898	1,473,286	504	62
2006	2,605,000	6,660,000	5,306,033	-	365,253	-	116,037	792,805	15,845,128	523	193
2007	2,450,000	6,535,000	4,667,951	-	205,265	-	89,378	6,271,030	20,218,624	469	1,353
2008	2,360,000	6,405,000	4,037,556	-	40,470	-	68,190	7,804,090	20,715,306	441	1,676
2009	2,270,000	6,270,000	5,725,739	-	-	-	51,740	7,499,601	21,817,080	502	1,684
2010	2,175,000	9,630,000	7,786,925	1,005,855	-	-	34,549	8,489,981	29,122,310	727	1,814
2011	2,075,000	9,430,000	7,091,636	1,692,365	-	-	16,605	11,652,178	31,957,784	686	2,483

CITY OF DANIA BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT
LAST FIVE FISCAL YEARS

TABLE 10

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value	Per Capita
2007	\$ 6,535,000	\$ 6,535,000	0.2188%	221
2008	6,405,000	6,405,000	0.1935%	220
2009	6,270,000	6,270,000	0.1995%	221
2010	9,630,000	9,630,000	0.3276%	340
2011	9,430,000	9,430,000	0.3507%	319

Note: There were no General Obligation Bonds outstanding prior to fiscal year 2005.

CITY OF DANIA BEACH, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 September 30, 2011

TABLE 11

	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT:			
Debt repaid with property taxes:			
Broward County General Obligation Debt	\$ 35,621,500	2.052%	\$ 730,945
Other debt:			
Broward County Revenue Bonds	374,980,000	2.052%	7,694,509
Broward County COP Debt	7,205,000	2.052%	147,845
Broward County Other Debt	20,000,000	2.052%	410,396
School Board of Broward County COP Debt	1,907,842,000	1.916%	36,552,430
School Board of Broward County Other Debt	87,230,000	1.916%	<u>1,671,243</u>
Subtotal, overlapping debt			47,207,368
City direct debt	\$ 19,591,925	100.000%	<u>19,591,925</u>
Total direct and overlapping debt			\$ <u><u>66,799,293</u></u>

Source: Broward County and the School Board of Broward County

(1) The percentage of overlapping debt applicable is using taxable assessed property values. Taxable value that is within the City's boundaries is divided by the County and School Board's total taxable assessed value (Source: Form DR-420)

**CITY OF DANIA BEACH, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

TABLE 12

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit:									
Long-term revenue bonds	\$ 3,225,000	\$ 3,225,000	\$ 3,225,000	\$ 3,225,000	\$ 3,225,000	\$ 3,255,000	\$ 3,255,000	\$ 3,255,000	\$ 3,255,000
Promissory notes	3,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total debt limit	6,225,000	9,225,000	9,225,000	9,225,000	9,225,000	9,255,000	9,255,000	9,255,000	9,255,000
Applicable debt - revenue bonds	2,965,000	2,900,000	2,835,000	2,685,000	2,605,000	2,450,000	2,360,000	2,270,000	2,175,000
Applicable debt - promissory notes	2,216,146	5,215,562	4,709,759	4,541,793	5,306,033	4,667,951	4,037,556	5,725,739	2,721,816
Total net debt applicable to limit	5,181,146	8,115,562	7,544,759	7,226,793	7,911,033	7,117,951	6,397,556	7,995,739	4,896,816
Legal debt margin	\$ 1,043,854	\$ 1,109,438	\$ 1,680,241	\$ 1,998,207	\$ 1,313,967	\$ 2,137,049	\$ 2,857,444	\$ 1,259,261	\$ 4,358,184
Total net debt applicable to the limit as a percentage of debt limit	78.87%	83.23%	87.97%	81.79%	78.34%	85.76%	76.91%	86.39%	52.91%

Note: The State of Florida does not have a legal debt limit for General Obligation Bonds.

Note: In FY 2011 the City adopted a Management Debt Policy and repealed the City's legal debt limit ordinance.

CITY OF DANIA BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE -
 ELECTRIC UTILITY TAX
 LAST FIVE FISCAL YEARS

TABLE 13

Fiscal Year Ended September 30,	Electric Utility Tax	Principal	Interest	Total Debt Service	Debt Coverage
2007	\$ 2,094,152	\$ 85,110	\$ 54,247	\$ 139,357	15.03
2008	2,097,524	90,048	49,314	139,362	15.05
2009	2,058,835	95,273	44,058	139,331	14.78
2010	2,251,162	100,800	38,597	139,397	16.15
2011	2,284,989	106,648	32,675	139,323	16.40

Note: Electric utility tax revenues were not pledged to any outstanding debt prior to fiscal year 2006.

CITY OF DANIA BEACH, FLORIDA
 PLEDGED REVENUE COVERAGE -
 ELECTRIC FRANCHISE FEES
 LAST EIGHT FISCAL YEARS

TABLE 14

Fiscal Year Ended September 30,	Electric Franchise Fees	Principal	Interest	Total Debt Service	Debt Coverage
2004	\$ 1,765,506	\$ 259,841	\$ 106,012	\$ 365,853	4.83
2005	1,872,196	271,126	94,727	365,853	5.12
2006	2,197,867	282,633	83,220	365,853	6.01
2007	2,268,676	294,635	71,218	365,853	6.20
2008	2,270,251	291,711	58,853	350,564	6.48
2009	2,246,823	288,864	46,411	335,275	6.70
2010	2,041,381	284,649	32,811	317,460	6.43
2011	2,022,391	312,718	23,384	336,103	6.02

Note: Electric franchise fees were not pledged to any outstanding debt prior to fiscal year 2003.

CITY OF DANIA BEACH, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

TABLE 15

Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal (2)	School Enrollment (3)	Unemployment Rate (4)
2002	27,477	54,850,632	32,293	2,953	6.0
2003	27,270	56,254,396	32,739	2,979	5.8
2004	28,080	60,331,477	34,680	3,072	5.1
2005	28,647	66,091,223	37,473	2,761	4.2
2006	28,555	69,718,514	39,511	2,434	3.8
2007	29,524	71,994,871	41,169	2,011	4.5
2008	29,098	73,590,969	41,974	2,110	6.8
2009	28,391	72,752,112	41,185	1,951	10.7
2010	28,331	N/A	N/A	1,914	11.7
2011	29,596	N/A	N/A	1,905	9.6

Sources:

- (1) Bureau of Economic and Business Research, University of Florida.
 - (2) Bureau of Economic Analysis, U.S. Department of Commerce. Information was not available at the City level. Totals are for all of Broward County.
 - (3) School Board of Broward County. 20th day counts.
 - (4) Bureau of Labor Statistics, U.S. Department of Labor.
Miami-Ft. Lauderdale-Pompano Beach, FL Metropolitan Statistical Area
(Not Seasonally Adjusted).
- N/A Information is not available

CITY OF DANIA BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

TABLE 16

Taxpayer	2011			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Bass Pro Shops - Outdoor World	359	1	2.285%	364	1	2.278%
Publix Supermarkets, Inc.	257	2	1.636%	248	4	1.552%
School Board of Broward County	231	3	1.470%	240	5	1.502%
Boomers	197	4	1.254%	-	-	
City of Dania Beach	187	5	1.190%	178	6	1.114%
Dania Jai-Alai	183	6	1.165%	278	2	1.740%
Uniweld Products, Inc.	163	7	1.037%	250	3	1.565%
American Maritime Officers	160	8	1.018%	160	7	1.001%
Kenan Transport	151	9	0.961%	146	8	0.914%
Sheraton Ft. Lauderdale Airport	120	10	0.764%	140	9	0.876%
Total	2,008		12.781%	2,004		12.543%

Note: Data for the nine years preceding the current period is not attainable.

CITY OF DANIA BEACH, FLORIDA
CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

TABLE 17

	Full-Time Equivalent Employees as of September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
FUNCTION/PROGRAM:										
General government:										
Management	12.00	13.00	12.00	14.00	14.00	15.50	17.18	18.20	16.00	15.50
Finance	9.00	8.00	8.00	8.00	8.00	9.00	9.00	8.00	8.00	9.00
Human resources	2.00	3.00	3.00	3.00	4.00	4.00	3.00	3.00	3.50	3.50
Community development	10.00	12.00	14.00	15.00	15.00	15.00	14.00	12.00	11.00	19.00
Public safety	61.00	64.00	63.00	63.00	65.00	70.00	70.00	70.00	68.00	68.00
Highways and streets	9.00	10.00	10.00	10.00	10.00	10.00	10.00	9.00	9.00	8.00
Physical environment	7.00	7.00	14.00	15.00	13.00	13.00	13.00	12.00	12.00	15.62
Culture and recreation	12.00	12.00	22.00	29.60	22.40	25.40	24.02	22.60	20.06	20.34
Water	16.00	16.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.75
Sewer	7.00	9.00	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.75
Stormwater	5.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50
Total	<u>150.00</u>	<u>160.00</u>	<u>173.00</u>	<u>184.60</u>	<u>178.40</u>	<u>188.90</u>	<u>187.20</u>	<u>181.80</u>	<u>174.56</u>	<u>186.96</u>

Notes:

- (1) Prior to fiscal year 2001, the total included school crossing guard positions (part-time positions) which were contracted out in fiscal year 2001.
- (2) Prior to fiscal year 2004, no part-time positions were included. After fiscal year 2004, part time positions are reported as full-time equivalents.
- (3) Part-time equivalent to full-time positions are not available prior to fiscal year 2004.
- (4) Beginning in fiscal year 2006, Building Official and Plumbing Inspector positions are contracted with Broward County.
- (5) Beginning in fiscal year 2009, the Business Tax Division was reclassified from Community Development to the Code Compliance Unit.

**CITY OF DANIA BEACH, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

TABLE 18

FUNCTION/PROGRAM:	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Physical arrests	2,994	2,793	3,084	2,890	2,637	4,039	2,853	1,873	1,777	1,180
Parking violations	183	117	165	67	210	108	3,282	1,693	602	204
Traffic violations	9,287	10,678	20,919	10,805	14,280	9,405	7,489	6,285	4,060	4,575
Fire protection/prevention:										
Emergency responses	5,215	6,300	7,895	7,755	7,679	7,618	6,776	6,298	7,479	5,099
Fires extinguished (approx.)	200	200	200	200	186	326	148	173	116	1,493
Fire inspections	1,494	1,521	1,797	1,704	2,057	4,020	3,087	3,125	3,360	3,010
Community development:										
Building permits issued	2,599	2,856	2,956	3,043	4,710	3,626	2,829	2,386	1,876	2,448
Building permits construction value	\$ 37,434,812	61,524,227	73,366,338	41,826,945	54,620,835	72,941,115	72,313,828	100,586,870	19,031,723	32,610,526
Number of cited code violations	1,865	2,022	1,725	1,823	1,744	2,854	2,539	2,366	1,931	1,792
Public works:										
Miles of roads resurfaced	N/A	N/A	N/A	10.81	11.76	14.83	4.86	4.20	3.58	-
Potholes repaired	12	12	12	12	12	12	12	12	12	336
Parks and recreation:										
Facility rentals	N/A	N/A	N/A	775	3,415	7,648	10,721	9,977	8,975	10,500
Parks/sports attendance	N/A	N/A	N/A	12,445	11,345	27,399	34,572	26,710	25,975	57,500
Programs attendance	N/A	N/A	N/A	8,120	11,995	8,540	15,587	38,013	21,960	13,910
Water:										
Average daily consumption (thousands of gallons)	2,383	2,350	2,550	2,830	2,640	2,218	2,061	2,260	2,293	2,230
Peak daily consumption (thousands of gallons)	3,140	3,160	3,390	3,160	3,030	2,700	2,342	2,670	2,679	2,860
Sewer:										
Average daily sewage treatment (thousands of gallons)	3,100	2,889	3,023	3,119	3,102	3,203	3,150	3,312	3,518	3,240

Notes:

- (1) Information was not available for years reported "N/A."
- (2) Starting 2011 Fires Extinguished includes all fire related emergency responses

**CITY OF DANIA BEACH, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

TABLE 19

FUNCTION/PROGRAM:	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Stations	1	2	2	2	2	2	2	2	2	2
Fire protection:										
Stations	2	2	2	2	2	2	2	2	2	2
Rescue units	9	9	9	9	9	9	9	8	8	4
Public works:										
Streets (miles)	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4
Length of sidewalks	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9
Parks and recreation:										
Parks acreage	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63
Baseball diamonds	6	6	7	7	7	7	7	7	7	7
Community centers	4	4	4	4	4	4	4	4	5	5
Water:										
Length of water mains (miles)	68.23	68.23	68.23	68.23	68.23	68.23	70.58	70.58	70.58	70.58
Sewer/stormwater:										
Length of sewer mains (miles)	42.53	43.30	43.30	43.30	43.60	43.60	43.60	43.60	43.60	43.60
Length of storm drains (miles)	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30

COMPLIANCE SECTION



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

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida
Dania Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Dania Beach, Florida (the "City") as of and for the year ended September 30, 2011, which collectively comprise City of Dania Beach's basic financial statements and have issued our report thereon dated March 30, 2012. 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. Another auditor audited the financial statements of the Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

City of Dania Beach, Florida

We noted certain matters that we reported to City management in the Schedule of Findings and Questioned Costs under E on pages 117 and 118.

The City's written response to the matter identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City management, members of the City Commission, others within the City, the Florida Auditor General and Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 30, 2012



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida
Dania Beach, Florida

Compliance

We have audited the compliance of the City of Dania Beach, Florida (the "City") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major Federal programs for the year ended September 30, 2011. The City's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major Federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2011.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

City of Dania Beach, Florida

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

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 that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 30, 2012



INDEPENDENT AUDITORS' REPORT TO CITY MANAGEMENT

To the Honorable Mayor and Members of the City Commission
City of Dania Beach, Florida
Dania Beach, Florida

We have audited the basic financial statements of City of Dania Beach, Florida (the "City"), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 30, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance With Requirements Applicable to each Major Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 30, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter is required to include the following information, which is not included in the aforementioned auditors' reports.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the findings and recommendations made in the preceding annual financial audit report, except as noted in the Schedule of Findings and Questioned Costs on pages 117 and 118.

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations to improve financial management are included in the Schedule of Findings and Questioned Costs on pages 117 and 118.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.

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

City of Dania Beach, Florida

Section 10.554(1)(i)6., 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. The City of Dania Beach, Florida was incorporated on November 30, 1904.

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

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2011. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City'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.

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
March 30, 2012

CITY OF DANIA BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended September 30, 2011

Federal Pass-through Entity Federal Program	CFDA Number	Contract/Grant Number	Expenditures	Transfers to Subrecipients
FEDERAL AGENCY NAME:				
Direct Program:				
United States Department of Homeland Security - Federal Emergency Management Agency Staffing for Adequate Fire and Emergency Response (SAFER)	* 97.083	EMW-2009-FH-00218	\$ 648,017	\$ -
Indirect Programs:				
Environmental Protection Agency - Passed through the State of Florida Department of Environmental Protection Capitalization Grants for Drinking Water State Revolving Funds - ARRA	* 66.468	DW0604050	111,110	-
State Revolving Funds	* 66.468	DW0604060	5,302,551	-
United States Department of Education - Passed through Florida Department of Education Twenty-First Century Community Learning Centers	84.287	06E-2441A-1PCC1	282,326	-
United States Department of Housing and Urban Development - Passed through Broward County Community Development Block Grant Programs - ARRA	14.253	10-HFCDD-0043	13,702	-
Community Development Block Grant Programs	14.218	10-HFCDD-0003	15,494	-
	14.218	-	15,494	-
Total Expenditures of Federal Awards			\$ <u>6,388,694</u>	\$ <u>-</u>

* Denotes a major program.

CITY OF DANIA BEACH, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2011

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the City and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 – CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City of Dania Beach, Florida. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Complete Catalog of Federal Domestic Assistance (“CFDA”) numbers are presented for those programs for which such numbers were available. CFDA prefixes are presented for programs for which a complete CFDA number is not available.

CITY OF DANIA BEACH, FLORIDA
 SCHEDULE OF EXPENDITURES OF LOCAL FINANCIAL ASSISTANCE
 For the Year Ended September 30, 2011

<u>Grantor</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>Expenditures</u>
LOCAL FINANCIAL ASSISTANCE:			
Broward County			
County Redevelopment Program	-	-	\$ 268,410
Broward County			
Challenge Grant Program	Dania Cove	-	<u>84,146</u>
Total expenditures of local financial assistance			\$ <u><u>352,556</u></u>

NOTE: This schedule was prepared on the accrual basis of accounting.

CITY OF DANIA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2011

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of City of Dania Beach, Florida, were disclosed during the audit.
4. No material weaknesses relating to the audits of the major Federal programs are reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal programs for City of Dania Beach, Florida expresses an unqualified opinion.
6. No audit findings relative to the major Federal programs for City of Dania Beach, Florida are reported in Part C of this schedule.
7. The programs tested as major programs are as follows:

Federal Programs	Federal CFDA No.
United States Environmental Protection Agency Capitalization Grants for Drinking Water State Revolving Funds	66.468
United States Department of Homeland Security Staffing for Adequate Fire and Emergency Response	97.083

8. The threshold for distinguishing Types A and B programs was \$ 300,000 for the major Federal programs.
9. City of Dania Beach, Florida was determined to be a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAM

NONE

D. OTHER ISSUES

No Summary Schedule of Prior Audit Findings for Federal Awards is required because there were no prior audit findings related to Federal programs.

No Corrective Action Plan is required because there were no findings required to be reported under the Federal Single Audit Act.

CITY OF DANIA BEACH, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2011

E. INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS

PRIOR YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS

The following is a summary of the status of prior year findings and recommendations:

	<u>Implemented</u>	<u>Not Implemented</u>
Securing of loans and debt policy	X	
City Code of Ordinances Sec. 2-12	X	
Funding of Approved Capital Expenditure Budgets by Commission	X	
Purchase Orders	X	
Water Service Connections		X
City Annual Fire Inspection	X	

CURRENT YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS

2010-05: Water Service Connections:

The City has incurred losses resulting from the misapplication of, and deficiencies in, its water service connection procedures. These losses include errors in the amount of impact fees and identification of property locations utilizing City water services without being charged. Following the City's required procedures to ensure City personnel install the meters as required by City Ordinance will enhance the City's ability to ensure all City service locations are properly established and billed.

We recommended the City develop a water service connection policy that provides specific guidelines regarding water service requests, processing, approval, payment, installation, establishment and changes to water-sewer utility services within the City. The policy should include a requirement that water meters are to be installed only by City personnel. In addition, any changes in the service size or location of the water meters, including meter disposal, should be authorized by work order in writing and be maintained and monitored by two departments to improve City internal control over this important function.

During our 2011 audit we noted that the City did adopt water meter installation procedures and general meter procedures. The procedures call for a physical inventory of all water meters to be taken every Friday by the Public Services Department and delivered to the Finance Department every Monday morning. We did not find evidence that this procedure was being followed. Without inventory counts it is impossible to determine if new construction plans are being reviewed and written authorizations obtained before meter installations so that appropriate utility accounts are established prior to the close of permits in order to ensure that impact fees and usage charges are collected. In certain instances we also noted that a permit was approved, completed and finalized without any knowledge or communication with the Utility Billing Department, a meter being left at a location without proper installation, and the removal of a meter without the proper authorized work order.

CITY OF DANIA BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2011

E. INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS (continued)

**CURRENT YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS
(continued)**

2010-05: Water Service Connections (continued):

Management Response:

During 2011, the Administration conducted a further examination on a sample of commercial water service accounts. This examination confirmed several more instances of past deficiencies in the City's process over installation and billing for water/sewer utility services. The City plans to expand this sampling examination in 2012 to include a larger portion of its commercial service accounts to identify all significant accounts that may require further attention, adjustment or correction.

To improve the City's internal control over water/sewer services, the Administration will reemphasize to Public Services management and staff that all service to any customer water service account location must be authorized in writing through issuance of a work order from the Finance – Utility Billing Division. Customer requests for new or changed water service must be approved by Public Services in writing and reflect the required meter size directly on the plans submitted to the Building Department. Appropriate water/sewer service impact fees for approved water service are to be assessed by the Building Department as part of its issuance of an approved building permit. The Building Department will also obtain written verification that the proper meter size has been installed at this location as reflected in the approved plans and that a water/sewer customer service account has been established with the appropriate Utility Billing Department.

By July 2012, the City will reestablish and securely control City meter inventory through the Utility Billing Division with written work orders being issued and returned for all City meter service installations.