

City of Dania Beach *Florida*



**Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2014**

THE CITY OF DANIA BEACH, FLORIDA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

September 30, 2014

Prepared by the
Finance Department

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INTRODUCTORY SECTION



City of Dania Beach

March 30, 2014

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 year ending September 30, 2014 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, HCT Certified Public Accountants & Consultants, LLC, 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 30,000 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. 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. The American Maritime Officer's Training and the Simulation Training Assessment & Research Center for maritime ship licensing is located within the City's boundary, with state of the art bridge and engine room simulators which offer advanced merchant marine training. Bass Pro Shops and the International Game Fishing Association Hall of Fame are major attractions in the City for people interested in outdoor sports, 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 and fishing pier, pools, tennis courts, neighborhood parks, community centers and also provides a wide variety of programs for youth, adult and senior citizens. The Public Services Department provides essential street maintenance, roadway beautification, and general service operations, oversees Community Development Block Grants improvement projects. Public Services oversees operation of the City's water, sewer and stormwater services and also provides internal support for grounds maintenance, fleet management and citywide building maintenance. The Community Development Department provides planning, zoning, building inspection, and code compliance 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 all of the City's debt management, billing and collections as well as annual budget planning and preparation, computer network and support, management financial reporting, property lien research, cash management, capital assets recording, payroll and water and sewer utility billings and collections, annual budget and annual audit reporting, the City's business tax licensing, and water meter reading and basic residential water meter services.

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 revenue diversification and tax reform. In 2014, the Consumer Price Index increased and it is expected to stay level in 2015. 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 lingering impacts of the National recession and declines in property values resulted in a decline in annual tax revenue as well as new construction revenues over the past several years. Development and values are only now seeing an increase over the past year.

According to the Broward County Property Appraiser office, the taxable value of the City for The year ended September 30, 2014 increased 4.96% compared to September 30, 2013 – the first increase in taxable value in over five years. As in other cities, Dania Beach has experienced many home foreclosures and delays in property development. Current economic forecasts indicate property values are expected to slowly increase over the next few years.

With the airport expansion complete, the City has seen declining property values in adjacent commercial properties and established neighborhoods which provide water access to the ocean. Besides the personal loss that may be experienced by homeowners and businesses adjacent to the airport expansion, the City has faced a significant reduction in its tax base and annual service revenues as a direct consequence of the airport expansion on nearby property. It is expected this decline should taper off over the next few years.

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. With the economic outlook improving plans for construction at the property are currently underway. Completion of the first stage of construction is expected by the end of 2015. Once the facility is re-opened additional revenues are expected for the slot machine gaming area.

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 boarder. On an annual basis, the City will receive a small portion of the net earnings attributed to the Hard Rock casino. Distributions are received annually in March/April based on the previous year's annual earnings through September 30th.

In March of 2008, the City engaged the first Community Redevelopment Director who reports directly to the CRA Board/City Commission. The Commission's goal is to revitalize 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 historic character of Dania Beach, and the County's first incorporated City. The Commission and the CRA successfully expanded the CRA boundaries with approval by the Broward County Commission in 2010. With this expansion the CRA expanded 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 reached a peak in 2013 and continue in 2014. Most City capital projects are being financed by the use of accumulated fund balance cash; however the City's large utility infrastructure improvements have primarily used loans from the State Department of Environmental Protection – State Revolving Fund (SRF loans). The Commission has adopted a Debt Policy 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:

- Renovation of Lime Softening Water Plant using loan financing and accumulated Net Position
- Citywide solar lighting using General Fund balances and Community Development Block Grant funding
- Stormwater drainage improvements soon to be under construction using a combination of accumulated fund balance and SRF loan financing
- Marina improvements using General Fund balances, grant funding and bank loan
- Various neighborhood OASIS beautification projects using General Fund revenues and Community Development Block Grant funding
- Redevelopment of the City's beach area using General Fund balances

RELEVANT FINANCIAL POLICIES

The City of Dania Beach's 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 intent that new ongoing operating costs are funded with permanent, ongoing revenue sources, although several of the City's roadway and neighborhood improvements may cause maintenance costs to increase in coming years. 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 all investments 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 The year ended September 30, 2014 City Business-type Funds added approximately \$1.0 million of additional loans under the State Revolving Fund (SRF) program with proceeds primarily used for improvements to the water plant.

Fund Balance Policy

The City adopted a formal fund balance policy for the City's General fund establishing 20% of annual budgeted expenditures as a minimum unassigned fund balance to maintain. This minimum balance was established to help Dania Beach provide sufficient cash flow for its monthly financial needs, secure and maintain competitive market-based borrowing rates, help offset significant economic downturns or revenue shortfalls, and provide funds for unforeseen emergency expenditures. The City Commission has placed several commitments and assignments using the General Fund to provide resources for an array of items including 1) health insurance claims, 2) capital projects, 3) emergency disaster recovery, and 4) increased annual pension funding.

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 year ended September 30, 2013. This was the twenty fifth consecutive years (fiscal years 1988-2013) 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, 2014, 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 HCT Certified Public Accountants & Consultants, LLC for the professional approach in conducting the independent audit of the City's financial records and transactions and also individually to Adam Segal, Assistant Finance Director and Yeimy Guzman, 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,



Nicki Satterfield
Director of Finance



Government Finance Officers Association

**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, 2013

Executive Director/CEO

DANIA BEACH CITY OFFICIALS

CITY COMMISSION

Mayor: Marco A. Salvino, Sr.

Vice Mayor: Bobbie H. Grace

Commissioner: Chickie Brandimarte

Commissioner: Walter B. Duke, III

Commissioner: Albert C. Jones

CITY MANAGER

Robert Baldwin

FINANCE DIRECTOR

Nicki Satterfield

ASSISTANT FINANCE DIRECTOR

Adam Segal

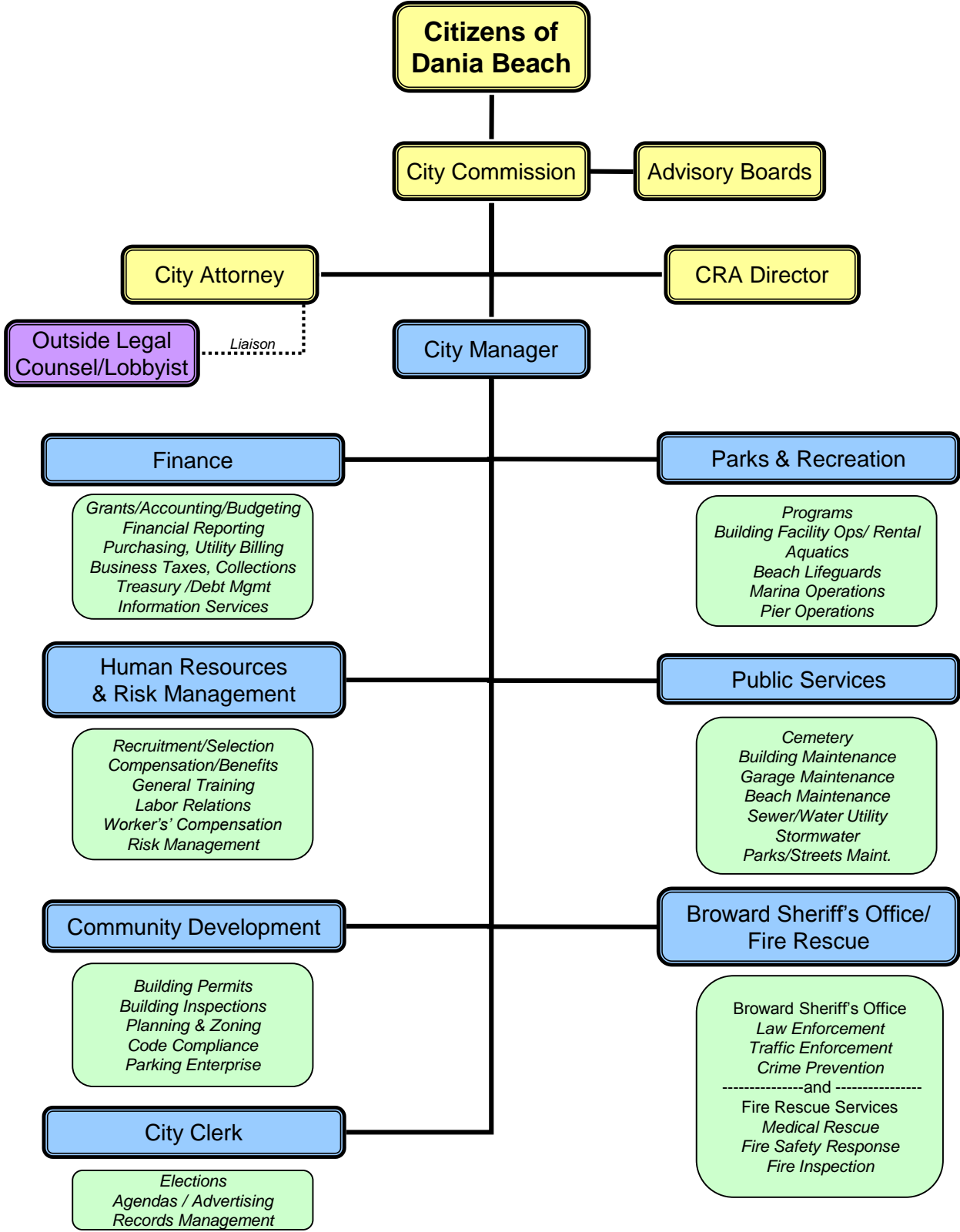
CONTROLLER

Yeimy Guzman

CITY AUDITORS

HCT Certified Public Accountants & Consultants, LLC

City of Dania Beach Organizational Chart



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dania Beach, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters, which represent 55, 55, and 76 percent, respectively, of the assets, net position, and additions of the fiduciary funds. Those statements were audited by other auditors whose report 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 auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and Schedules of Funding Progress on pages 4–18 and 65-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 30, 2015

**MANAGEMENT DISCUSSION
& ANALYSIS SECTION**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 City-wide assets exceeded liabilities at the close of September 30, 2014 by approximately \$112m (net position) reflecting an increase of \$10.1m over the prior year. Of this total amount, \$44m (unrestricted net position) may be used to meet the City's ongoing obligations to citizens. Unrestricted net position reflects an increase of \$10.1m over the prior year comprised of a (\$0.8) million decrease in governmental activities and a \$10.9m increase from business-type activities, caused primarily by operating income of \$6.3m and a capital contribution from the governmental funds of \$7.4m which represented the transfer of the completed marina to the Marina fund.

At the close of September 30, 2014, the City's governmental funds reported a combined ending fund balance of approximately \$30m which includes the General Fund, Capital Projects Fund, Grants Fund, CRA Fund and other governmental funds. This balance represents an increase of \$4.5m from the prior year due primarily to \$4.5m in net grant revenues and positive net general fund revenues of \$3m, offset by losses in the other funds. The General Fund provides cash advance fund for awards of the Grants Fund and these two funds have a combined unassigned fund balance of \$17m available for spending at the City's discretion or roughly 41% of the annual General Fund budget; being comprised of a positive \$17.2m General Fund amount and a deficit (\$0.2m) Grants Fund amount. This combined unassigned fund balance is \$5.7m more than the prior year including the Grant Fund deficit and was positively impacted by new grant monies received. Outstanding grant award projects are predominantly for major construction projects which provide future reimbursements after costs have been incurred and paid by the City. The General Fund assigned and unassigned fund balances totals \$20.9m, net of the Grant Fund deficit. The \$4.6m fund balance in the Capital Projects Fund is planned to be used entirely for approved governmental capital improvements. Similarly, the \$1.8m fund balance of the CRA Fund is planned for future economic and business development uses.

The General Fund reported an operating surplus for budgetary purposes of \$2.3m for The year ended September 30, 2014, before transfers and other financing sources. General Fund revenue sources were \$39.8m reflecting a positive variance of \$0.9m from the budget plan due to an increase in the fire assessment collected as well as an increase in intergovernmental revenues. Expenditures for the year were \$36.8m before transfers and other financing sources, reflecting a positive variance of \$0.8m from the budget plan, primarily due to savings on highways and streets. Net transfers were used primarily for funding of capital projects, debt repayments, allocation of administration costs and payment-in-lieu-of-tax supporting City operations. The General Fund completed the fiscal year with a net positive variance of \$2.3m compared with the budget plan.

The City's business-type activities experienced operating income of \$6.5m which, after net non-operating expenses of (\$0.4m), and net inter-fund transfers of (\$2.8m) and a capital contribution of \$7.4m (the Marina asset was transferred from governmental funds) resulted in a substantial increase in total net position of \$10.9m.

City-wide depreciation expenses recorded during the year amounted to \$4.77m reflecting an increase of \$.25m or 5% from the prior year. Total capital assets net of related debt was \$62.5 at year end, reflecting a net decrease of \$(.2m) over 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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 Position ◆ 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 Position ◆ Statement of Cash Flows 	<ul style="list-style-type: none"> ◆ Statement of Fiduciary Net Position ◆ Statement of Changes in Fiduciary Net Position
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 and include the statement of net position 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position 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 position. This statement combines and consolidates the governmental entity's current financial resources (short-term spendable resources) with capital assets and long term financial obligations.

The Statement of Activities 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, marina and parking systems.

These two statements report net position and the changes in that position. Over time, increases or decreases in net position 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 Position 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 ten 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City adopts annual appropriated budgets for its General Fund, Capital Projects 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.

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, parking and marina 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, parking and the renovated marina operations.

Fiduciary Funds – The City reports pension trusts for its two defined benefit pension plans and for its Other-Post-Employment-Benefit (OPEB) health 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.

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.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule is a summary of the September 30, 2014 Statement of Net Position with comparative information for September 30, 2013. This schedule which presents net position – 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 35,358,477	\$ 31,072,021	\$ 22,424,854	\$ 17,441,243	\$ 57,783,331	\$ 48,513,264
Capital assets	54,032,847	60,140,241	41,447,937	34,176,715	95,480,784	94,316,956
Total assets	89,391,324	91,212,262	63,872,791	51,617,958	153,264,115	142,830,220
Long-term liabilities	17,700,511	17,513,112	16,378,501	15,433,764	34,079,012	32,946,876
Other liabilities	3,318,913	4,504,536	3,037,069	2,611,281	6,355,982	7,115,817
Total liabilities	21,019,424	22,017,648	19,415,570	18,045,045	40,434,994	40,062,693
Deferred inflows	784,701	837,007	76,417	74,838	861,118	911,845
Net position:						
Invested in capital assets, net of related debt	37,188,106	42,228,983	25,368,100	20,527,954	62,556,206	62,756,937
Restricted	2,496,639	3,242,162	2,903,865	3,195,927	5,400,504	6,438,089
Unrestricted	27,902,454	22,886,462	16,108,839	9,774,194	44,011,293	32,660,656
Total net position	\$ 67,587,199	\$ 68,357,607	\$ 44,380,804	\$ 33,498,075	\$ 111,968,003	\$ 101,855,682

MANAGEMENT'S DISCUSSION AND ANALYSIS

The overall financial position of the City improved in total by \$10.1m to a total of \$112m during The year ended September 30, 2014 compared to 2013. Unrestricted net position increased by \$11.4m due to increases in grant funding as well as overall performance of enterprise funds. A change in net position 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 position (55.8%) are in capital assets, such as land, construction in progress, buildings and improvements, infrastructure such as roads, parks and utility, furniture, fixtures and equipment, less any related debt outstanding that was used to acquire those assets. This capital investment decreased \$(.2m) in the current year. The City uses capital assets to provide basic services to residents and foster a vibrant business climate. Although City investments in 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 total City net position (4.8%) represents resources that are subject to external restrictions on how they may be used.

The City's combined total unrestricted net position may be used to meet City ongoing obligations to its citizens and creditors. The City is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN NET POSITION

The following schedule is a summary of the year ended September 30, 2014 Statement of Activities compared to 2013.

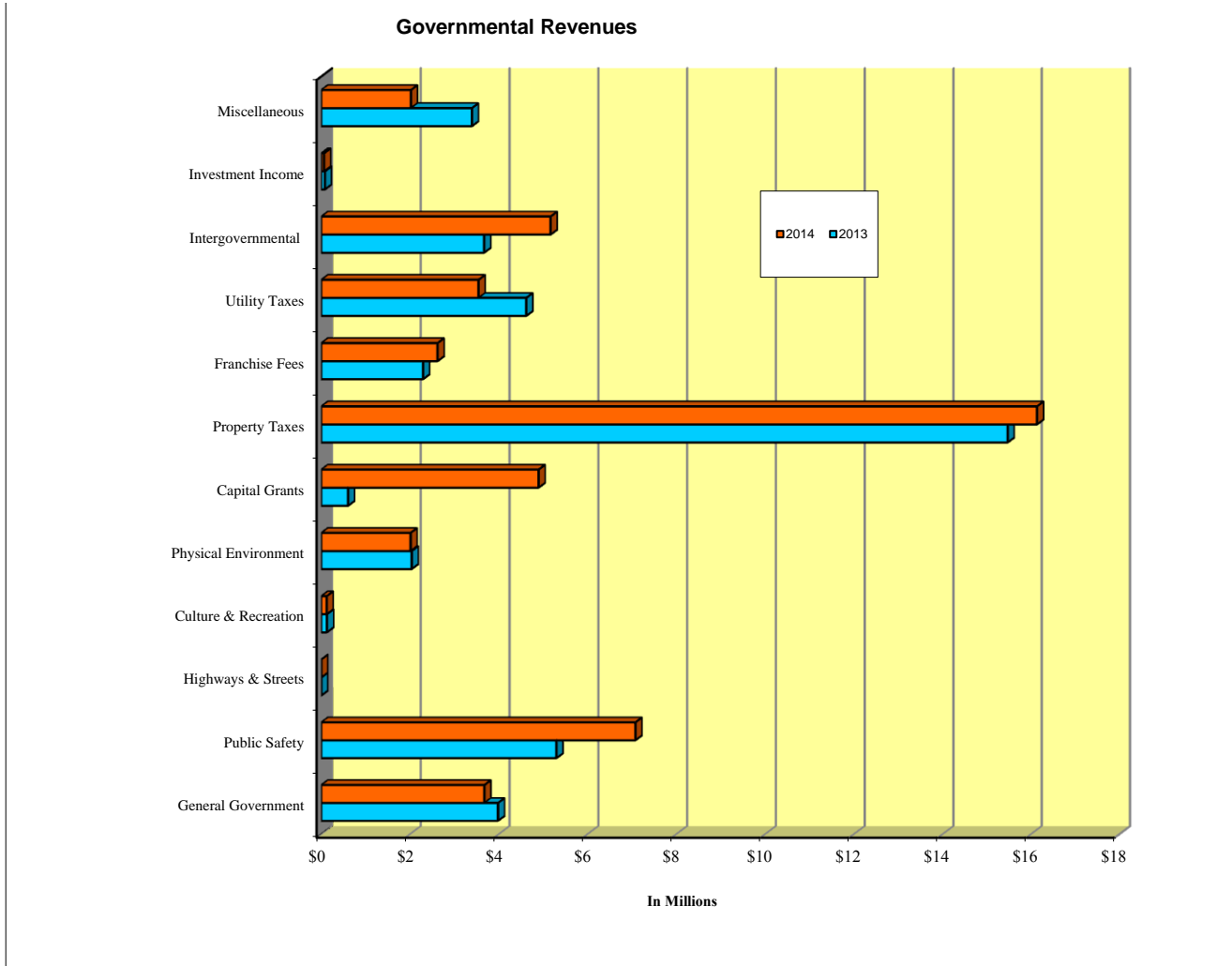
	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 12,398,073	\$ 11,177,777	\$ 16,566,872	\$ 15,777,262	\$ 28,964,945	\$ 26,955,039
Operating grants	486,672	265,678	-	-	486,672	265,678
Capital grants contributions	4,895,611	603,553	-	-	4,895,611	603,553
General revenues:						
Property taxes	16,135,270	15,467,882	-	-	16,135,270	15,467,882
Utility taxes	3,543,297	4,617,269	-	-	3,543,297	4,617,269
Franchise fees	2,619,934	2,292,448	-	-	2,619,934	2,292,448
Intergovernmental	5,165,694	3,669,786	-	-	5,165,694	3,669,786
Miscellaneous	2,020,684	3,393,790	-	-	2,020,684	3,393,790
Investment earnings	63,049	81,131	11,528	13,261	74,577	94,392
Total revenues	<u>47,328,284</u>	<u>41,569,314</u>	<u>16,578,400</u>	<u>15,790,523</u>	<u>63,906,684</u>	<u>57,359,837</u>
Expenses:						
General Government	6,097,585	7,404,873	-	-	6,097,585	7,404,873
Public Safety	24,070,777	22,673,356	-	-	24,070,777	22,673,356
Highway and Streets	2,454,846	2,165,939	-	-	2,454,846	2,165,939
Physical environment	3,846,522	3,133,648	-	-	3,846,522	3,133,648
Culture & Recreation	3,299,230	3,253,312	-	-	3,299,230	3,253,312
Community Redevelopment	3,298,782	3,808,510	-	-	3,298,782	3,808,510
Interest expense	484,334	962,466	-	-	484,334	962,466
Water	-	-	3,947,252	3,884,997	3,947,252	3,884,997
Sewer	-	-	4,422,730	5,345,282	4,422,730	5,345,282
Stormwater	-	-	904,203	1,010,648	904,203	1,010,648
Pier Operations	-	-	351,774	273,966	351,774	273,966
Parking	-	-	340,574	330,729	340,574	330,729
Marina	-	-	275,754	169,614	275,754	169,614
Total expenses	<u>43,552,076</u>	<u>43,402,104</u>	<u>10,242,287</u>	<u>11,015,236</u>	<u>53,794,363</u>	<u>54,417,340</u>
Increase (decrease) in net position before transfers	3,776,208	(1,832,790)	6,336,113	4,775,287	10,112,321	2,942,497
Transfers	(4,546,616)	5,050,838	4,546,616	(5,050,838)	-	-
Increase in net position	(770,408)	3,218,048	10,882,729	(275,551)	10,112,321	2,942,497
Net position, beginning of year	68,357,607	65,139,559	33,498,075	33,773,626	101,855,682	98,913,185
Net position, ending of year	<u>\$ 67,587,199</u>	<u>\$ 68,357,607</u>	<u>\$ 44,380,804</u>	<u>\$ 33,498,075</u>	<u>\$ 111,968,003</u>	<u>\$ 101,855,682</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL ACTIVITIES

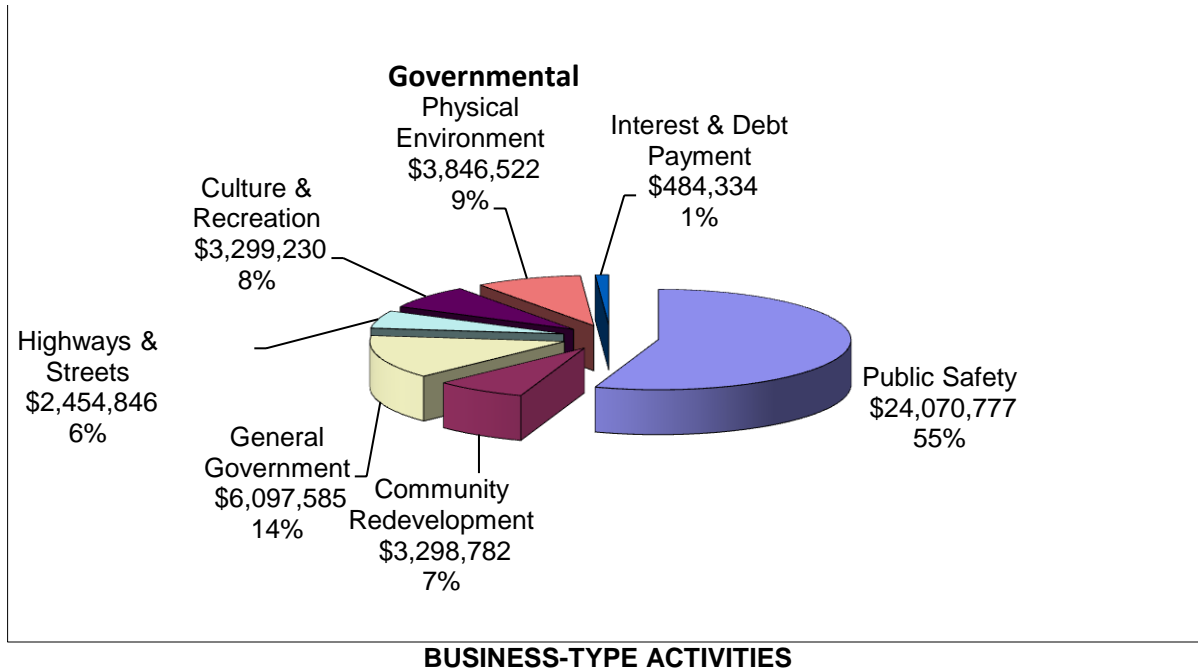
Governmental activities increased the City's net position by a combined total of \$3.8 million for the fiscal year before transfers. Governmental revenues increased by \$5.7m primarily due to an increase in grant revenues relating to the marina. Expenses remained constant increasing by a total of \$0.1 million from the prior year. Transfers decreased by a net of almost \$4m million from 2013 primarily due to the transfer of the marina asset to the Marina Enterprise Fund.

The chart below illustrates the distribution of program and general revenues for governmental activities for The year ended September 30, 2014 and 2013:



MANAGEMENT'S DISCUSSION AND ANALYSIS

The pie chart below illustrates the program expenses for governmental activities for the year ended September 30, 2014:



The City operates six business-type activity funds including a Marina Enterprise fund. All of these funds show positive operating revenues and savings of approximately \$0.8m were obtained during the year ended September 30, 2014 over the prior period due to careful budgeting and minimizing of costs. The new Marina Enterprise fund reflects a \$7.4 contribution of the new facility from the Governmental Fund, which has effectively eliminated the prior year deficit balance of (\$2.4m).

- Water Fund operations reflect an increase of \$0.2m in net position. Operating income remained level at \$1.8m in line with the prior year. Unrestricted net position of the Water Fund show a balance of \$5.5m reflecting a slight increase of \$1.1m from the prior year. Investments in other capital infrastructure improvements, net of debt, decreased by \$0.8m from the prior year to a total of \$9.7m due to depreciation expense.
- The Sewer Fund experienced an increase in net position of \$1.8m. This included an increase of approximately \$1.2m in operating income primarily due to the benefits of large capital infrastructure improvements undertaken for lift station replacement and groundwater infiltration improvements, which have reduced expenditures by more than \$0.8m.. Unrestricted net position of the Sewer Fund total \$5.6m reflecting an increase of almost \$2m from the prior year.
- The Stormwater Fund experienced an increase in net position of \$0.5m. Annual property assessments rates were unchanged from prior year. Delays in capital infrastructure projects allowed this Fund to accumulate resources for new equipment purchases and to perform smaller neighborhood storm drainage capital improvement projects using its annual cash collections. These projects are currently in progress. Unrestricted net position of the Stormwater Fund shows a small decrease in balance of \$0.1m.
- The Marina Fund became a major fund this year because of the transfer of the \$7.4m asset representing the completed Marina project. As noted above the capital contribution of the Marina has created a positive net position of over \$5m compared to the deficit of \$(2.4m) in the prior year. Additionally, revenues have almost doubled to over \$0.3m as the marina has experienced a full year of operations in 2014.
- The City's Non-major funds include the Parking and Pier Operations Funds. The Parking Fund has continued to experience improved collections with operating revenues totaling \$1.4 million which is

MANAGEMENT'S DISCUSSION AND ANALYSIS

\$.37 million more than the prior year. The Parking Fund unrestricted net position total \$1.4m, reflecting an increase of \$0.7m from the prior year. Revenues are derived almost entirely from beach parking fees and beach parking enforcement. Downtown development initiatives by the CRA continue to work toward developing demand and use of the downtown parking garage. Operating costs for both the beach and downtown garage areas are reflected in this fund.

- The Pier Operations Fund reflects an annual increase in net position of approximately \$22,000 resulting in a balance of \$67,000 in available unrestricted net position.

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 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.

As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$30m, an increase of \$4.5m in comparison with the prior year. Approximately 57%, or \$17m of the ending balance is unassigned and available for spending at the City's discretion with \$7.6m assigned by City direction for emergency recovery, litigation, pension cost, self-insured health claims and capital projects. A balance of \$2.7m is committed for uses by the CRA, City cemetery and tree preservation use. A balance of \$2.5m is restricted for specific use by laws, loans and grant agreements. The remaining fund balance of \$0.125m is non-spendable as it represents inventory, prepaid expenditures and property held for sale.

Below is the analysis of the fund balance for September 30, 2014:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
Fund balances, September 30, 2013	\$ 18,805,717	\$ 6,349,663	\$ 365,508	\$ 25,520,888
Revenues	39,819,194	-	7,559,936	47,379,130
Expenditures	(36,794,019)	(3,872,838)	(5,076,978)	(45,743,835)
Other financing sources (uses)	(680,502)	2,124,550	1,377,283	2,821,331
Total Fund balances, September 30, 2014	<u>21,150,390</u>	<u>4,601,375</u>	<u>4,225,749</u>	<u>29,977,514</u>
Nonspendable fund balance, September 30, 2014	(124,952)	-	-	(124,952)
Restricted fund balances, September 30, 2014	(699,319)	-	(1,797,320)	(2,496,639)
Committed fund balance, September 30, 2014	(125,051)	-	(2,591,068)	(2,716,119)
Assigned fund balance, September 30, 2014	<u>(2,966,278)</u>	<u>(4,601,375)</u>	<u>(17,410)</u>	<u>(7,585,063)</u>
Unassigned fund balance, September 30, 2014	<u>\$ 17,234,790</u>	<u>\$ -</u>	<u>\$ (180,049)</u>	<u>\$ 17,054,741</u>

General Fund

The General Fund is the chief operating fund of the City. As of September 30, 2014, the fund balance of the City's General Fund increased by \$2.3m to a total of \$21.2m. Total General Fund revenues increased by \$2.1m to a total of \$39.8m primarily due to an increase in fire assessments of \$1m, an increase in ad valorem revenues of \$.7m and an increase in intergovernmental revenues of \$1.5m, reflecting improvements in the general economic environment, offset by a decline in miscellaneous income. Expenditures increased by \$1.3m over September 30, 2013 to a total of \$36.8m and reflect another significant increase in public safety costs totaling almost \$1m.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Revenues

	Current Year <u>9/30/2014</u>	1 year ago <u>9/30/2013</u>	2 years ago <u>9/30/2012</u>	3 years ago <u>9/30/2011</u>	Change Over <u>Past 3 Years</u>	Change <u>Percent</u>
General Fund Revenues:						
Ad valorem taxes	\$ 16,135,270	\$ 15,467,882	\$ 15,604,005	\$ 15,872,847	262,423	2%
Special assessments	5,052,071	4,065,279	4,082,820	3,937,523	1,114,548	28%
Franchise fees	2,619,934	2,292,448	2,238,321	2,123,895	496,039	23%
Utility taxes	4,762,128	4,617,269	4,300,248	4,288,639	473,489	11%
Licenses and permits	1,348,722	880,205	880,092	1,088,539	260,183	24%
Intergovernmental	3,946,863	3,669,786	3,494,027	3,189,370	757,493	24%
Charges for services	3,557,682	3,424,154	3,250,279	3,212,735	344,947	11%
Fines and forfeitures	427,084	355,032	711,168	424,301	2,783	1%
Interest	58,476	74,034	182,939	119,232	(60,756)	-51%
Miscellaneous	1,910,964	2,826,839	2,028,330	1,487,576	423,388	28%
Total Revenues	<u>\$ 39,819,194</u>	<u>\$ 37,672,928</u>	<u>\$ 36,772,229</u>	<u>\$ 35,744,657</u>	<u>\$ 4,074,537</u>	<u>11%</u>

The increase in ad valorem taxes has not been significant due to a combination of State legislative restrictions, and property valuation adjustments approved by the County further reducing taxable property values. For fiscal years 2011, 2012 and 2013, the City approved a millage rate of 5.9998 reflecting a decrease from the "rolled-back" rate. In September 30, 2013, City property values were generally unchanged after decline of 8% and 4% in the prior two years coupled with reduced construction and development throughout the City. Property values are beginning to appreciate again this year. Non Ad-Valorem assessment rates for fire were increased in September 30, 2014 to provide funding for increased contract and pension cost. Intergovernmental revenues have increased with greater sales tax receipts and a new annual profit sharing agreement approved by the legislature as well as an improving economy. Decreased City investment earnings reflect the lengthy Federal action reducing and maintaining interest rates at historic lows. Miscellaneous revenues decreased primarily due to the return of unused capital equipment payments made to BSO and receipt of \$400,000 for retiree health expenditures from the City's OPEB Trust in fiscal 2013.

Expenditures

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

	Current Year <u>9/30/2014</u>	1 year ago <u>9/30/2013</u>	2 years ago <u>9/30/2012</u>	3 years ago <u>9/30/2011</u>	Change Over <u>Past 3 Years</u>	Change <u>Percent</u>
General Fund Expenditures						
Current:						
General government	\$ 5,675,429	\$ 5,716,121	\$ 6,302,721	\$ 7,231,574	(1,556,145)	-22%
Public safety	23,287,082	22,319,940	21,186,819	21,372,031	1,915,051	9%
Highways and streets	1,333,177	1,099,131	1,259,159	1,442,289	(109,112)	-8%
Physical environment	3,502,300	2,857,462	2,826,999	2,700,705	801,595	30%
Community redevelopment	659,499	612,859	607,965	708,041	(48,542)	-7%
Culture and recreation	2,336,532	2,907,610	3,157,445	2,712,127	(375,595)	-14%
Total expenditures	<u>\$ 36,794,019</u>	<u>\$ 35,513,123</u>	<u>\$ 35,341,108</u>	<u>\$ 36,166,767</u>	<u>\$ 627,252</u>	<u>2%</u>

- General Government costs remained in line with the prior year.
- Highways and street expenditures increased due to significant roadway repaving being performed through the Public Services Department during the past year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Increased public safety cost continues to challenge the City's annual financial balance. Cost increases are primarily attributed to two factors. First, is the annual adjustment in cost offered the Broward Sheriff's Office for contracted police and fire services. Second, an increased and growing amount of annual employer retirement contributions for former City police and fire staff needed to fund the City Police and Fire Pension Plan. Annual retirement cost increases stem from a combination of factors including closure of the Plan to new participants when contract BSO-fire services began in January 2011, unexpected renegotiation of BSO's original annual contract fire contribution that shifted \$0.5m annually of initial BSO funding back to City cost, and impacts from revised, more realistic Pension Board actuarial assumptions. Funding of contributions to the City's Police and Fire Pension Plan is paid predominantly by the City outside of the annual Broward Sheriff's Office contract service agreements.

Other Major Governmental Funds

The Capital Projects Fund received inter-fund net transfers of \$2.1 million during the year ended September 30, 2014 for use on various governmental infrastructure projects approved by the City Commission. Capital Project expenditures totaled \$3.8 million, including funding from prior year project approvals. Expenditures were made for an array of approved projects including another additional "oasis" neighborhood entryway; solar lighting, and traffic improvements; and conceptual development of a beach master plan.

The CRA Fund received net transfers of almost \$2m from the General Fund. Expenditures of the CRA totaled \$1.3m which included operations of the new neighborhood garden, matching funds for local business improvements, and completion of several neighborhood improvement projects funded by prior year transfers. The City's CRA is unusual since it was not approved by the County to receive any tax increment financing. The CRA therefore receives its operational funding from annual City General Fund transfers. The CRA ended the year with a committed fund balance of \$1.8m, reflecting an increase of \$0.7m from the prior year.

The Grant Fund reported a total of \$5.4m in revenues during FY'14 from a mixture of State and County sources. Most of the grant revenue collected in the amount of approximately \$4m was for the Marina improvements. Grant Fund transfers out of \$1.7 million reflect the City's consolidation and transfer of grant fund commitments to the Capital Projects fund where the projects are tracked and monitored. This transfer results in a Grant fund deficit while awaiting collection of the grant awards in future periods.

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 six proprietary funds as of September 30, 2014: Water, Sewer, Stormwater, Parking, Pier Operations, and Marina Fund. The net changes of these 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 \$2.4m increase in the appropriation of prior year fund balances includes a \$1.6 appropriation transfer to the Capital Projects Fund for Phase I of the City's Beach Redevelopment Plan and \$1.1m bridge loan to the CRA Fund for a reimbursable grant from Broward County. This loan will be repaid once grant funding has been received
- Increase in Finance and administration general services of \$2.7m is attributed to \$1.1m transfer to the CRA Fund for the bridge loan and the \$1.6m dollar transfer to the Capital Projects Fund for a new beach redevelopment project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Public safety increase is attributed to annual negotiation of annual BSO fire contract and increased increase in annual Police pension cost to the City.
- Increase in the inter-fund transfers is attributable to the Beach Redevelopment Project and the bridge loan to the CRA 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, 2014 amount to \$95.5m (net of accumulated depreciation) representing an increase of almost \$1.2m over last year's balance. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility system, furniture, fixtures and equipment.

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$16,184,221	\$ 16,184,221	\$ 220,976	\$ 220,976	\$ 16,405,197	\$ 16,405,197
Utility system		-	34,744,268	26,856,420	34,744,268	26,856,420
Buildings	16,853,493	17,899,498	4,321,472	3,502,286	21,174,965	21,401,784
Equipment	1,390,000	1,776,825	656,598	465,991	2,046,598	2,242,816
Infrastructure	19,201,728	19,361,338	-	-	19,201,728	19,361,338
Construction-in-progress	403,405	4,918,359	1,504,623	3,131,042	1,908,028	8,049,401
	<u>\$54,032,847</u>	<u>\$ 60,140,241</u>	<u>\$41,447,937</u>	<u>\$ 34,176,715</u>	<u>\$ 95,480,784</u>	<u>\$ 94,316,956</u>

Capital Assets (Net of Depreciation)

Major capital asset events during the fiscal year included:

- 100% completion of the marina renovation
- 100% completion of Oasis II neighborhood improvement project
- 100% completion of neighborhood solar lighting improvements
- 100 % completion of park improvements at Ocean Park
- 96% of stormwater phase I

Additional information on the City's capital assets can be found in the Notes Section of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

As of September 30, 2014, the City had a total outstanding debt of approximately \$32.9m (excluding compensated absences). This debt consists of 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.

The City's debt total decreased by a net amount of a little more than \$1m during 2014 comprised of a (\$1.1m) decrease in governmental debt and a small increase in business activity borrowing of \$0.03m. Additional information on the City's debt and other long-term liabilities can be found in the Notes Section of this report.

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales tax bonds	\$ 1,455,000	\$ 1,615,000	\$ -	\$ -	\$ 1,455,000	\$ 1,615,000
General obligation bonds	8,595,000	8,885,000	-	-	8,595,000	8,885,000
Notes	5,553,935	5,980,199	2,325,000	2,400,000	7,878,935	8,380,199
Capital leases	1,226,334	1,415,897	-	-	1,226,334	1,415,894
State revolving loan	-	-	13,754,837	13,648,761	13,754,837	13,648,761
Bond Premium	14,472	15,162	-	-	14,472	15,162
Compensated absences	855,770	790,356	298,664	278,547	1,154,434	1,068,903
	<u>\$17,700,511</u>	<u>\$18,701,615</u>	<u>\$16,378,501</u>	<u>\$16,327,307</u>	<u>\$34,079,012</u>	<u>\$35,028,919</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City has begun to experience a steady growth in building activity that should translate into improved annual tax revenue in coming years. A new 6-story hotel was substantially completed in 2014. The City has also noted significant business expansion in its marina and boat works industries over the past year along with re-development and expansion plans of gaming operations at the Dania Jai Alai pari-mutuel. Business development in the downtown City Center area continues to be pursued as improvement in the South Florida real estate market continues. Initial development plans for a commercial hotel and restaurant are underway and approval is expected in 2015 with construction beginning in 2016.

Towards the end of fiscal year 2013, the City renegotiated its repayment of County economic development loans made to the CRA, deferring the repayment time-line and expanding the initial 5-year term for increasing the tax-base by adding 3 more years. Thus, the initial measurement period for repayment of the County's \$5 million loan has been extended from March 2014 to March 2017; with loan payment due 12 months later. This revised measurement period gives the CRA additional time to achieve development and increased tax base benchmarks that would convert annual County loan repayments into a County grant award.

The City's continuing investment in economic development, branding and marketing efforts coupled with its proximity to attractive amenities and transportation hubs are expected to improve the long-range tax base in future years. Developing a strategic view and a comprehensive structure for the City's economic development goals, efforts, and annual expenditures will aid in becoming more focused on planning, budgeting and measuring economic benefits stemming from this investment of City funds.

The nearby Jai Alai fronton offers a future economic opportunity to the City as interest in limited South Florida gaming continues its public vetting. In the prior year, plans were developed to direct accumulated surplus from Beach-area restaurant and parking activities to conduct a refurbishment of the beach dunes as first, necessary safety step of a Beach master-plan. After the initial dune restoration, other parts of the Beach master plan may seek annual funding from the surplus revenues generated beach activities, thus phasing in beach improvements over the course of coming years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business and property redevelopment efforts will help maintain the City's financial stability as local and State economies continue to strengthen. After substantial City investments in beautification, recreation and business economic incentives over the past several years, a prudent and more focused monitoring of economic development costs and rewards may aide the City in maintaining its financial condition. Balancing on-going revenue resources with the City's on-going levels of service delivery costs will be challenged in coming years primarily in four areas: 1) loan repayment costs and limiting additional debt, 2) retirement funding costs, 3) public safety contractual costs, and 4) worker and retiree health care costs. Without a meaningful and sustained increase in annual City revenue resources, it may be helpful to develop a framework for discussions about establishing priorities, the cost of resources, and annual allocation of available funds among service delivery areas. The cost of annual City pension contributions is expected to increase substantially in coming years; becoming more much more transparent due to changes in GASB reporting requirements beginning in 2015. When pension costs are added to the increased contractual cost of public safety services provided by the Broward Sheriff's Office (BSO), the City will likely face a growing need for additional increased funds during the next 2-3 years if other City service levels are maintained. The City's successful effort to bid, share costs, and better control annual employee health costs will be a significant help in controlling costs in the coming years.

The City has considered and continued to approve a large number of large capital projects over the past several years. These have included US-1 landscaping, several park and neighborhood "oasis" projects; and the City Marina renovation completed this year. Capital projects bring with them a notable and growing cost for annual upkeep that call for staff, equipment, annual operating costs to properly maintain in coming years. Generally, projects are being planned and carried out while seeking some combination of grant awards and/or loan financing; allowing the use of accumulated City cash as a final, cautious resource. When possible, the City places high priority on projects with grant awards, moderate priority on loan financing projects, and the most cautious priority on projects paid entirely by accumulated funds. Loans will cause levels of annual City debt to rise further in 2015 and later years as projects are completed (Southeast Stormwater, Lime Water Plant Rehabilitation, etc.). Continued use of accumulated cash balances for unplanned and unbudgeted capital projects should be discouraged and routed back to the City annual approved budget plan to preserve the City's financial condition and maintain reasonable user fees.

The Broward County Commission approved expansion of the South runway at the Fort Lauderdale International Airport. This plan will likely impact property values of the City adjacent to this expanded runway. Under this expansion large number of single family homes will be impacted and several commercial properties. The demolition of a large hotel in proximity of the landing zone has been completed and removed from the City's tax rolls resulting in a direct revenue loss to the City of \$150,000.. Further loss of annual revenues associated with the runway expansion property could have significant impact on the City's future property tax, utility and assessment revenues beginning in the prior fiscal year. Settlement of City litigation regarding this runway expansion occurred during the year ended September 30, 2014 that will greatly reduce the use of unassigned fund balance used to pay litigation costs during the past several years.

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 provided a five year interest free loans of more than \$5 million (recently re-negotiated providing three additional interest free years) for projects to improve the taxable property base within the CRA area. The funds were used for construction of a new 4-level parking garage adjacent to City Hall and County Library in the downtown "City Center" area. The County loan agreement allows conversion of the annual repayments into a grant provided increased property values are achieved through use of these funds in a timely manner. Repayment of this loan will begin in FY'18 if increased property values are not achieved by March, 2017. The City has adopted an ordinance that would provide tax increment revenue to the CRA if and when the property valuation increases in future years. For the past several years the City has provided annual funding from the General Fund totaling more than \$1 million.

Annual funding includes \$0.8m in direct spending plus additional funds to allow the CRA to pay for annual administrative support costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The economy is expected to continue a steady recovery in City property values during the next two years. Declines in property values experienced in 2010, 2011 and 2012. Improvement with expanded business development and a growing property tax base resulted in a slight increase in property values in 2013 and 2014.. However, the loss of property values associated with the County airport expansion are expected to continue to impact values in the City for several years. A cautious approach to additional City infrastructure improvements is warranted to ensure funds are generally being used from annual recurring resources without depleting unassigned fund balance. Examining funding levels for annual economic development initiatives, capital improvements and a general but prudent fiscal restraint in discretionary costs will aide Dania Beach in maintaining a stable financial position in coming years.

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 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.

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CITY OF DANIA BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash, cash equivalents and investments	\$ 27,706,054	\$ 16,408,344	\$ 44,114,398
Receivables:			
Franchise, utility and other taxes	851,496	-	851,496
Customer / other, net	61,761	1,933,699	1,995,460
Internal balances	(879,017)	879,017	-
Due from other governmental agencies	5,403,491	269,261	5,672,752
Inventories	23,263	30,668	53,931
Prepaid expenses	11,490	-	11,490
Property held for resale	90,199	-	90,199
Net pension asset	204,344	-	204,344
Net OPEB asset	1,422,253	-	1,422,253
Restricted assets:			
Cash, cash equivalents and investments	463,143	2,903,865	3,367,008
Capital assets not being depreciated	16,587,627	1,874,746	18,462,373
Capital assets being depreciated, net	37,445,220	39,573,191	77,018,411
Total assets	89,391,324	63,872,791	153,264,115
LIABILITIES:			
Current liabilities			
Checks in excess of bank balance	609,668	-	609,668
Accounts payable and accrued liabilities	1,436,257	2,251,325	3,687,582
Accrued interest payable	349,248	134,197	483,445
Due to other governmental agencies	187,248	275,892	463,140
Deposits	304,584	327,703	632,287
Other liabilities	431,908	47,952	479,860
Noncurrent liabilities:			
Due within one year:			
Compensated absences	128,366	-	128,366
Current portion of long-term debt	949,763	998,331	1,948,094
Due in more than one year:			
Compensated absences	727,404	298,664	1,026,068
Long-term debt	15,894,978	15,081,506	30,976,484
Total liabilities	21,019,424	19,415,570	40,434,994
DEFERED INFLOWS			
Unearned revenue	784,701	76,417	861,118
NET POSITION:			
Invested in capital assets, net of related debt	37,188,106	25,368,100	62,556,206
Restricted	2,496,639	2,557,073	5,053,712
Unrestricted	27,902,454	16,455,631	44,358,085
Total net position	\$ 67,587,199	\$ 44,380,804	\$ 111,968,003

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF ACTIVITIES
For The Year September 30, 2014

Function / Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Governmental activities:							
General government	\$ 6,097,585	\$ 3,440,054	\$ 234,182	\$ 528,611	\$ (1,894,738)	\$ -	\$ (1,894,738)
Public safety	24,070,777	6,824,324	252,490	-	(16,993,963)	-	(16,993,963)
Highways and streets	2,454,846	-	-	-	(2,454,846)	-	(2,454,846)
Physical environment	3,846,522	2,012,046	-	-	(1,834,476)	-	(1,834,476)
Community redevelopment	3,298,782	-	-	-	(3,298,782)	-	(3,298,782)
Culture and recreation	3,299,230	121,649	-	4,367,000	1,189,419	-	1,189,419
Interest on long-term debt	\$ 484,334	-	-	-	(484,334)	-	(484,334)
Total governmental activities	43,552,076	12,398,073	486,672	4,895,611	(25,771,720)	-	(25,771,720)
Business-type activities							
Water	3,947,252	5,518,175	-	-	-	1,570,923	1,570,923
Sewer	4,422,730	7,035,606	-	-	-	2,612,876	2,612,876
Stormwater	904,203	1,927,483	-	-	-	1,023,280	1,023,280
Marina	351,774	307,557	-	-	-	(44,217)	(44,217)
Parking	340,574	1,421,597	-	-	-	1,081,023	1,081,023
Pier operations	275,754	356,454	-	-	-	80,700	80,700
Total business-type activities	10,242,287	16,566,872	-	-	-	6,324,585	6,324,585
Total	\$ 53,794,363	\$ 28,964,945	\$ 486,672	\$ 4,895,611	(25,771,720)	6,324,585	(19,447,135)
General revenues:							
Property taxes					16,135,270	-	16,135,270
Franchise fees based on gross receipts					2,619,934	-	2,619,934
Utility taxes					3,543,297	-	3,543,297
Unrestricted intergovernmental revenue					5,165,694	-	5,165,694
Unrestricted investment earnings					63,049	11,528	74,577
Miscellaneous					2,020,684	-	2,020,684
Transfers					(4,546,616)	4,546,616	-
Total general revenues and transfers					25,001,312	4,558,144	29,559,456
Change in net position					(770,408)	10,882,729	10,112,321
Net position at beginning of year					68,357,607	33,498,075	101,855,682
Net position, end of year					\$ 67,587,199	\$ 44,380,804	\$ 111,968,003

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
BALANCE SHEET-
GOVERNMENTAL FUNDS
September 30, 2014

	<u>Special Revenue Funds</u>			Capital Projects	Other Non Major Governmental Funds	Total Governmental Funds
	General	Grants	Community Redevelopment Agency			
ASSETS:						
Current Assets						
Cash, cash equivalents and investments	\$ 18,666,315	\$ -	\$ 1,892,461	\$ 4,934,465	\$ 2,212,813	\$ 27,706,054
Receivables, net					-	
Franchise, utility and other taxes	851,496	-	-	-	-	851,496
Customer / other, net	51,475	-	28	-	10,258	61,761
Due from other funds	3,893,074	-	-	-	-	3,893,074
Due from other governmental agencies	655,016	4,748,476	-	-	-	5,403,492
Inventories	23,263	-	-	-	-	23,263
Prepays	11,490	-	-	-	-	11,490
Property held for sale	90,199	-	-	-	-	90,199
Restricted assets:						
Cash, cash equivalents and investments	-	-	-	-	463,143	463,143
Total assets	<u>\$ 24,242,328</u>	<u>\$ 4,748,476</u>	<u>\$ 1,892,489</u>	<u>\$ 4,934,465</u>	<u>\$ 2,686,214</u>	<u>\$ 38,503,972</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:						
Liabilities						
Checks in excess of bank balance	-	609,668	-	-	-	609,668
Accounts payable and accrued liabilities	854,627	94,325	58,437	333,090	95,779	1,436,258
Due to other funds	559,232	4,205,354	3,154	-	4,351	4,772,091
Due to other governmental agencies	156,886	19,178	-	-	11,184	187,248
Deposits	304,584	-	-	-	-	304,584
Claims and judgments payable	-	-	-	-	-	-
Other liabilities	431,908	-	-	-	-	431,908
Total liabilities	<u>2,307,237</u>	<u>4,928,525</u>	<u>61,591</u>	<u>333,090</u>	<u>111,314</u>	<u>7,741,757</u>
Deferred inflows of resources						
Deferred business tax receipts	470,155	-	-	-	-	470,155
Deferred rental receipts	74,713	-	-	-	-	74,713
Other deferred receipts	239,833	-	-	-	-	239,833
Total deferred inflows of resources	<u>784,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>784,701</u>
Fund balance						
Nonspendable						
Inventories	23,263	-	-	-	-	23,263
Prepaid expenditures	11,490	-	-	-	-	11,490
Property held for sale	90,199	-	-	-	-	90,199
Restricted						
Capital projects	-	-	-	-	-	-
General Government - Impact fees	166,585	-	-	-	-	166,585
Public safety - Impact Fees	532,734	-	-	-	170,791	703,525
Building code costs	-	-	-	-	1,163,386	1,163,386
Debt service	-	-	-	-	463,143	463,143
Culture and recreation	-	-	-	-	-	-
Committed for:						
Community redevelopment	125,051	-	1,830,898	-	-	1,955,949
Maintenance of cemeteries	-	-	-	-	585,729	585,729
Tree preservation	-	-	-	-	174,441	174,441
Assigned to:						
Claims reserves	431,908	-	-	-	-	431,908
Disaster recovery	1,869,461	-	-	-	-	1,869,461
Firefighter's pension	664,909	-	-	-	-	664,909
Capital projects	-	-	-	4,601,375	17,410	4,618,785
Unassigned (deficit)	17,234,790	(180,049)	-	-	-	17,054,741
Total fund balances (deficit)	<u>21,150,390</u>	<u>(180,049)</u>	<u>1,830,898</u>	<u>4,601,375</u>	<u>2,574,900</u>	<u>29,977,514</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 24,242,328</u>	<u>\$ 4,748,476</u>	<u>\$ 1,892,489</u>	<u>\$ 4,934,465</u>	<u>\$ 2,686,214</u>	<u>\$ 38,503,972</u>

See Notes to the Basic Financial Statements

CITY OF DANIA BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 29,977,514
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds		54,032,847
Other assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		
Net pension asset	204,344	
Net OPEB asset	<u>1,422,253</u>	1,626,597
Interest payable, not reported in the government funds		(349,248)
Long-term liabilities are not due and payable in the current period and therefore, are not reported at the fund level		
Long term debt including bonds, notes and capital		
Lease obligations	16,844,741	
Compensated absences	<u>855,770</u>	<u>(17,700,511)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 67,587,199</u>

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	Special Revenue Funds			Capital Projects	Other Non Major Governmental Funds	Total Governmental Funds
	General	Grants	Community Redevelopment Agency			
REVENUES:						
Property taxes	\$ 16,135,270	\$ -	\$ -	\$ -	\$ -	\$ 16,135,270
Special Assessments	5,052,071	-	-	-	-	5,052,071
Franchise Fees	2,619,934	-	-	-	-	2,619,934
Utility Taxes	3,543,297	-	-	-	-	3,543,297
Licenses and permits	1,348,722	-	-	-	1,952,984	3,301,706
Intergovernmental	5,165,694	-	-	-	-	5,165,694
Charges for Services	3,557,682	-	-	-	24,800	3,582,482
Fines and forfeitures	427,084	-	-	-	34,732	461,816
Investment earnings (loss)	58,476	-	1,914	-	2,657	63,047
Grants	-	5,382,283	-	-	-	5,382,283
Miscellaneous	1,910,964	-	84,838	-	75,728	2,071,530
Total revenues	39,819,194	5,382,283	86,752	-	2,090,901	47,379,130
EXPENDITURES						
Current						
General government	5,675,429	242,000	-	-	-	5,917,429
Public safety	23,287,082	252,489	-	-	10,850	23,550,421
Highways and streets	1,333,177	142,265	-	146,526	-	1,621,968
Physical environment	3,502,300	-	-	-	-	3,502,300
Community redevelopment	659,499	-	1,327,324	-	1,301,194	3,288,017
Culture and recreation	2,336,532	234,210	-	3,726,312	-	6,297,054
Debt Service						
Principal	-	-	-	-	1,065,831	1,065,831
Interest	-	-	-	-	500,815	500,815
Total expenditures	36,794,019	870,964	1,327,324	3,872,838	2,878,690	45,743,835
Excess (deficiency) of revenues over expenditures	3,025,175	4,511,319	(1,240,572)	(3,872,838)	(787,789)	1,635,295
OTHER FINANCING SOURCES (USES):						
Transfers in	4,968,132	-	2,394,176	3,388,906	1,568,251	12,319,465
Transfers out	(5,648,634)	(1,707,495)	(433,883)	(1,264,356)	(443,766)	(9,498,134)
Total other financing sources (uses)	(680,502)	(1,707,495)	1,960,293	2,124,550	1,124,485	2,821,331
Net change in fund balances	2,344,673	2,803,824	719,721	(1,748,288)	336,696	4,456,626
FUND BALANCES (DEFICIT)						
BEGINNING OF YEAR	18,805,717	(2,983,873)	1,111,177	6,349,663	2,238,204	25,520,888
FUND BALANCES (DEFICIT)						
END OF YEAR	\$ 21,150,390	\$ (180,049)	\$ 1,830,898	\$ 4,601,375	\$ 2,574,900	\$ 29,977,514

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,456,626

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 position. 4,391,068

Provision for depreciation on governmental capital assets is included in
the governmental activities in the statement of net position. (3,079,671)

Principle payments on long-term debt are reported as expenditures in
governmental funds, but as a reduction of long-term liabilities in
the statement of net position. 1,065,831

Contributions of capital assets by a government fund to an enterprise fund
are treated as a capital contribution in an enterprise fund and
are not reported at the governmental fund level because there is
no flow of current financial resources. Instead they are treated as a transfer
between governmental and business type activities in the statement of activities. (7,367,947)

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:

Loss on disposal of capital assets	\$ (50,846)	
Provision for amortization of bond premium	690	
Change in OPEB asset	(149,882)	
Change in net pension asset	13,346	
Change in accrued interest	15,791	
Change in compensated absences	<u>\$ (65,414)</u>	
		<u>(236,315)</u>

Change in net position - Governmental Activities \$ (770,408)

**CITY OF DANIA BEACH,
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014**

	Business Type Activities - Enterprise Funds					Totals
	Water	Sewer	Stormwater	Marina	Nonmajor Funds	
ASSETS:						
Current Assets:						
Cash, cash equivalents and investments	\$ 5,596,574	\$ 5,703,999	\$ 3,270,887	\$ 51,353	\$ 1,785,531	\$16,408,344
Receivables, net	869,284	1,034,288	-	28,416	1,711	1,933,699
Due from other funds	-	-	900,000	-	-	900,000
Due from other governments	-	252,221	-	-	17,040	269,261
Prepays and other assets	24,004	2,868	3,796	-	-	30,668
Total current assets	6,489,862	6,993,376	4,174,683	79,769	1,804,282	19,541,972
Noncurrent assets:						
Restricted cash, cash equivalents and investments	1,679,049	1,222,575	2,241	-	-	2,903,865
Capital assets not being depreciated	220,976	-	1,504,625	-	149,145	1,874,746
Capital assets being depreciated, net	20,678,154	5,873,778	5,654,762	7,347,544	18,953	39,573,191
Total noncurrent assets	22,578,179	7,096,353	7,161,628	7,347,544	168,098	44,351,802
Total assets	29,068,041	14,089,729	11,336,311	7,427,313	1,972,380	63,893,774
LIABILITIES AND NET POSITION:						
Current liabilities:						
Accounts payable and accrued liabilities	232,207	1,264,610	706,953	7,661	39,894	2,251,325
Accrued interest payable	87,119	10,651	89	36,338	-	134,197
Due to other funds	12,822	3,842	3,637	-	682	20,983
Due to other governmental agencies	-	-	-	1,969	275,892	277,861
Deposits	321,314	-	-	4,360	60	325,734
Other liabilities	43,465	4,487	-	-	-	47,952
Current maturities of long term debt	742,076	133,221	3,034	120,000	-	998,331
Total current liabilities	1,439,003	1,416,811	713,713	170,328	316,528	4,056,383
Noncurrent liabilities:						
Compensated absences	166,864	72,548	52,647	-	6,605	298,664
Loans payable - noncurrent	10,425,900	2,401,708	48,898	2,205,000	-	15,081,506
Total noncurrent liabilities	10,592,764	2,474,256	101,545	2,205,000	6,605	15,380,170
Total liabilities	12,031,767	3,891,067	815,258	2,375,328	323,133	19,436,553
DEFERED INFLOWS	71,102	-	-	730	4,585	76,417
NET POSITION:						
Invested in capital assets, net of related debt	9,731,154	3,338,849	7,107,455	5,022,544	168,098	25,368,100
Restricted	1,679,049	1,222,575	2,241	-	-	2,903,865
Unrestricted	5,554,969	5,637,238	3,411,357	28,711	1,476,564	16,108,839
Total net position	\$16,965,172	\$10,198,662	\$10,521,053	\$ 5,051,255	\$ 1,644,662	\$44,380,804

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH,
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year September 30, 2014

	<u>Business Type Activities - Enterprise Funds</u>					Totals
	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Marina</u>	<u>Nonmajor Funds</u>	
OPERATING REVENUES:						
Charges for services	\$ 5,364,115	\$ 6,630,485	\$ 1,927,483	302,604	\$ 1,584,460	\$ 15,809,147
Fines and forfeitures	-	-	-	-	155,085	155,085
Grants	-	252,221	-	-	-	252,221
Miscellaneous	154,060	152,900	-	4,953	38,506	350,419
Total operating revenues	<u>5,518,175</u>	<u>7,035,606</u>	<u>1,927,483</u>	<u>307,557</u>	<u>1,778,051</u>	<u>16,566,872</u>
OPERATING EXPENSES:						
Operations and maintenance	2,585,885	4,058,855	686,578	244,540	587,114	8,162,972
Depreciation	1,130,972	305,229	216,161	27,845	13,441	1,693,648
Total operating expenses	<u>3,716,857</u>	<u>4,364,084</u>	<u>902,739</u>	<u>272,385</u>	<u>600,555</u>	<u>9,856,620</u>
Operating income (loss)	<u>1,801,318</u>	<u>2,671,522</u>	<u>1,024,744</u>	<u>35,172</u>	<u>1,177,496</u>	<u>6,710,252</u>
NON-OPERATING REVENUES (EXPENSES)						
Loss on disposal of capital assets	-	-	-	-	(15,773)	(15,773)
Interest income	-	7,285	4,243	-	-	11,528
Interest (expense)	(230,395)	(58,646)	(1,464)	(79,389)	-	(369,894)
Total non-operating revenues (expenses) before transfers	<u>(230,395)</u>	<u>(51,361)</u>	<u>2,779</u>	<u>(79,389)</u>	<u>(15,773)</u>	<u>(374,139)</u>
Income (loss) before transfers	1,570,923	2,620,161	1,027,523	(44,217)	1,161,723	6,336,113
Capital contributions-marina	-	-	-	7,367,947	-	7,367,947
TRANSFERS:						
Transfers in	-	-	-	240,920	-	240,920
Transfers out	(1,338,705)	(799,649)	(503,840)	(107,480)	(312,577)	(3,062,251)
Total transfers	<u>(1,338,705)</u>	<u>(799,649)</u>	<u>(503,840)</u>	<u>133,440</u>	<u>(312,577)</u>	<u>(2,821,331)</u>
Change in net position	232,218	1,820,512	523,683	7,457,170	849,146	10,882,729
NET POSITION, beginning of year	<u>16,732,954</u>	<u>8,378,150</u>	<u>9,997,370</u>	<u>(2,405,915)</u>	<u>795,516</u>	<u>33,498,075</u>
NET POSITION, end of year	<u>\$ 16,965,172</u>	<u>\$ 10,198,662</u>	<u>\$ 10,521,053</u>	<u>\$ 5,051,255</u>	<u>\$ 1,644,662</u>	<u>\$ 44,380,804</u>

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2014

	Business-Type Activities					Totals
	Water	Sewer	Stormwater	Marina	Non-Major Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 5,648,979	\$ 6,863,114	\$ 1,927,483	303,781	\$ 2,041,449	\$ 16,784,806
Payments to employees	(1,477,009)	(608,448)	(503,176)	-	(166,814)	(2,755,447)
Payments to suppliers	(1,269,600)	(2,634,760)	(105,903)	(242,235)	(412,670)	(4,665,168)
Net cash provided by operating activities	<u>2,902,370</u>	<u>3,619,906</u>	<u>1,318,404</u>	<u>61,546</u>	<u>1,461,965</u>	<u>9,364,191</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Cash provided from (to) other funds	(1,716,794)	(1,179,629)	(505,455)	133,440	(312,226)	(3,580,664)
Net cash provided by (used in) non-capital financing activities	<u>(1,716,794)</u>	<u>(1,179,629)</u>	<u>(505,455)</u>	<u>133,440</u>	<u>(312,226)</u>	<u>(3,580,664)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(603,692)	(43,955)	(256,032)	(7,442)	(127,191)	(1,038,312)
Principal paid on long-term debt	(741,873)	(153,772)	(3,014)	(75,000)	-	(973,659)
Interest paid on long term debt	(228,792)	(59,139)	(1,464)	(80,562)	-	(369,957)
Net cash (used in) capital and related financing activities	<u>(569,623)</u>	<u>(256,866)</u>	<u>(260,510)</u>	<u>(163,004)</u>	<u>(127,191)</u>	<u>(1,377,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment earnings	-	7,285	4,243	-	-	11,528
Net cash provided by investing activities	<u>-</u>	<u>7,285</u>	<u>4,243</u>	<u>-</u>	<u>-</u>	<u>11,528</u>
Net increase (decrease) in cash and cash equivalents	615,953	2,190,696	556,682	31,982	1,022,548	4,417,861
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,659,670</u>	<u>4,735,878</u>	<u>2,716,446</u>	<u>19,371</u>	<u>762,983</u>	<u>14,894,348</u>
CASH AND CASH EQUIVALENTS, end of year	<u>7,275,623</u>	<u>6,926,574</u>	<u>3,273,128</u>	<u>51,353</u>	<u>1,785,531</u>	<u>19,312,209</u>
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and cash equivalents	5,596,574	5,703,999	3,270,887	51,353	1,785,531	16,408,344
Restricted cash and cash equivalents	1,679,049	1,222,575	2,241	-	-	2,903,865
Cash and cash equivalents, ending	<u>\$ 7,275,623</u>	<u>\$ 6,926,574</u>	<u>\$ 3,273,128</u>	<u>51,353</u>	<u>\$ 1,785,531</u>	<u>\$ 19,312,209</u>

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2014
(continued)

	Business-Type Activities					Totals
	Water	Sewer	Stormwater	Marina	Non-Major Funds	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:						
Operating income	\$ 1,801,318	\$ 2,671,522	\$ 1,024,744	\$ 35,172	\$ 1,177,496	\$ 6,710,252.00
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Provision for allowance for doubtful accounts	9,316	18,777	-	-	-	28,093
Provision for depreciation	1,130,972	305,229	216,161	27,845	13,441	1,693,648
(Increase) decrease in:						
Receivables	102,725	60,952	-	(3,377)	(1,711)	158,589
Prepays and other assets	(9,723)	2,220	3,523	-	-	(3,980)
Due from other governmental agencies	-	(252,221)	-	-	265,204	12,983
Increase (decrease) in:						
Accounts payable and accrued liabilities	(191,682)	808,503	81,566	4,289	3,150	705,826
Due to other governmental agencies	-	-	(8)	926	-	918
Deposits	18,762	-	-	(2,910)	30	15,882
Other liabilities	15,800	4,487	-	-	-	20,287
Deferred inflows	-	-	-	(399)	1,974	1,575
Compensated absences	24,882	437	(7,582)	-	2,381	20,118
Total adjustments	<u>1,101,052</u>	<u>948,384</u>	<u>293,660</u>	<u>26,374</u>	<u>284,469</u>	<u>2,653,939</u>
Net cash provided by operating activities	<u>\$ 2,902,370</u>	<u>\$ 3,619,906</u>	<u>\$ 1,318,404</u>	<u>\$ 61,546</u>	<u>\$ 1,461,965</u>	<u>\$ 9,364,191</u>

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION-
PENSION TRUST FUNDS
September 30, 2014

	Totals
ASSETS:	
Investments, at fair value:	
Cash and money market funds	\$ 3,324,849
Common Stocks	27,945,027
Mutual Funds	10,333,335
Corporate and foreign bonds	5,878,619
Partnership/Joint venture	1,956,198
Real estate	3,972,632
Government securities	5,782,781
Total investments	59,193,441
Receivables:	
State contributions	69,713
Employee contributions	45,346
Employer contributions	176,828
Accrued interest receivable	106,403
Due from broker for securities sold	-
Loans to DROP participants	156,003
Total receivables	261,489
Prepays	68,175
Total assets	60,077,398
LIABILITIES:	
Accounts payable	38,275
Due for securities purchased	207,855
Total liabilities	246,130
NET POSITION:	
Net position restricted for DROP benefits	2,355,968
Net position restricted for defined benefits	57,475,300
Total net position	\$ 59,831,268

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-
PENSION TRUST FUNDS
For the Year Ended September 30, 2014

	Totals
ADDITIONS:	
Contributions:	
Employees	\$ 960,085
Employer	3,919,359
Buybacks	261,528
State	466,381
Total contributions	5,607,353
Investment income:	
Net appreciation in fair value of investments	2,958,634
Interest and dividends	1,655,106
Total investment income	4,613,740
Investment expenses	(325,083)
Net investment income	4,288,657
Other income	13,096
Total additions	9,909,106
DEDUCTIONS:	
Pension benefits paid	4,653,020
Administrative expenses	225,897
Total deductions	4,878,917
Change in net position	5,030,189
Net position - beginning	53,829,786
Prior period adjustment (Note 10)	971,293
Net position - beginning , as restated	54,801,079
Net position -ending	\$ 59,831,268

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

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 storm water 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 the 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 substantially the same as 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 and provides services entirely to the primary government. The CRA is reported as a major special revenue fund type using the blended method.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the non-fiduciary activities of the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 the year-end to be available and recognizes them

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual account. 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.

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 Fund accounts for the infrastructure and operations of Storm Water Transportation and the Marina, which are funded through user charges.

Additionally, the city reports the following fund type:

The Pension Trust Fund accounts 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.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 storm water enterprise funds are charges to customers for sales and services.

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 Position 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.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 reading for the applicable consumption period and billed in October.

3. Inventories and Prepays:

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of government 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.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and by grant agreements..

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.

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 Funds.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Position. 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 Position 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.
- b. Restricted Net Position – consists of Net Position 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 Position – all other Net Position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* require that governmental fund financial statements present fund balances based on classification 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:

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a. Nonspendable: This classification included 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.
- b. 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 enable legislation.
- c. Committed: This classification included amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Commission may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. Removal of assignments occurs upon completion of the approved task or upon resolution approval of the City Commission. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- d. Assigned: This classification includes amounts that have been identified by the City Commission as being included in fund equity that should be assigned for a specific purpose or as required by certain funding sources. The categories of assigned fund equity are, insurance claims reserves, disaster recovery, firefighters' pension and capital projects. Management, at the direction of the City Commission, is authorized to assign fund balances. The Commission may also assign fund balance. Assignments are generally temporary and no formal action is required to remove the assignment.
- e. 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 with 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.

The City uses restricted amounts to be spent first when both restricted an 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.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2014, the City had a deficit fund balance in the Grants Fund of \$2,983,873. In the opinion of management, future grant reimbursements will eliminate the deficit; however, if grant reimbursements do not come to fruition, the deficit would be covered by the General Fund.

12. Date of Management Review:

Subsequent events were evaluated by management through March 30, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – 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.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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 subprime 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.

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, 2014, the City had the following investments and maturities:

	<u>Investment Maturities (In Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Florida PRIME	\$42,970,380	\$42,970,380	\$ -
Fund B	-	-	-
	<u>\$42,970,380</u>	<u>\$42,970,380</u>	<u>\$ -</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.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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/V1 by Fitch.

Investments – Fiduciary Funds:

As of September 30, 2014, the City's fiduciary funds had the following investments:

Common stocks	\$27,945,027
Cash and money market funds	3,324,849
Government securities	5,782,781
Corporate and foreign bonds	5,878,619
Real estate trust	3,972,632
Mutual funds	10,333,335
Partnership / Joint Venture	<u>1,956,198</u>
	<u>\$59,193,441</u>

Maturity risk

State law does not limit maturity term on fixed income holdings. As of September 30, 2014, the Police and Firefighters' Pension Plan and General Employees Pension Plan held fixed income securities with the following maturities:

Police and Firefighters' Pension Plan

	Fair Value	Investment Maturities (In Years)			
		less than 1 Year	1-5	6-10	More Than 10
United States Government agency notes	\$ 955,572	\$ -	\$ 63,434	\$ 10,911	881,227
United States Government treasury notes	2,004,509	141,095	603,501	726,087	533,826
Fixed income mutual funds	152,854	1,066	47,393	55,832	48,563
Corporate and foreign bonds	3,414,790	50,774	1,506,469	828,917	1,028,630
	<u>\$ 6,527,725</u>	<u>\$ 192,935</u>	<u>\$ 2,220,797</u>	<u>\$ 1,621,747</u>	<u>2,492,246</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

General Employees' Pension Plan

	Fair Value	Investment Maturities (In Years)		
		less than 1 Year	1-5	6-10
United States Government agency notes	\$ 1,563,345	\$ 605,223	\$ 484,222	\$ 473,900
United States Government treasury notes	1,259,355	433,312	826,043	-
Corporate and foreign bonds	2,463,829	864,443	1,492,366	107,020
	<u>\$ 5,286,529</u>	<u>\$ 1,902,978</u>	<u>\$ 2,802,631</u>	<u>\$ 580,920</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. The Police and Firefighters Pension Plan and the General Employees Retirement System Plan investments subject to credit risk were rated by Moody's Investors Services as follows:

<u>Rating</u>	<u>Police and Fire Fair Value</u>	<u>General Employees Fair Value</u>
Aaa	\$ 102,247	\$ -
Aa	2,085	-
Aa1	81,287	-
Aa2	208,321	511,225
Aa3	91,350	504,459
A	6,509	-
A1	248,538	506,535
A2	233,885	538,144
A3	383,499	403,466
Baa1	289,154	-
Baa2	440,272	-
Baa3	165,737	-
Bbb	6,745	-
No rating available	1,308,015	-
Government	<u>2,960,081</u>	<u>2,822,699</u>
	<u>\$ 6,527,725</u>	<u>\$ 5,286,528</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

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, 2014, 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 the Plan Net Position other than government and government agencies securities. There were no individual investments that represent 5% or more of Plan Net Position at September 30, 2014.

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The investment policy statement was last amended on September 2013. The Following was the Board's adopted asset allocation policy as of September 30, 2014.

Type of Investment	Target Allocation
Domestic equity	40% - 60%
International equity	0% - 20%
Domestic fixed income	15% - 30%
Real estate	0% - 15%
Cash & equivalents	Minimum

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 exposure to foreign currency risk is as follows:

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Foreign Credit Risk (continued)

<u>Country</u>	<u>Fair Value</u>
Australia	\$ 146,145
Belgium	19,331
Brazil	3,388
Canada	30,276
China	6,134
Colombia	27,594
Denmark	24,163
France	159,860
Germany	130,482
Hong Kong	54,770
India	2,367
Indonesia	848
Italy	38,661
Japan	344,730
Korea	72,515
Malaysia	1,317
Mexico	1,689
Netherlands	43,494
Russia	1,516
Singapore	22,552
South Africa	2,440
Spain	54,770
Sweden	45,105
Switzerland	136,925
Taiwan	4,086
Thailand	761
United Kingdom	380,775
Other countries	53,781
Total currency risk	<u>\$ 1,810,475</u>

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 8% 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 Position available for benefits and the statement of changes in Net Position available for benefits. The Plans, through their investment advisors, monitor the Plans' investments and risk associated therewith on a regular basis, which the Plans believe minimizes their risks.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 4 – RECEIVABLES

Receivables as of September 30, 2014 for the City's individual funds in the aggregate including the allowances for uncollectible receivables are as follows:

	General Fund	Nonmajor Governmental	Water Fund	Sewer Fund	Marina	Nonmajor Enterprise	Total
Customers billed	\$ 102,854	\$ -	\$ 816,981	\$ 937,924	\$ -	\$ -	\$ 1,857,759
Franchise fees	431,152	-	-	-	-	-	431,152
Utility taxes	285,256	-	-	-	-	-	285,256
Other	195,369	10,258	175,942	213,460	28,416	1,711	625,156
Gross Receivable	1,014,631	10,258	992,923	1,151,384	28,416	1,711	3,199,323
Less allowance for uncollectibles	(111,660)	-	(123,639)	(117,096)	-	-	(352,395)
Net total receivables	<u>\$ 902,971</u>	<u>\$ 10,258</u>	<u>\$ 869,284</u>	<u>\$ 1,034,288</u>	<u>\$ 28,416</u>	<u>\$ 1,711</u>	<u>\$ 2,846,928</u>

The composition of interfund balances as of September 30, 2014 is as follows:

	Advances From	Advances To
Major funds		
General	\$ 3,893,074	\$ (559,232)
Grants	-	(4,205,354)
CRA	-	(3,154)
Water	-	(12,822)
Sewer	-	(3,842)
Stormwater	900,000	(3,637)
Non Major funds	-	(5,033)
	<u>\$ 4,793,074</u>	<u>\$ (4,793,074)</u>

NOTE 5 – INTERFUND ADVANCES, RECEIVABLES, PAYABLES, AND TRANSFERS

The 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
For the Year Ended September 30, 2014

**NOTE 5 – INTERFUND ADVANCES, RECEIVABLES, PAYABLES, AND TRANSFERS
(continued)**

The composition of interfund transfers for the year end September 30, 2014 is as follows:

	Transfers in	(Transfers out)
Governmental Funds		
General	\$ 4,968,132	\$ (5,648,634)
Grant	-	(1,707,495)
Community Redevelopment Agency	2,394,176	(433,883)
Capital Projects	3,388,906	(1,264,356)
Perpetual Care	-	(60,274)
Building permit	-	(383,492)
Debt service	1,568,251	-
Enterprise funds		
Water	-	(1,338,705)
Sewer	-	(799,649)
Stormwater	-	(503,840)
Marina	240,920	(107,480)
Parking	-	(254,741)
Pier operations	-	(57,836)
Total fund transfers	<u>12,560,385</u>	<u>(12,560,385)</u>
Government-wide*		
Governmental Activities		(4,546,616)
Business-Type Activities	<u>4,546,616</u>	
Total transfers	<u>\$ 17,107,001</u>	<u>\$ (17,107,001)</u>

* Difference is due to the transfer of the Marina capital asset from Capital Projects to the Marina Fund.

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 the other funds in accordance with budgetary authorizations.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 6 – CAPITAL ASSETS

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

	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Governmental Activities:				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 16,184,221	\$ -	\$ -	\$ 16,184,221
Construction in Progress	4,918,358	4,148,334	(8,663,286)	\$ 403,406
Total Capital Assets, not being depreciated	<u>21,102,579</u>	<u>4,148,334</u>	<u>(8,663,286)</u>	<u>16,587,627</u>
<u>Capital Assets, being depreciated:</u>				
Buildings and Improvements	24,494,971	-	-	24,494,971
Furniture, Fixtures, and Equipment	4,926,107	59,824	(109,644)	4,876,287
Infrastructure	43,503,318	1,478,251	-	44,981,569
Total Capital Assets, being depreciated	<u>72,924,396</u>	<u>1,538,075</u>	<u>(109,644)</u>	<u>74,352,827</u>
<u>Less accumulated depreciation for:</u>				
Buildings and Improvements	6,595,473	1,046,005	-	7,641,478
Furniture, Fixtures, and Equipment	3,149,282	400,948	(63,940)	3,486,290
Infrastructure	24,141,979	1,632,719	5,141	25,779,839
Total accumulated depreciation	<u>33,886,734</u>	<u>3,079,672</u>	<u>(58,799)</u>	<u>36,907,607</u>
Total capital assets, being depreciated, net	<u>39,037,662</u>	<u>(1,541,597)</u>	<u>(50,845)</u>	<u>37,445,220</u>
Governmental activities capital assets, net	<u>\$ 60,140,241</u>	<u>\$ 2,606,737</u>	<u>\$ (8,714,131)</u>	<u>\$ 54,032,847</u>
	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Business-Type Activities:				
<u>Capital Assets, not being depreciated:</u>				
Land	\$ 220,976	\$ -	\$ -	\$ 220,976
Construction in Progress	3,131,042	1,331,197	(2,957,615)	\$ 1,504,624
Total Capital Assets, not being depreciated	<u>3,352,018</u>	<u>1,331,197</u>	<u>(2,957,615)</u>	<u>1,725,600</u>
<u>Capital Assets, being depreciated:</u>				
Buildings and Improvements	3,942,425	1,020,560	-	4,962,985
Furniture, Fixtures, and Equipment	1,702,200	301,349	(31,200)	1,972,349
Utility System	46,642,766	9,704,030	(418,876)	55,927,920
Total Capital Assets, being depreciated	<u>52,287,391</u>	<u>11,025,939</u>	<u>(450,076)</u>	<u>62,863,254</u>
<u>Less accumulated depreciation for:</u>				
Buildings and Improvements	440,139	201,374	-	641,513
Furniture, Fixtures, and Equipment	1,236,209	95,620	(13,682)	1,318,147
Utility System	19,786,348	1,396,654	(1,745)	21,181,257
Total accumulated depreciation	<u>21,462,696</u>	<u>1,693,648</u>	<u>(15,427)</u>	<u>23,140,917</u>
Total capital assets, being depreciated	<u>30,824,695</u>	<u>9,332,291</u>	<u>(434,649)</u>	<u>39,722,337</u>
Business-type activities capital assets, net	<u>\$ 34,176,713</u>	<u>\$ 10,663,488</u>	<u>\$ (3,392,264)</u>	<u>\$ 41,447,937</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 6 – CAPITAL ASSETS (continued)

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

<u>Governmental activities:</u>		<u>Business-type activities:</u>	
General government	\$ 695,573	General government	\$ -
Highways and streets	999,276	Highways and streets	9,676
Public safety	500,630	Public safety	-
Culture and recreation	621,219	Culture and recreation	31,610
Physical environment	<u>262,974</u>	Physical environment	<u>1,652,362</u>
Total depreciation expense - governmental activities	<u>\$3,079,672</u>	Total depreciation expense - business-type activities	<u>\$1,693,648</u>

NOTE 7 – 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, 2014:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds, notes and capital leases payable:					
Sales tax revenue bonds	\$ 1,615,000	\$ -	\$ (160,000)	\$ 1,455,000	\$ 150,000
General Obligation Bonds	8,885,000	-	(290,000)	8,595,000	300,000
Notes Payable	5,980,199	-	(426,264)	5,553,935	310,203
Capital leases payable	1,415,897	-	(189,563)	1,226,334	189,560
Less: Deferred amounts					
Bond Premium	<u>15,162</u>	<u>-</u>	<u>(690)</u>	<u>14,472</u>	<u>-</u>
Total bonds, notes and capital leases payable:	17,911,258	-	(1,066,517)	16,844,741	949,763
Other long term liabilities:					
Compensated absences	<u>790,356</u>	<u>467,412</u>	<u>(401,998)</u>	<u>855,770</u>	<u>128,366</u>
Total long-term debt and liabilities	<u>\$ 18,701,614</u>	<u>\$ 467,412</u>	<u>\$(1,468,515)</u>	<u>\$17,700,511</u>	<u>\$1,078,129</u>

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.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

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 were due in varying annual installments through 2025. Annual bond interest rates varied from 3.2% to 5.0%. The Bonds were limited obligations of the City payable solely from sales tax revenues.

In December 2012, the City issued the Sales Tax Revenue Refunding Bonds Series 2012 for \$1,615,000. The bond is being issued to refund the above Series 1994 Sales Tax Revenue Bonds. The refunding of the series 1994 Bond will reduce the City's debt service payments over the next 13 years by approximately \$968,700 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$415,000. The bonds are payable in annual principal installments beginning October 1, 2013 through October 1, 2022. Interest at 1.65% is payable semiannually on the first day of each April and October.

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.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending September 30:			
2015	\$ 450,000	\$ 404,112	\$ 854,112
2016	465,000	389,523	854,523
2017	480,000	373,742	853,742
2018	500,000	357,388	857,388
2019	510,000	340,371	850,371
2020-2024	2,690,000	1,411,591	4,101,591
2025-2029	2,805,000	763,367	3,568,367
2030-2034	1,750,000	333,000	2,083,000
2035	400,000	18,000	418,000
	<u>\$10,050,000</u>	<u>\$ 4,391,094</u>	<u>\$ 14,441,094</u>

As of September 30, 2014, the City has complied with all of the provisions outlines within its Series 1994 Sales Tax Revenue Bond Indenture Agreement.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Notes Payable - Governmental Funds

In November 1998, the City issued a note payable for \$637,000 bearing interest at a rate of 4.95% for the renovation of Fire Station #1. The note, which is secured by non-ad valorem funds, is payable in 60 equal quarterly installments of \$15,176, commencing upon completion of the renovations, through September 2014. \$ 8,816

In August 2005, the City issued a promissory note in the amount of \$1,050,000 to pay for the refund of 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 said construction. The note is payable in semi-annual payments through September 2015. 133,637

In June 2006, the City 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 over 10 years beginning December 29, 2006 at an interest rate of 4.07% per annum. The note matures on June 26, 2016. 342,248

The City entered into an interlocal agreement with Broward County to borrow an amount up to \$5,338,899 for eligible projects in the County Redevelopment Capital Program. The city received the first draw in the amount of \$2,334,200 for the purchase of Parcel 109. The City received it's second draw in the amount of \$2,730,909 in FY 2010 towards the construction of the Parking Facility Garage located on Parcel 109. 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 predetermine 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. 5,069,234

Notes Payable - Governmental Funds \$5,553,935

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending			
September 30:			
2015	\$ 310,203	\$ 18,114	\$ 328,317
2016	174,498	5,349	179,847
	<u>\$ 484,701</u>	<u>\$ 23,463</u>	<u>\$ 508,164</u>

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Notes payable – Enterprise Funds

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year	Due Within One Year
Business-Type Activities					
Revenue bonds payable	\$ 2,400,000	\$ -	\$ (75,000)	\$ 2,325,000	\$ 120,000
State revolving loans payable	13,648,761	1,004,734	(898,658)	13,754,837	878,331
Total bonds, notes payable	16,048,761	1,004,734	(973,658)	16,079,837	998,331
Other long term liabilities:					
Compensated absences	278,547	163,471	(143,354)	298,664	-
Total long-term debt and liabilities	<u>\$ 16,327,308</u>	<u>\$1,168,205</u>	<u>\$(1,117,012)</u>	<u>\$16,378,501</u>	<u>\$ 998,331</u>

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 \$25,350,941. As of September 30, 2014, the City has \$13,754,837 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 exceed 1.15 times the sum of the semiannual loan payments (debt service). The loans payable in semi-annual payments are 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 \$623,029. These amounts are subject to change since the projects have not been completed; therefore, amortization schedules are not available at this time.

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

Fund	Rate	Amount
Water Fund	2.50%-2.82%	\$ 11,167,975
Sewer Fund	0.905%-1.355%	2,534,929
Storm Water Fund	1.36%	51,933
		<u>\$ 13,754,837</u>

In February 2013, the City issued the Taxable Marina Revenue Bonds, Series 2013 for \$2,400,000. The bond is issued for the purpose of financing a portion of the costs of rehabilitating the Dania Beach Municipal Marina. The principal on this Bond is due annually beginning October 15, 2013 through October 14, 2028. Interest at 3.41% is due semiannually on April 15 and October 15 of each year beginning on April 15, 2013.

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 7 – LONG-TERM DEBT (continued)

Annual debt service requirements for the revenue bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
Ending			
2015	\$ 120,000	\$ -	\$ 120,000
2016	125,000	77,237	202,237
2017	130,000	73,059	203,059
2018	135,000	68,712	203,712
2019	140,000	64,193	204,193
2020-2024	770,000	221,650	991,650
2025-2029	905,000	79,197	984,197
	<u>\$2,325,000</u>	<u>\$584,048</u>	<u>\$2,909,048</u>

The City entered into an interlocal agreement with Broward County to borrow an amount up to \$5,338,899 (see above under 'Notes payable-governmental funds'). In 2013 the City received the final draw in the amount of \$273,790 for the parking gate arm system located at the parking garage facility. This balance is therefore recorded in the Parking Fund as opposed to the governmental funds.

NOTE 8 – LEASES

Operating Leases

The City leases parcels of real estate to private corporations. The leases, classified as operating leases, expire in years 2025 and 2040. The marina lease is subject to contingency rentals, which are calculated as a percentage of gross receipts. The pier restaurant lease payment is the greater of the base rent of 7% of the gross revenues for each lease year. The pier restaurant lease has the option to extend the initial term for up to four separate, consecutive additional renewal terms of five years each. Total City rental income of approximately \$459,000 is included as miscellaneous revenue in the General Fund.

The following is a schedule of minimum future rental income of non-cancelable operating leases as of September 30, 2014:

<u>Fiscal year ending September 30:</u>	
2015	\$ 322,903
2016	331,622
2017	335,498
2018	339,491
2019	323,422
2020-2024	1,378,374
2025-2029	850,560
2030-2034	850,560
2035-2039	850,560
2040	141,760
Total minimum future rentals	<u>\$5,724,750</u>

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 8 – LEASES (continued)

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.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

<u>Fiscal year ending:</u>	<u>Present Value of Minimum</u>		
	<u>Lease Payments</u>	<u>Interest</u>	<u>Total</u>
September 30, 2015	189,560	35,207	224,767
September 30, 2016	189,560	29,280	218,840
September 30, 2017	189,560	23,352	212,912
September 30, 2018	189,560	17,425	206,985
September 30, 2019	189,560	11,498	201,058
September 30, 2019-2021	278,534	6,874	285,408
	<u>\$ 1,226,334</u>	<u>\$ 123,636</u>	<u>\$ 1,349,970</u>

NOTE 9 – 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 provided certain health and dental insurance coverage to its employees through a self-insured health plan through September 30, 2013. The health plan provided 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 \$377,844 at September 30, 2014. The City no longer maintains a self-insured health plan. However, there is still a risk associated with the payment of any outstanding claims or for pre-existing conditions, therefore the liability will remain until all estimated incurred but not reported claims can be finalized.

Claims payable, including estimated incurred but not reported claims, during the past four fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Beginning of Year Claims Payable</u>	<u>Current Year Claims and Changes in Estimated</u>	<u>Claims Payments</u>	<u>End of Year Claims Payable</u>
September 30, 2011	\$ 678,206	\$ 1,790,887	\$ 2,216,117	\$ 252,976
September 30, 2012	\$ 252,976	\$ 2,353,783	\$ 2,259,845	\$ 346,914
September 30, 2013	\$ 346,914	\$ 1,671,070	\$ 1,640,140	\$ 377,844
September 30, 2014	\$ 377,844	\$ -	\$ -	\$ 377,844

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 9 – 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 \$10,960,322 for the year ended September 30, 2014.

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

The City has an Interlocal 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 \$8,822,840 for the year ended September 30, 2014.

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 year ended September 30, 2014, the City recognized expenses of \$2,940,705 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.

Construction Commitments

The City has numerous active construction projects as of September 30, 2014. 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:

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)

	Budget	Spent to Date	Remaining Commitment
Capital Projects Fund			
Marina Improvement Phase II	\$ 8,112,545	\$ 7,405,877	\$ 706,668
Oasis Neighborhood Improv. IV	161,411	157,445	3,966
	<u>\$ 8,273,956</u>	<u>\$ 7,563,322</u>	<u>\$ 710,634</u>
Water, Sewer, Stormwater Funds			
SE Stormwater Phase I	\$ 1,557,838	\$ 1,505,890	\$ 51,948
SW 26th Terrace, SW 31st and 32nd St	836,448	104,746	731,702
	<u>\$ 2,394,286</u>	<u>\$ 1,610,636</u>	<u>\$ 783,650</u>

NOTE 10 – 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. Both plans are closed to new entrants. 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

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 of 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.

The governing boards for the plans have been set by City ordinance. The composition of the governing board for the General Employees’ Pension Fund is 1 City commissioner, 2 active employees of the City and 2 residents of the City. The board also serves as plan trustees. The composition of the governing board for the City of Dania Beach Retirement System for Police and Firefighters is 1 City commissioner, 2 active or DROP participant firefighters, 2 active or DROP participant police officers, 3 residents of the City and 1 other member voted on by these 8 appointed members.

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 refund are recognized when due and payable in accordance with the terms of the Plan.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

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 establish market price are presented at estimated fair values as provided by the custodial bank and investment counsel. At October 1, 2013, the date of the latest actuarial valuation, the Plan’s membership consisted of:

	General Employees	Police and Firefighters
Inactive plan members or their beneficiaries currently receiving benefits	73	56
Inactive plan members entitled to but not yet receiving benefits	1	-
DROP participants	13	5
Total	87	61
Active members	20	30

Funding Policy

City ordinance establishes the contribution requirements of General Employee’s 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 77.94% for the year ended September 30, 2014 bringing the combined total pension contribution rate to 94.02%. City and employee contributions for the year ended September 30, 2014 were \$1,123,817 and \$214,524 respectively.

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 77.94% for firefighters in the fiscal year, bringing the combined total firefighter contribution rate to 94.02%. City and Employee contributions for the year ended September 30, 2014 were \$2,795,542 and \$745,561, 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 can be found within the Fiduciary Fund Financial statements contained within this report.

Annual Pension Cost and Net Pension Asset

The City’s annual pension cost and net pension liability for the General Employee’s Retirement System and the Police and Firefighters’ Plan for the year ended September 30, 2014 (the latest information available) was as follows:

CITY OF DANIA BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

	General Employee's	Police and Firefighters
Annual required contribution	\$ 1,364,774	\$ 2,987,487
Interest on net pension obligation	(15)	(19,252)
Adjustment to annual required contribution	38	35,809
Annual pension cost	1,364,797	3,004,044
Contributions made	1,328,825	2,987,437
Increase (Decrease) in net pension obligation	35,972	16,607
Net pension asset, beginning of year	(233)	(256,690)
Net pension liability (asset) end of year	<u>\$ 35,739</u>	<u>\$ (240,083)</u>

Schedule of Investment Returns

The City's schedule of investment returns for the General Employee's Retirement System and the Police and Firefighters' Plan is as follows:

Year Ended September 30	Annual money- weighted rate of return net	
	General Employees	Police and Firefighters
2014	7.2%	8.5%
2013	10.0%	11.7%
2012	14.2%	17.3%
2011	0.4%	1.0%
2010	8.9%	4.7%
2009	3.9%	-3.4%
2008	-11.1%	-12.9%

General Employees

The annual required contribution for the current year was determined based on an October 1, 2013 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 7.25% 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 24 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 3%. 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.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

General Employees (continued)

The funded status of the Plan as of October 1, 2013, the most recent actuarial valuation date is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL) (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
\$ 17,541,357	\$ 24,293,793	\$ 6,752,436	72.2%	\$1,082,405	623.8%

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.

Fiscal year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2011	\$ 683,113	\$ 683,091	100%	\$ (208)
9/30/2012	887,175	887,200	100%	(233)
9/30/2013	961,075	961,045	100%	(203)
9/30/2014	\$ 1,364,797	\$ 1,328,825	97%	\$ 35,739

The schedule of the City's net pension liability is as follows:

Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll*
\$ 25,535,756	\$ 19,771,640	\$ 5,764,116	77.43%	\$1,082,405	532.53%

These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

* Excludes picked-up member contributions.

The mortality table is the fully generational RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000. This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement. For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity. The schedule of the City's pension mortality rates and information is as follows:

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

General Employees (continued)

Sample Attained Ages (in 2013)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.17 %	0.13 %	34.17	35.58
55	0.28%	0.24%	29.05	30.61
60	0.55%	0.47%	24.13	25.84
65	1.06%	0.91%	19.53	21.35
70	1.82%	1.57%	15.35	17.24
75	3.15%	2.53%	11.58	13.52
80	5.65%	4.19%	8.38	10.22

Police and Firefighters

The annual required contribution for the current year was determined as part of the October 1, 2013 actuarial valuation using the individual entry age actuarial cost method. The City received \$466,381 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) 7.25% 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 3%. 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 under the aggregate cost method. The remaining amortization period at October 1, 2013 was 28 years for fire fighters and 13 years for police officers. Cost of living adjustments are determined based on actuarial gains.

The fund status of the plan as of October 1, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
\$ 32,507,572	\$ 56,496,359	\$ 23,988,787	57.5%	3,002,671	798.9%

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.

Fiscal year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2011	\$ 1,235,147	\$ 1,225,373	99.2%	\$ (283,398)
9/30/2012	1,889,437	1,876,965	99.3%	(270,926)
9/30/2013	2,298,179	2,283,943	99.4%	(256,690)
9/30/2014	\$ 3,004,044	\$ 2,987,437	99.4%	\$ (240,083)

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Police and Firefighters (continued)

The schedule of the City's net pension liability is as follows:

Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll*	Net Pension Liability as a % of Covered Payroll*
\$ 58,290,382	\$ 32,993,859	\$ 25,296,523	56.60%	\$ 3,002,671	842.47%

These figures are estimates only. Actual figures will be provided after the end of the fiscal year.

* Excludes picked-up member contributions.

The mortality table was the RP-2000 Combined Healthy Participant Mortality Table for males and females. Future mortality improvements are projected to all future years from the year 2000 using Scale BB. This assumption is used to measure the probabilities of each benefit payment being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement (50% of future deaths are assumed to be service connected). For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity. The schedule of the City's pension mortality rates and information is as follows:

Sample Attained Ages (in 2013)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.21%	0.16%	35.25	37.70
55	0.35%	0.25%	30.12	32.55
60	0.62%	0.44%	25.17	27.53
65	1.09%	0.83%	20.51	22.78
70	1.82%	1.43%	16.21	18.40
75	3.11%	2.40%	12.37	14.45
80	5.29%	3.92%	9.07	10.97

Police and Firefighters pension prior period adjustment

In accordance with GASB 67 the DROP balances have been reclassified from liabilities to be included in the total net position restricted for pensions. The reclassification had the effect of increasing net position restricted for pensions as of September 30, 2013 by \$971,293.

Additionally, activity in the DROP accounts, including withdrawals by participants and investment earnings, were \$252,661 in the General Employees fund and \$94,375 in the Police and Fire fund.

NOTE 11 – 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.

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 11 – FLORIDA RETIREMENT SYSTEM (continued)

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. Current contribution ratios are; Employee 3.00% and City 7.37% to 33.17%

The State of Florida issues a publicly available financial report that included financial statement and required supplementary information for the FRS. The latest available report was for the year ended June 30, 2012. That report may be obtained by writing to the State of Florida Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

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:

Fiscal Year Ended	Required Contribution	Percentage Contributed
9/30/2012	\$ 210,262	100%
9/30/2013	269,141	100%
9/30/2014	\$ 445,862	100%

Plan Benefits

The system provides for vesting of benefits after six years of creditable service; however, employees initially enrolled on or after July 1, 2012 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 compensations 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. The FRS also offers an investment plan option which is effectively a defined contribution plan. Employees are fully vested after one year of employment.

NOTE 12 – 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 costs 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
 For the Year Ended September 30, 2014

NOTE 12 – 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 Pensions Trust Fund (“FMPTF”), a pooled trust fund established to provide retirement and other post-employment benefit plan administration.

As of October 1, 2013, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

Current retirees:	
Under age 65	44
Over age 65	37
Dependents	50
Total current retirees	<u>131</u>
Active employees:	
Under age 65	76
Over age 65	3
Total active employees	<u>79</u>
Total number of participants	<u>210</u>

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. However the financial statements are included in the Fiduciary Funds Financial Statements contained in this report.

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 benefit costs between the employer plan members to the 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
For the Year Ended September 30, 2014

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial Methods (continued)

The following table provides information concerning actuarial methods and assumptions:

Valuation date	10/1/2013
Actuarial cost method	Projected unit credit
Amortization period	30 years open period
Actuarial asset valuation method	Market value
Actuarial assumptions:	
Assured rate of return on investments	6% per annum
Mortality	Males and Females- RP 2000 system table with floating scale AA projections Employee mortality is projected to valuation year plus 15 years Annuitant mortality is projected to valuation year plus 7 years
Marriage assumption	75% of active employees who retire with medical coverage will assume to cover their spouse
Retirement rates:	Firefighters are assumed to retire at age 55 General employees will retire no later than age 65
Healthcare cost trend rates	
Select rates	6.20% for 2012/2013 graded to 6.9% for 2026/2027
Ultimate rate	4.7% per annum
Inflation rate	2.50%

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, 2014, the City made no contributions to the OPEB plan. 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, 2014, the City's annual other post-employment benefit (OPEB) costs were as follows:

Annual required contribution	\$ 1,180,594
Interest on net OPEB obligation	(94,328)
Adjustment to annual required contribution	<u>114,214</u>
Annual OPEB cost	1,200,480
Contributions made:	
Estimated contributions made	<u>(1,050,598)</u>
Change in net OPEB obligation (asset)	149,882
Net OPEB obligation (asset), beginning of year	<u>(1,572,135)</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (1,422,253)</u></u>

CITY OF DANIA BEACH, FLORIDA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended September 30, 2014

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (continued)

Trend information

Fiscal year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
9/30/2011	6.0%	\$ 1,512,229	187.0%	\$ (2,345,915)
9/30/2012	6.0%	1,747,590	75.8%	(1,922,712)
9/30/2013	6.0%	1,206,469	70.9%	(1,572,135)
9/30/2014	6.0%	\$ 1,200,480	87.5%	\$ (1,422,253)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2013	\$ 6,929,822	21,989,244	15,059,422	31.50%	4,285,608	351.40%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2014

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Property taxes	\$ 16,102,656	\$ 16,102,656	\$ 16,135,270	\$ 32,614
Special assessments	4,771,923	4,771,923	5,052,071	280,148
Franchise fees	2,217,456	2,217,456	2,619,934	402,478
Utility taxes	3,136,339	3,136,339	3,543,297	406,958
Licenses and permits	852,680	852,680	1,348,722	496,042
Intergovernmental	4,372,109	4,838,490	5,165,694	327,204
Charges for services	3,331,239	3,331,239	3,557,682	226,443
Fines and forfeitures	346,986	346,986	427,084	80,098
Investment earnings	95,000	95,000	58,476	(36,524)
Miscellaneous	3,667,505	3,671,505	1,910,964	(1,760,541)
Total revenues	<u>38,893,893</u>	<u>39,364,274</u>	<u>39,819,194</u>	<u>454,920</u>
EXPENDITURES				
General government				
Legislative	354,646	370,146	305,787	64,359
Executive:				
City Clerk	272,948	272,948	244,560	28,388
City Manager	780,519	780,519	489,228	291,291
Finance and administration:				
Human Resources	307,037	307,037	243,566	63,471
Finance & Info. Systems	1,498,452	1,498,452	1,362,268	136,184
General Services	1,399,018	4,059,586	2,132,867	1,926,719
Legal	820,100	1,027,717	897,155	130,562
Total general government	<u>5,432,720</u>	<u>8,316,405</u>	<u>5,675,431</u>	<u>2,640,974</u>
Public safety:				
Code enforcement	682,515	682,515	587,741	94,774
Police	11,951,910	12,177,107	11,723,286	453,821
Fire	10,825,220	11,642,851	10,976,056	666,795
Total public safety	<u>23,459,645</u>	<u>24,502,473</u>	<u>23,287,083</u>	<u>1,120,616</u>
Highways and streets	<u>1,929,016</u>	<u>1,910,194</u>	<u>1,333,177</u>	<u>577,017</u>
Physical environment	<u>3,556,498</u>	<u>3,667,318</u>	<u>3,502,300</u>	<u>165,018</u>
Community redevelopment	<u>683,013</u>	<u>718,902</u>	<u>659,496</u>	<u>59,406</u>
Culture and recreation	<u>2,504,184</u>	<u>2,533,146</u>	<u>2,336,532</u>	<u>196,614</u>
Total expenditures	<u>37,565,076</u>	<u>41,648,438</u>	<u>36,794,019</u>	<u>4,759,645</u>
Excess of revenues over expenditures	<u>1,328,817</u>	<u>(2,284,164)</u>	<u>3,025,175</u>	<u>5,214,565</u>
OTHER FINANCING SOURCES (USES):				
Appropriation of prior year reserves	-	2,371,385	-	(2,371,385)
Transfers in	2,026,373	3,290,729	4,968,132	1,677,403
Transfers out	<u>(3,355,190)</u>	<u>(3,355,190)</u>	<u>(5,648,634)</u>	<u>(2,293,444)</u>
Total other financing sources (uses)	<u>(1,328,817)</u>	<u>2,306,924</u>	<u>(680,502)</u>	<u>(2,987,426)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 22,760</u>	<u>\$ 2,344,673</u>	<u>\$ 2,227,139</u>

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY REDEVELOPMENT AGENCY FUND
 For the Year Ended September 30, 2014

	<u>Original and</u>	<u>Actual</u>	<u>Variance</u>
	<u>Final</u>		
REVENUES:			
Investment Earnings	\$ 2,000	\$ 1,914	\$ (86)
Miscellaneous	50,000	84,838	34,838
Total revenues	52,000	86,752	34,752
EXPENDITURES			
Community redevelopment:			
Community redevelopment	2,962,644	1,327,324	1,635,320
Total expenditures	2,962,644	1,327,324	1,635,320
Excess (deficiency) of revenues over expenditures	(2,910,644)	(1,240,572)	1,670,072
OTHER FINANCING SOURCES (USES):			
Appropriations of prior year reserves	952,355	-	(952,355)
Transfers in	2,394,176	2,394,176	-
Transfers out	(433,883)	(433,883)	-
Total other financing sources (uses)	2,912,648	1,960,293	(952,355)
Excess of revenues over expenditures	\$ 2,004	\$ 719,721	\$ 717,717

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GRANT FUND
 For the Year Ended September 30, 2014

	<u>Budgeted Amount</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Intergovernmental	\$ 7,042,158	\$ 5,382,283	\$ (1,659,875)
Total revenues	<u>7,042,158</u>	<u>5,382,283</u>	<u>(1,659,875)</u>
EXPENDITURES			
General government	242,279	242,000	279
Public Safety	1,619,631	252,489	1,367,142
Highways and streets	301,121	142,265	158,856
Culture and recreation	<u>1,355,085</u>	<u>234,210</u>	<u>1,120,875</u>
Total expenditures	<u>3,518,116</u>	<u>870,964</u> -	<u>2,647,152</u>
Excess (deficiency) of revenues over expenditures	<u>3,524,042</u>	<u>4,511,319</u>	<u>(987,277)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(617,495)</u>	<u>(1,707,495)</u>	<u>(1,090,000)</u>
Total other financing sources (uses)	<u>(617,495)</u>	<u>(1,707,495)</u> -	<u>(1,090,000)</u>
Excess (Deficiency) in revenues over expenditures	<u>\$ 2,906,547</u>	<u>\$ 2,803,824</u>	<u>\$ (102,723)</u>

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended September 30, 2014

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 the year ended September 30, 2014, there were no such supplemental appropriations for expenditures and transfers out of the General Fund.
- (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, 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 Tree Preservation 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 departmental level.

CITY OF DANIA BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PENSION FUNDING PROGRESS AND CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS
For the Year Ended September 30, 2014

General Employees'

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL) (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2013	\$ 17,541,357	\$ 24,293,793	\$ 6,752,436	72.2%	\$ 1,082,405	623.8%
10/1/2012	16,876,962	23,326,022	6,449,060	72.4%	1,319,723	488.7%
10/1/2011	17,019,273	22,610,265	5,590,992	75.3%	1,683,322	332.1%
10/1/2010	17,173,624	22,177,225	5,003,601	77.4%	2,041,766	245.1%
10/1/2009	17,229,412	21,042,019	3,812,607	81.9%	2,544,861	149.8%
10/1/2008	16,992,592	20,136,633	3,144,041	84.4%	2,835,359	110.9%
10/1/2007	\$ 16,273,401	\$ 19,090,013	\$ 2,816,612	85.2%	\$ 3,083,065	91.4%

Year Ended September 30,	Annual Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2013	\$ 1,364,774	\$ 1,328,825	\$ 35,949	\$ 1,082,405	123%
2012	961,045	961,045	-	1,319,723	73%
2011	887,150	887,150	-	1,683,322	53%
2010	683,091	683,091	-	2,041,766	33%
2009	595,676	595,676	-	2,544,861	23%
2008	547,027	547,027	-	2,835,359	19%
2007	632,162	632,162	-	3,083,065	21%
2006	688,860	688,860	-	3,969,558	17%
2005	691,110	691,110	-	4,484,529	15%
2004	577,369	577,369	-	4,334,825	13%
2003	\$ 383,205	\$ 383,205	\$ -	\$ 3,857,031	10%

Police and Firefighters'

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL) (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2013	\$ 32,507,572	\$ 56,496,359	23,988,787	57.5%	\$ 3,002,671	798.9%
10/1/2012	29,812,371	51,232,269	21,419,898	58.2%	2,890,789	741.0%
10/1/2011	29,254,879	48,130,032	18,875,153	60.8%	3,019,514	625.1%
10/1/2010	29,305,856	44,144,032	14,838,176	66.4%	2,777,071	534.3%
10/1/2009	29,499,135	40,664,346	11,165,211	72.5%	4,449,422	250.9%
10/1/2008	28,645,419	39,321,636	10,676,217	72.8%	4,155,215	256.9%
10/1/2007	\$ 27,465,062	\$ 37,885,674	\$ 10,420,612	72.5%	\$ 3,688,427	282.5%

Year Ended September 30,	Annual Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2013	\$ 2,283,943	\$ 2,283,943	\$ -	\$ 3,019,514	76%
2012	1,876,694	1,876,694	-	2,777,071	68%
2011	1,330,774	1,225,373	105,401	4,449,422	28%
2010	1,246,516	1,246,516	-	4,155,215	30%
2009	1,191,837	1,191,837	-	3,688,427	32%
2008	1,134,502	1,134,502	-	3,393,551	33%
2007	1,055,904	1,055,904	-	3,187,077	33%
2006	890,422	890,422	-	3,121,693	29%
2005	738,780	738,780	-	2,925,614	25%
2004	517,497	540,861	(23,364)	3,115,724	17%
2003	\$ 259,050	\$ 300,488	\$ (41,438)	\$ 3,098,567	10%

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF PENSION FUNDING PROGRESS AND CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS
 For the Year Ended September 30, 2014

Government Employees' and Police and Firefighters' Pension Funds
Schedules of Changes in the City's Net Pension Liability and Related Ratios

	Police & Firefighters	General Employees
Total pension liability:		
Service Cost	\$ 1,067,760	\$ 237,731
Interest	3,944,144	1,785,123
Benefit Changes	-	-
Difference between actual & expected experience	(23,067)	-
Assumption Changes	2,894,544	-
Benefit Payments	(2,922,426)	(1,743,361)
Other (Increase in State and Health Insurance Reserves and Present Value of Buybacks)	210,585	(140)
Net Change in Total Pension Liability	5,171,540	279,353
Total Pension Liability - Beginning	53,118,842	25,256,403
Total Pension Liability - Ending	\$ 58,290,382	\$ 25,535,756
Plan Fiduciary Net Position		
Contributions - Employer and State	\$ 2,795,542	1,364,774
Contributions - Non-Employer Contributing Entity	466,381	-
Contributions- Member	745,561	213,667
Net investment income	2,435,693	1,356,991
Benefit Payments	(2,922,426)	(1,743,361)
Refunds	-	(140)
Administrative expenses	(135,697)	(74,674)
Other (Buybacks net of payments toward buyback balances)	173,969	-
Net Change in Fiduciary Net Position	3,559,023	1,117,257
Plan Fiduciary Net Position - Beginning	29,434,836	18,836,991
Plan Fiduciary Net Position - Ending	\$ 32,993,859	\$ 19,954,248
Net Pension Liability - Ending	\$ 25,296,523	\$ 5,581,508
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	57%	78%
Covered Employee Payroll	3,002,671	\$ 1,082,405
Net Pension Liability as a Percentage of Covered Employee Payroll	842%	516%

CITY OF DANIA BEACH, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF PENSION FUNDING PROGRESS AND CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS
 For the Year Ended September 30, 2014

Other Post Employment Benefits'

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
10/1/2010	\$ 3,562,515	\$ 23,495,201	\$ 19,932,686	15.2%	\$ 10,628,584	187.5%
10/1/2011	5,329,492	23,988,165	18,658,673	22.2%	5,753,797	324.3%
10/1/2012	6,350,623	21,498,862	15,148,239	29.5%	5,084,811	297.9%
10/1/2013	\$ 6,929,822	\$ 21,989,244	\$ 15,059,422	31.5%	\$ 4,085,076	368.6%

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2010	\$ 1,225,373	100.0%
2011	1,568,305	84.4%
2012	1,182,149	72.4%
2013	\$ 1,200,480	87.5%

CITY OF DANIA BEACH, FLORIDA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF PENSION FUNDING PROGRESS AND CONTRIBUTIONS
 OTHER POST-EMPLOYMENT BENEFITS
 For the Year Ended September 30, 2014

NOTE 1 – ASSUMPTIONS DATES AND RATES

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	October 1, 2013
Contribution Rates -	
Employer	125.25%
Plan members	19.74%
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period (years)	N/A
Asset valuation method	5-year smoothed market
Actuarial assumptions -	
Investment rate of return	7.25%
Projected salary increases	4.0%
Includes inflation and other general increases at	3.0%
Cost of Living adjustments	N/A
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition

Actuarially determined contribution rates are calculated as of October 1, 2013 which is a year prior to the end of the fiscal year in which contributions are reported.

NOTE 2 – SINGLE DISCOUNT RATE

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 3 – AVAILABLE INFORMATION

These schedules will contain 10 years of data as information is available.

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue 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 civic organizations for the administration of cultural and recreational activities within the City.

Perpetual Care Fund – Accounts for contributions from local civic organizations for the administration of cultural and recreational activities within the City.

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 – Accounts for funds received from forfeitures, to be used for the police equipment, training or crime prevention programs.

Building Permit Fund - Accounts 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) payments 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, 2014

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit		
ASSETS:							
Current Assets							
Cash, cash equivalents and investments	\$ 17,410	585,279	\$ 174,441	\$ 160,983	\$ 1,274,700	\$ -	\$ 2,212,813
Receivables, net:							
Customer / other, net	-	450	-	9,808	-	-	10,258
Restricted assets:							
Cash, cash equivalents and investments	-	-	-	-	-	463,143	463,143
Total assets	<u>17,410</u>	<u>585,729</u>	<u>174,441</u>	<u>170,791</u>	<u>1,274,700</u>	<u>463,143</u>	<u>2,686,214</u>
LIABILITIES AND FUND BALANCES:							
Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	95,779	-	95,779
Due to other funds	-	-	-	-	4,351	-	4,351
Due to other governmental agencies	-	-	-	-	11,184	-	11,184
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,314</u>	<u>-</u>	<u>111,314</u>
Fund balance							
Restricted							
Public safety	-	-	-	170,791	-	-	170,791
Building code costs	-	-	-	-	1,163,386	-	1,163,386
Debt service	-	-	-	-	-	463,143	463,143
Committed for:							
Maintenance of cemeteries	-	585,729	-	-	-	-	585,729
Tree preservation	-	-	174,441	-	-	-	174,441
Assigned to:							
Capital projects	17,410	-	-	-	-	-	17,410
Total fund balances (deficit)	<u>17,410</u>	<u>585,729</u>	<u>174,441</u>	<u>170,791</u>	<u>1,163,386</u>	<u>463,143</u>	<u>2,574,900</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,410</u>	<u>\$ 585,729</u>	<u>\$ 174,441</u>	<u>\$ 170,791</u>	<u>\$ 1,274,700</u>	<u>\$ 463,143</u>	<u>\$ 2,686,214</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, 2014

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit		
REVENUES:							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 1,952,984	\$ -	\$ 1,952,984
Charges for Services	-	24,800	-	-	-	-	24,800
Fines and forfeitures	-	-	-	34,732	-	-	34,732
Investment earnings (loss)	-	976	-	2	1,576	103	2,657
Miscellaneous	-	-	69,316	-	6,412	-	75,728
Total revenues	-	25,776	69,316	34,734	1,960,972	103	2,090,901
EXPENDITURES							
Public safety	-	-	-	10,850	-	-	10,850
Community redevelopment	-	-	-	-	1,301,194	-	1,301,194
Debt Service							
Principal	-	-	-	-	-	1,065,831	1,065,831
Interest	-	-	-	-	-	500,815	500,815
Total expenditures	-	-	-	10,850	1,301,194	1,566,646	2,878,690
Excess (deficiency) of revenues over expenditures	-	25,776	69,316	23,884	659,778	(1,566,543)	(787,789)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	1,568,251	1,568,251
Transfers out	-	(60,274)	-	-	(383,492)	-	(443,766)
Total other financing sources (uses)	-	(60,274)	-	-	(383,492)	1,568,251	1,124,485
Net change in fund balances	-	(34,498)	69,316	23,884	276,286	1,708	336,696
FUND BALANCES, beginning of year	17,410	620,227	105,125	146,907	887,100	461,435	2,238,204
FUND BALANCES, end of year	\$ 17,410	\$ 585,729	\$ 174,441	\$ 170,791	\$ 1,163,386	\$ 463,143	\$ 2,574,900

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing goods and services to the general public on a continuing basis be financed or recovered determination of revenues earned, expenses incurred, and /or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains three nonmajor enterprise funds.

Parking fund: to account for revenues and expenses of the City's parking-related operations. The Parking Fund includes all parking costs of the City's beach and marina parking areas as well as operation of the City's downtown parking garage facility and future on-street metered parking. Annual expenses include parking compliance staff and automotive equipment, equipment and banking collection costs, direct costs of collection equipment and facility insurance and allocation of the City's common administrative costs.

Pier Fund: To account for revenues and expenses of the City's public Pier that is located at Dania beach on the Atlantic Ocean. The Pier Fund includes revenues and expenses from Pier areas open for public fishing and spectator access; it does not reflect rental operations of the City's restaurant facility located at the Pier entrance. Annual expenses include contracted staffing, direct merchandise sales, equipment and bank collection costs and an allocation of the City's common administrative costs.

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 September 30, 2014

	<u>Parking</u>	<u>Pier Operations</u>	<u>Total Non-Major Proprietary Funds</u>
ASSETS:			
Current Assets:			
Cash, cash equivalents and investments	\$ 1,701,310	\$ 84,221	\$ 1,785,531
Receivables, net	-	1,711	1,711
Due from other governments	17,040		17,040
Total current assets	<u>1,718,350</u>	<u>85,932</u>	<u>1,804,282</u>
Noncurrent assets:			
Capital assets not being depreciated	149,145	-	149,145
Capital assets being depreciated, net	-	18,953	18,953
Total noncurrent assets	<u>149,145</u>	<u>18,953</u>	<u>168,098</u>
Total assets	<u>1,867,495</u>	<u>104,885</u>	<u>1,972,380</u>
LIABILITIES AND NET ASSETS:			
Current liabilities:			
Accounts payable and accrued liabilities	22,796	17,098	39,894
Due to other funds	682	-	682
Due to other governmental agencies	273,790	2,102	275,892
Deposits	60	-	60
Total current liabilities	<u>297,328</u>	<u>19,200</u>	<u>316,528</u>
Noncurrent liabilities:			
Compensated absences	6,605	-	6,605
Total noncurrent liabilities	<u>6,605</u>	<u>-</u>	<u>6,605</u>
Total liabilities	<u>303,933</u>	<u>19,200</u>	<u>323,133</u>
DEFERED INFLOWS	4,585	-	4,585
NET POSITION:			
Invested in capital assets, net of related debt	149,145	18,953	168,098
Unrestricted	1,409,832	66,732	1,476,564
Total net position	<u>\$ 1,558,977</u>	<u>\$ 85,685</u>	<u>\$ 1,644,662</u>

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 For the year Ended September 30, 2014

	<u>Parking</u>	<u>Pier Operations</u>	<u>Total Non-Major Proprietary Funds</u>
OPERATING REVENUES:			
Charges for services	\$ 1,256,512	\$ 327,948	\$ 1,584,460
Fines and forfeitures	155,085	-	155,085
Miscellaneous	10,000	28,506	38,506
Total operating revenues	<u>1,421,597</u>	<u>356,454</u>	<u>1,778,051</u>
OPERATING EXPENSES:			
Operations and maintenance	315,125	271,989	587,114
Depreciation	9,676	3,765	13,441
Total operating expenses	<u>324,801</u>	<u>275,754</u>	<u>600,555</u>
Operating income	<u>1,096,796</u>	<u>80,700</u>	<u>1,177,496</u>
NON-OPERATING REVENUES (EXPENSES)			
Loss on disposal of capital assets	<u>(15,773)</u>	<u>-</u>	<u>(15,773)</u>
Total non-operating revenues (expenses)	<u>(15,773)</u>	<u>-</u>	<u>(15,773)</u>
Income before transfers	1,081,023	80,700	1,161,723
TRANSFERS:			
Transfers out	<u>(254,741)</u>	<u>(57,836)</u>	<u>(312,577)</u>
Total transfers	<u>(254,741)</u>	<u>(57,836)</u>	<u>(312,577)</u>
Change in net position	826,282	- 22,864	849,146
NET POSITION, beginning of year	<u>732,695</u>	<u>62,821</u>	<u>795,516</u>
NET POSITION, end of year	<u>\$ 1,558,977</u>	<u>\$ 85,685</u>	<u>\$ 1,644,662</u>

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 For the Year Ended September 30, 2014

	Parking	Pier Operations	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 1,686,703	\$ 354,746	\$ 2,041,449
Payments to employees	(123,174)	(43,640)	(166,814)
Payments to suppliers	(186,547)	(226,123)	(412,670)
Net cash provided by operating activities	<u>1,376,982</u>	<u>84,983</u>	<u>1,461,965</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Cash provided from (to) other funds	(254,390)	(57,836)	(312,226)
Net cash (used in) non-capital financing activities	<u>(254,390)</u>	<u>(57,836)</u>	<u>(312,226)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(127,191)	-	(127,191)
Net cash (used in) capital and related financing activities	<u>(127,191)</u>	<u>-</u>	<u>(127,191)</u>
Net increase in cash and cash equivalents	995,401	27,147	1,022,548
CASH AND CASH EQUIVALENTS, beginning of year	705,909	57,074	762,983
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,701,310</u>	<u>\$ 84,221</u>	<u>\$ 1,785,531</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income	\$ 1,096,796	\$ 80,700	\$ 1,177,496
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Provision for depreciation	9,676	3,765	13,441
(Increase) decrease in:			
Accounts receivable		(1,711)	(1,711)
Due from other governmental agencies	263,103	2,101	265,204
Increase (decrease) in:			
Accounts payable and accrued liabilities	3,022	128	3,150
Deposits	30		30
Other liabilities			
Deferred inflows	1,974	-	1,974
Compensated absences	2,381	-	2,381
Total adjustments	<u>280,186</u>	<u>4,283</u>	<u>284,469</u>
Net cash provided by operating activities	<u>\$ 1,376,982</u>	<u>\$ 84,983</u>	<u>\$ 1,461,965</u>

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.

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 September 30, 2014

	General Employees Pension	Police and Firefighters Pension	Other Post- Employment Benefits	Totals
ASSETS:				
Investments, at fair value:				
Cash and money market funds	\$ 320,068	\$ 3,004,781	\$ -	\$ 3,324,849
Common Stocks	11,384,325	16,560,702	-	27,945,027
Mutual Funds	671,539	2,596,027	7,065,769	10,333,335
Corporate and foreign bonds	2,463,829	3,414,790	-	5,878,619
Partnership/Joint venture	1,956,198	-	-	1,956,198
Real estate		3,972,632		3,972,632
Government securities	2,822,700	2,960,081	-	5,782,781
Total investments	19,618,659	32,509,013	7,065,769	59,193,441
Receivables:				
State contributions	-	69,713		69,713
Employee contributions	-	45,346	-	45,346
Employer contributions	52,346	124,482	-	176,828
Accrued interest receivable	63,141	43,262	-	106,403
Due from broker for securities sold	11,648	144,355	-	156,003
Loans to DROP participants	25,846	235,643	-	261,489
Total receivables	152,981	662,801	-	815,782
Prepays	-	68,175	-	68,175
Total assets	19,771,640	33,239,989	7,065,769	60,077,398
LIABILITIES:				
Accounts payable	-	38,275	-	38,275
Due for securities purchased	-	207,855	-	207,855
Total liabilities	-	246,130	-	246,130
NET POSITION:				
Net position restricted for DROP benefits	1,045,631	1,310,337	0	2,355,968
Net position restricted for defined benefits	18,726,009	31,683,522	7,065,769	57,475,300
	\$ 19,771,640	\$ 32,993,859	\$ 7,065,769	\$ 59,831,268

CITY OF DANIA BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 September 30, 2014

	General Employees Pension	Police and Firefighters Pension	Other Post- Employment Benefits	Totals
ADDITIONS:				
Contributions:				
Employees	\$ 214,524	\$ 745,561	\$ -	\$ 960,085
Employer	1,123,817	2,795,542	-	3,919,359
Buybacks	-	261,528	-	261,528
State	-	466,381	-	466,381
Total contributions	<u>1,338,341</u>	<u>4,269,012</u>	<u>-</u>	<u>5,607,353</u>
Investment income:				
Net appreciation in fair value of investments	1,050,023	1,908,611	-	2,958,634
Interest and dividends	385,463	733,696	535,947	1,655,106
Total investment income	<u>1,435,486</u>	<u>2,642,307</u>	<u>535,947</u>	<u>4,613,740</u>
Investment expenses	<u>(117,541)</u>	<u>(207,542)</u>	<u>-</u>	<u>(325,083)</u>
Net investment income	<u>1,317,945</u>	<u>2,434,765</u>	<u>535,947</u>	<u>4,288,657</u>
Other income	<u>12,168</u>	<u>928</u>	<u>-</u>	<u>13,096</u>
Total additions	<u>2,668,454</u>	<u>6,704,705</u>	<u>535,947</u>	<u>9,909,106</u>
DEDUCTIONS:				
Pension benefits paid	1,643,035	3,009,985	-	4,653,020
Administrative expenses	90,200	135,697	-	225,897
Total deductions	<u>1,733,235</u>	<u>3,145,682</u>	<u>-</u>	<u>4,878,917</u>
Change in net position	<u>935,219</u>	<u>3,559,023</u>	<u>535,947</u>	<u>5,030,189</u>
Net position - beginning	18,836,421	28,463,543	6,529,822	53,829,786
Prior period adjustment (Note 10)	<u>-</u>	<u>971,293</u>	<u>-</u>	<u>971,293</u>
Net position - beginning , as restated	<u>18,836,421</u>	<u>29,434,836</u>	<u>6,529,822</u>	<u>54,801,079</u>
Net position -ending	<u>\$ 19,771,640</u>	<u>\$ 32,993,859</u>	<u>\$ 7,065,769</u>	<u>\$ 59,831,268</u>

STATISTICAL SECTION

CITY OF DANIA BEACH, FLORIDA
STATISTICAL SECTION
For the Year Ended September 30, 2013

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	PAGES
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.	95-100
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	101-104
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.	105-110
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.	111-112
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.	113-115

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

TABLE 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES:										
Invested in capital assets, net of related debt	\$ 20,957,548	\$ 28,700,867	\$ 31,017,715	\$ 33,549,856	\$ 33,183,331	\$ 36,452,629	\$ 36,656,751	\$ 39,096,333	\$ 42,228,983	\$ 37,188,106
Restricted	13,318,035	13,212,590	10,865,600	7,143,153	2,731,011	3,575,974	2,262,284	2,534,322	3,242,162	2,496,639
Unrestricted	<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>	<u>23,978,864</u>	<u>22,886,462</u>	<u>27,902,454</u>
Total governmental activities net position	<u>46,790,715</u>	<u>51,940,775</u>	<u>60,438,973</u>	<u>64,609,154</u>	<u>35,945,703</u>	<u>68,294,140</u>	<u>64,285,694</u>	<u>65,609,519</u>	<u>68,357,607</u>	<u>67,587,199</u>
BUSINESS-TYPE ACTIVITIES:										
Invested in capital assets, net of related debt	16,047,953	15,298,530	14,894,916	14,772,216	17,305,168	20,685,775	22,529,051	19,997,679	20,527,954	25,368,100
Restricted	2,137,543	3,360,050	4,281,063	4,284,941	3,238,789	2,955,589	3,239,786	2,911,547	3,195,927	2,557,073
Unrestricted	<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>	<u>10,864,400</u>	<u>9,774,194</u>	<u>16,455,631</u>
Total business-type activities net position	<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>	<u>33,773,626</u>	<u>33,498,075</u>	<u>44,380,804</u>
PRIMARY GOVERNMENT:										
Invested in capital assets, net of related debt	37,005,501	43,999,397	45,912,631	48,322,072	49,488,499	57,138,404	59,185,802	59,094,012	62,756,937	62,556,206
Restricted	15,455,578	16,572,640	15,146,663	11,428,094	5,969,800	6,531,563	5,502,070	5,445,869	6,438,090	5,053,712
Unrestricted	<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>	<u>34,843,264</u>	<u>32,660,656</u>	<u>44,358,085</u>
Total primary government net position	<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>	<u>\$ 99,383,145</u>	<u>\$ 101,855,683</u>	<u>\$ 111,968,003</u>

CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

TABLE 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES:										
Governmental activities:										
General government	\$ 5,238,408	\$ 9,751,310	\$ 8,146,290	\$ 8,874,100	\$ 9,040,937	\$ 8,147,507	\$ 9,167,195	\$ 8,741,494	\$ 7,404,873	\$ 6,097,585
Public safety	14,506,003	16,264,293	16,739,064	17,651,948	19,672,196	20,775,149	22,604,730	22,030,147	22,673,356	24,070,777
Highways and streets	1,382,659	2,389,021	2,620,652	2,710,987	2,780,790	2,250,950	1,616,983	1,795,574	2,165,939	2,454,846
Physical environment	2,514,643	2,436,496	2,416,031	2,493,452	2,208,629	2,812,528	3,019,840	2,905,797	3,133,648	3,846,522
Culture and recreation	3,390,177	3,039,681	307,745	3,503,091	3,148,906	3,284,918	3,912,623	3,663,648	3,253,312	3,299,230
Community redevelopment	-	-	-	231,915	661,950	1,318,685	1,688,410	1,513,049	3,808,510	3,298,782
Interest expense	340,160	627,913	645,326	605,738	548,514	503,330	675,607	620,546	962,465	484,334
Total governmental activities expenses	27,372,050	34,508,714	30,875,108	36,071,231	38,061,922	39,093,067	42,685,388	41,270,255	43,402,103	43,552,076
Business-type activities:										
Water	2,223,557	2,501,748	2,580,820	4,305,175	2,683,359	2,981,620	3,000,283	4,086,778	3,884,997	3,947,252
Sewer	2,756,225	3,254,899	3,317,021	2,544,161	3,775,635	4,525,526	4,662,042	5,120,193	5,345,282	4,422,730
Stormwater	626,424	741,398	742,391	730,298	845,123	850,813	904,739	1,315,519	1,010,648	904,203
Parking	-	-	-	-	-	2,791	481,255	227,461	273,966	340,574
Pier operations	-	-	-	-	-	-	63,279	243,403	330,729	275,754
Marina operations	-	-	-	-	-	-	-	-	169,614	351,774
Total business-type activities expenses	5,606,206	6,498,045	6,640,232	7,579,634	7,304,117	8,360,750	9,111,598	10,993,354	11,015,236	10,242,287
Total primary government expense:	\$ 32,978,256	\$ 41,006,759	\$ 40,284,640	\$ 43,650,865	\$ 45,366,039	\$ 47,453,817	\$ 51,796,986	\$ 52,263,609	\$ 54,417,339	\$ 53,794,363
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	\$ 1,493,391	\$ 3,028,662	\$ 3,392,159	\$ 3,229,456	\$ 4,342,675	\$ 3,394,372	\$ 3,339,702	\$ 3,948,721	\$ 3,714,622	\$ 3,440,054
Public safety	3,901,819	3,554,444	3,644,256	3,894,694	4,138,761	3,829,501	5,089,902	5,286,026	5,297,301	6,824,324
Highways and streets	325,655	272,713	390,453	437,157	448,821	449,083	36,487	26,973	-	-
Physical environment	1,753,422	1,902,220	1,934,499	1,901,323	1,904,643	2,134,197	1,843,507	1,904,606	2,037,219	2,012,046
Culture and recreation	106,498	241,704	807,790	431,859	360,097	285,498	293,613	403,927	128,635	121,649
Operating grants and contributions	1,090,195	3,380,405	1,311,215	448,122	279,490	330,046	739,742	866,809	265,678	486,672.00
Capital grants and contributions	427,828	104,232	662,682	166,553	650	3,263,346	320,526	525,236	603,553	4,895,611.00
Total governmental activities program revenues	9,098,808	12,484,380	12,143,054	10,509,164	11,475,137	13,686,043	11,663,479	12,962,298	12,047,008	17,780,356

CITY OF DANIA BEACH, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(continued)

TABLE 2 (Cont'd)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Water	2,844,917	3,892,985	3,395,399	3,392,757	3,700,510	4,259,810	4,905,537	5,335,472	5,479,402	5,518,175
Sewer	3,088,439	3,096,811	3,320,400	3,783,524	4,199,198	4,814,985	5,325,944	6,285,784	6,771,028	7,035,606
Stormwater	781,442	821,925	822,662	1,102,906	998,697	1,146,489	2,034,254	2,083,596	1,949,507	1,927,483
Parking	-	-	-	-	-	-	623,950	699,946	1,052,362	1,421,597
Pier operations	-	-	-	-	-	-	93,847	373,536	362,849	356,454
Marina operations	-	-	-	-	-	-	-	-	162,115	307,557
Operating grants and contributions	7,545	20,021	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	2,550,000	-	-	-
Total business-type activities program revenues	6,722,343	7,831,742	7,538,461	8,279,187	8,898,405	10,221,284	15,533,532	14,778,334	15,777,262	16,566,872
Total primary government program revenues	\$ 15,821,151	\$ 19,316,122	\$ 19,681,515	\$ 18,788,351	\$ 20,373,542	\$ 23,907,327	\$ 27,197,011	\$ 27,740,632	\$ 27,824,270	\$ 34,347,228
NET EXPENSE/REVENUE:										
Governmental activities	\$ (18,273,242)	\$ (22,024,335)	\$ (21,501,354)	\$ (25,562,067)	\$ (26,586,785)	\$ (25,407,024)	\$ (31,021,909)	\$ (28,307,957)	\$ (31,355,095)	\$ (25,771,720)
Business-type activities	1,116,137	333,697	898,229	699,553	1,594,288	1,860,534	6,421,934	3,784,980	4,762,026	6,324,585
Total primary government net expense	(17,157,105)	(21,690,638)	(20,603,125)	(24,862,514)	(24,992,497)	(23,546,490)	(24,599,975)	(24,522,977)	(26,593,069)	(19,447,135)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes	12,834,029	15,731,757	17,691,570	17,452,748	16,798,253	16,750,836	15,872,847	15,604,005	15,467,882	16,135,270
Franchise fees	1,901,432	2,231,584	2,311,503	2,306,262	2,282,918	2,068,527	2,123,895	2,238,321	2,292,448	2,619,934
Utility taxes	4,012,437	3,965,173	4,013,192	4,332,499	4,212,067	4,364,708	4,288,639	4,300,248	4,617,269	3,543,297
Intergovernmental	2,988,402	3,164,473	3,096,652	3,357,296	3,148,474	3,054,591	3,189,370	3,494,027	3,669,786	5,165,694
Investment earnings	584,245	1,308,691	1,973,323	1,561,622	813,306	512,983	126,727	183,364	81,131	63,049
Miscellaneous	1,153,654	312,721	195,941	233,861	455,861	334,933	563,009	1,029,975	3,393,790	2,020,684
Transfers	(255,338)	459,995	478,334	487,960	542,358	338,980	848,976	2,781,842	5,050,838	(4,546,616)
Total governmental activities	23,218,861	27,174,394	29,760,515	29,732,248	28,253,237	27,425,558	27,013,463	29,631,782	34,573,144	25,001,312
Business-type activities:										
Investment earnings	77,790	329,361	425,019	228,822	56,962	23,031	21,925	20,729	13,261	11,528
Miscellaneous	139,206	985,102	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Transfers	255,338	(459,995)	(478,334)	(487,960)	(542,358)	(338,980)	(848,976)	(2,781,842)	(5,050,838)	4,546,616
Total business-type activities	472,334	854,468	(53,315)	(259,138)	(485,396)	(315,949)	(827,051)	(2,761,113)	(5,037,576)	4,558,144
Total primary government general revenue	23,691,195	28,028,862	29,707,200	29,473,110	27,767,841	27,109,609	26,186,412	26,870,669	29,535,568	29,559,456
CHANGE IN NET POSITION:										
Governmental activities	4,945,619	5,150,060	8,259,161	4,170,181	1,666,452	2,018,534	(4,008,446)	1,323,825	3,218,049	(770,408)
Business-type activities	1,588,471	1,188,165	844,914	440,415	1,108,892	1,544,585	5,594,883	1,023,867	(275,550)	10,882,729
Total primary government	\$ 6,534,090	\$ 6,338,225	\$ 9,104,075	\$ 4,610,596	\$ 2,775,344	\$ 3,563,119	\$ 1,586,437	\$ 2,347,692	\$ 2,942,499	\$ 10,112,321

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

TABLE 3

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 4,269,752	\$ 4,473,579	\$ 5,693,502	\$ 5,466,808	\$ 2,974,916	\$ 8,925,423	\$ -	\$ -	\$ -	\$ -
Unreserved	11,372,000	16,162,869	21,487,742	20,591,407	23,291,728	13,177,602	-	-	-	-
Nonspendable	-	-	-	-	-	-	4,086,792	906,147	936,147	124,952
Restricted	-	-	-	-	-	-	411,886	329,498	635,544	699,319
Committed	-	-	-	-	-	-	913,808	-	-	125,051.00
Assigned	-	-	-	-	-	-	2,126,437	3,375,944	2,884,649	2,966,278
Unassigned	-	-	-	-	-	-	9,832,009	11,040,070	14,349,377	17,234,790
Total General Fund	\$ 15,641,752	\$ 20,636,448	\$ 27,181,244	\$ 26,058,215	\$ 26,266,644	\$ 22,103,025	\$ 17,370,932	\$ 15,651,659	\$ 18,805,717	\$ 21,150,390
All other government funds:										
Reserved	\$ 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	2,204,824	1,495,442	1,797,320
Committed	-	-	-	-	-	-	694,796	2,482,732	1,836,528	2,591,068
Assigned	-	-	-	-	-	-	5,180,507	7,686,301	6,367,074	4,618,785
Unassigned	-	-	-	-	-	-	1,226,673	(1,970,335)	(2,983,873)	(180,049)
Total all other governmental funds	\$ 10,829,891	\$ 11,325,798	\$ 9,942,726	\$ 8,804,438	\$ 9,583,775	\$ 6,697,654	\$ 8,952,374	\$ 10,403,522	\$ 6,715,171	\$ 8,827,124

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 TEN FISCAL YEARS

TABLE 4

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES:										
Property taxes	\$ 12,834,029	\$ 15,731,757	\$ 17,691,570	\$ 17,452,748	\$ 16,798,253	\$ 16,750,836	\$ 15,872,847	\$ 15,604,005	\$ 15,467,882	\$ 16,135,270
Special assessments	2,621,159	2,642,546	2,955,494	2,542,334	2,772,620	2,789,488	3,937,523	4,082,820	4,065,279	5,052,071
Franchise fees	1,901,452	2,231,584	2,311,503	2,306,262	2,282,918	2,068,527	2,123,895	2,238,321	2,292,448	2,619,934
Utility taxes	4,012,437	3,965,173	4,013,192	4,332,499	4,212,067	4,364,708	4,288,639	4,300,248	4,617,269	3,543,297
Licenses and permits	1,428,861	1,845,354	1,780,133	1,730,787	2,922,086	1,871,371	1,968,915	2,188,191	3,280,797	3,301,706
Intergovernmental	2,988,402	3,164,473	3,443,954	3,357,296	3,148,474	3,054,591	3,189,370	3,494,027	3,669,786	5,165,694
Charges for services	3,127,421	3,313,012	3,782,429	3,985,026	4,090,731	3,916,010	3,235,985	3,277,333	3,455,651	3,582,482
Fines and forfeitures	403,344	542,642	794,496	796,864	455,100	562,067	445,980	738,356	376,050	461,816
Investment earnings	584,245	1,308,653	1,973,323	1,561,622	813,306	512,983	126,727	183,364	81,131	63,047
Grants	1,493,151	3,455,250	1,611,161	604,405	261,480	311,969	3,939,790	1,736,388	869,231	5,382,283
Contributions	24,872	13,017	13,740	10,270	18,660	7,811	3,540	-	-	-
Miscellaneous	1,153,654	985,318	1,146,056	1,145,949	1,416,883	1,164,276	1,577,817	2,313,528	4,687,533	3,748,933
Total revenues	32,573,027	39,198,779	41,517,051	39,826,062	39,192,578	37,374,637	40,711,028	40,156,581	42,863,056	49,056,533
EXPENDITURES:										
General government	6,471,175	9,848,697	7,863,133	8,334,222	8,604,488	8,483,735	9,021,525	7,586,634	6,541,309	6,091,785
Public safety	14,512,651	15,872,358	16,553,767	17,455,196	19,427,161	20,553,073	22,073,028	21,664,048	22,369,619	23,550,421
Highways and streets	1,259,957	1,256,702	2,591,656	1,855,391	1,511,723	1,684,765	1,487,793	2,048,198	3,190,349	1,621,968
Physical environment	2,292,862	2,169,996	2,319,206	2,415,094	2,659,401	2,750,208	2,700,705	2,826,999	2,857,462	3,502,300
Community redevelopment	3,199,905	2,793,542	2,947,011	3,392,049	661,950	1,315,063	1,668,422	2,635,972	6,671,194	3,288,017
Culture and recreation	17,373	35,890	-	231,915	2,971,721	3,468,938	3,119,180	4,780,910	3,154,702	6,297,054
Capital outlay	427,828	1,953,948	3,394,871	7,269,855	3,784,234	12,310,518	2,982,416	-	-	-
Debt service:										
Principal	1,484,624	1,075,765	1,008,070	1,015,193	911,489	905,491	1,095,106	1,042,551	3,066,126	1,065,831
Interest and fiscal charges	340,160	627,913	646,015	606,424	549,203	503,330	676,297	621,236	597,424	500,815
Bond issuance costs	-	-	-	-	-	25,000	-	-	-	-
Total expenditures	30,006,535	35,634,811	37,323,729	42,575,339	41,081,370	52,000,121	44,824,472	43,206,548	48,448,185	45,918,191

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

TABLE 4 (Cont'd)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Excess (deficiency) of revenues over expenditures	2,566,472	3,563,968	4,193,322	(2,749,277)	(1,888,792)	(14,625,484)	(4,113,444)	(3,049,967)	(5,585,129)	3,138,342
OTHER FINANCING SOURCES (USES):										
Note proceeds	7,825,000	1,466,640	-	-	2,334,200	7,236,764	787,095	-	-	-
Transfers in	1,927,346	2,722,391	4,599,943	8,882,030	4,730,472	12,029,648	6,553,593	13,214,460	13,145,974	10,642,062
Transfers out	(2,182,684)	(2,262,396)	(4,121,609)	(8,394,070)	(4,188,114)	(11,690,668)	(5,704,617)	(10,432,618)	(8,095,137)	(9,323,778)
Transfer from reserves	(17,028)	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,552,634	1,926,635	478,334	487,960	2,876,558	7,575,744	1,636,071	2,781,842	5,050,837	1,318,284
Net change in fund balances	\$ 10,119,106	\$ 5,490,603	\$ 4,671,656	\$ (2,261,317)	987,766	\$ (7,049,740)	\$ (2,477,373)	\$ (268,125)	\$ (534,292)	\$ 4,456,626
DEBT SERVICES AS A PERCENTAGE OF NONCAPITAL EXPENDITURE										
	6.48%	5.12%	5.12%	4.64%	3.97%	3.62%	4.22%	4.26%	8.18%	3.53%

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
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
2012	3,208,220,545	2,426,840	3,210,647,385	583,229,819	2,627,417,566	6.2507
2013	3,172,675,082	2,244,996	3,174,920,078	575,693,985	2,599,226,093	6.2678
2014	3,312,446,134	2,562,196	3,315,008,330	565,619,140	2,749,389,190	6.2593

* 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 6.2593 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2593 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

Fiscal Year	Basic Rate	Voted Debt Service	Total Direct	Broward County	Broward County Schools	Children's Services Council	South Florida Water Management District	Florida Inland Navigation District	South Broward Hospital District	Total Direct and Overlapping
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
2012	5.9998	0.2509	6.2507	5.5530	7.4180	0.4789	0.4363	0.0345	0.7500	20.9214
2013	5.9998	0.2680	6.2678	5.5530	7.4560	0.4902	0.4289	0.0345	0.6000	20.8304
2014	5.9998	0.2595	6.2593	5.7230	7.4380	0.4882	0.3842	0.0345	0.3761	20.7033

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 6.2593 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2593 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	2014			2004		
	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 & LIGHT CO	\$ 2,387,642	1	0.09%	\$ 288,149,648	1	26.43%
DESIGN CENTER OF THE AMERICAS	360,560	2	0.01%	52,755,820	2	4.84%
CITY OF DANIA BEACH	6,981	3	0.00%	-	-	0.00%
SOUTH FLORIDA MATERIALS	233,664	4	0.01%	-	-	0.00%
AQUA ISLES OWNER LLC	138,612	5	0.01%	-	-	0.00%
DCOTA DEV CO LTD PRTNR	136,730	6	0.01%	-	6	0.00%
EC- DANIA BEACH CLUB LLC	127,876	7	0.00%	-	-	0.00%
HEI FT LAUDERDALE AIRPORT LLC	122,690	8	0.00%	-	-	0.00%
INLAND SOUTHEAST DANIA LLC	118,396	9	0.00%	18,670,020	7	1.71%
KTR HOLLYWOOD LLC	109,285	10	0.00%	-	-	0.00%
FT LAUDERDALE OWNER LLC	-	-	0.00%	23,503,670	3	2.16%
EQR-PARADISE POINTE VISTAS INC	-	-	0.00%	22,711,520	4	2.08%
SLT DANIA LLC	-	-	0.00%	19,915,530	5	1.83%
SOUTHERN BELL TEL CO	-	-	0.00%	14,970,524	9	1.37%
SHERIDAN EAST APTS LTD	-	-	0.00%	15,202,190	8	1.39%
<u>STIRLING INDUSTRIAL PARK</u>	-	-	0.00%	<u>13,574,380</u>	10	<u>1.24%</u>
Total	\$ <u>3,742,436</u>		<u>0.13%</u>	\$ <u>469,453,302</u>		<u>43.05%</u>

Source: Broward County Revenue Collection Division

- (1) Property values assessed as of January 1, 2014
- (2) Property values assessed as of January 1, 2004

**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 with the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of the Levy		Amount	Percentage of the Levy
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	15,665,362	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%
2012	16,112,498	14,824,418	92.01%	779,588	15,604,005	96.84%
2013	16,141,294	14,886,515	92.23%	581,367	15,467,882	95.83%
2014	16,824,680	15,617,070	92.82%	518,200	16,135,270	95.90%

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 30-Sep	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	Notes Payable	State Revolving Loan Payable			
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	1,795,014	-	-	16,605	11,652,178	32,060,433	689	2,483
2012	1,970,000	9,230,000	6,438,646	1,605,454	-	-	-	13,919,426	33,163,526	644	2,962
2013	1,615,000	8,595,000	5,944,144	1,415,894	-	-	2,673,790	13,648,761	33,892,589	581	3,473
2014	1,455,000	8,295,000	5,585,553	1,226,334	-	-	2,598,790	13,754,837	32,915,514	546	3,479

* Total debt for Governemntal Activites reflected as a percentage of personal in 1.52%

**The majority of outstanding debt for Business-Type Activities is applicable to only 15.7% of the City's overall population.

CITY OF DANIA BEACH, FLORIDA
RATIOS OF GENERAL BONDED DEBT
LAST SEVEN 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
2012	9,230,000	9,230,000	0.3513%	309
2013	8,595,000	8,595,000	0.3307%	284
2014	8,295,000	8,295,000	0.3017%	273

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, 2014

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	\$ 279,630,000	2.035%	\$ 5,689,616
Other debt:			
Broward County Revenue Bonds	342,790,000	2.035%	6,974,729
Broward County COP Debt	0	2.035%	0
Broward County Other Debt	1,386,000	2.035%	28,201
School Board of Broward County COP Debt	1,700,010	1.887%	32,080
School Board of Broward County Other Debt	62,698	1.887%	<u>1,183</u>
Subtotal, overlapping debt			12,725,809
City direct debt	\$ 17,570,038	100.000%	<u>17,570,038</u>
Total direct and overlapping debt			<u><u>\$ 30,295,847</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**

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	<u>6,225,000</u>	<u>9,225,000</u>	<u>9,225,000</u>	<u>9,225,000</u>	<u>9,225,000</u>	<u>9,255,000</u>	<u>9,255,000</u>	<u>9,255,000</u>	<u>9,255,000</u>
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	<u>2,216,146</u>	<u>5,215,562</u>	<u>4,709,759</u>	<u>4,541,793</u>	<u>5,306,033</u>	<u>4,667,951</u>	<u>4,037,556</u>	<u>5,725,739</u>	<u>2,721,816</u>
Total net debt applicable to limit	<u>5,181,146</u>	<u>8,115,562</u>	<u>7,544,759</u>	<u>7,226,793</u>	<u>7,911,033</u>	<u>7,117,951</u>	<u>6,397,556</u>	<u>7,995,739</u>	<u>4,896,816</u>
Legal debt margin	\$ <u>1,043,854</u>	\$ <u>1,109,438</u>	\$ <u>1,680,241</u>	\$ <u>1,998,207</u>	\$ <u>1,313,967</u>	\$ <u>2,137,049</u>	\$ <u>2,857,444</u>	\$ <u>1,259,261</u>	\$ <u>4,358,184</u>
 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 SEVEN 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
2012	2,284,368	112,835	26,560	139,395	16.39
2013	2,497,523	119,382	20,014	139,396	17.92
2014	2,744,101	126,309	13,049	139,358	19.69

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 TEN 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	336,102	6.02
2012	1,950,481	275,608	6,473	282,081	6.91
2013	1,949,911	34,975	865	35,840	54.41

Note: Electric franchise fees revenues were not pledged to any outstanding debt in 2014

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)
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	72,731,461	41,511	1,914	11.7
2011	29,596	76,133,577	42,768	1,905	9.6
2012	29,873	78,687,882	43,351	1,778	7.7
2013	30,233	80,525,783	43,792	1,627	7.3
2014	30,351	N/A	N/A	1,603	6.1

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 SEVEN YEARS AGO

TABLE 16

Taxpayer	2014			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Publix Supermarkets, Inc.	307	2	1.954%	314	2	1.965%
Bass Pro Shops - Outdoor World	373	1	2.374%	341	1	2.134%
School Board of Broward County	212	4	1.349%	277	3	1.734%
City of Dania Beach	116	7	0.738%	187	6	1.170%
Dania Jai-Alai	324	3	2.062%	190	5	1.189%
Kenan Transport	81	10	0.516%	148	8	0.926%
Uniweld Products, Inc.	177	5	1.127%	192	4	1.202%
American Maritime Officers	149	6	0.948%	152	7	0.951%
Boomers	88	9	0.560%	140	9	0.876%
Sheraton Ft. Lauderdale Airport	118	8	0.751%	132	10	0.826%
Total	1,945		12.380%	2,073		12.975%

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

FUNCTION/PROGRAM:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government:										
Management	14.00	14.00	15.50	17.18	18.20	16.00	15.50	15.50	15.50	15.50
Finance	8.00	8.00	9.00	9.00	8.00	8.00	9.00	8.00	9.00	9.00
Human resources	3.00	4.00	4.00	3.00	3.00	3.50	3.50	2.50	2.50	2.50
Community development	15.00	15.00	15.00	14.00	12.00	11.00	10.00	10.00	10.00	10.00
Public safety /Code	63.00	65.00	70.00	70.00	70.00	68.00	77.00	10.00	9.00	10.50
Highways and streets	10.00	10.00	10.00	10.00	9.00	9.00	8.00	7.00	8.00	8.00
Physical environment	15.00	13.00	13.00	13.00	12.00	12.00	15.62	12.45	11.45	12.45
Culture and recreation	29.60	22.40	25.40	24.02	22.60	20.06	20.34	20.19	22.09	21.09
Water	14.50	14.50	14.50	14.50	14.50	14.50	14.75	16.95	16.95	16.95
Sewer	7.50	7.50	7.50	7.50	7.50	7.50	7.75	5.05	5.05	5.05
Stormwater	5.00	5.00	5.00	5.00	5.00	5.00	5.50	6.55	6.55	5.55
Total	<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>	<u>114.19</u>	<u>116.09</u>	<u>116.59</u>

Notes:

- ✓ (1) Prior to fiscal year 2004, no part-time positions were included. After fiscal year 2004, part time positions are reported as full-time equivalents.
- ✓ (2) Part-time equivalent to full-time positions are not available prior to fiscal year 2004.
- ✓ (3) Beginning in fiscal year 2006, Building Official and Plumbing Inspector positions are contracted with Broward County.
- ✓ (4) Beginning in fiscal year 2009, the Business Tax Division was reclassified from Community Development to the Code Compliance Unit.
- ✓ (5) Beginning in fiscal year 2011, the Fire Department positions are contracted with BSO.

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

TABLE 18

FUNCTION/PROGRAM:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Physical arrests	2,890	2,637	4,039	2,853	1,873	1,777	1,180	3,700	1,343	1,492
Parking violations	67	210	108	3,282	1,693	602	204	40	69	n/a
Traffic violations	10,805	14,280	9,405	7,489	6,285	4,060	4,575	4,106	3,377	4,541
Fire protection/prevention:										
Emergency responses	7,755	7,679	7,618	6,776	6,298	7,479	5,099	4,844	6,249	6,176
Fires extenguished (approx.)	200	186	326	148	173	116	1,493	N/A	N/A	N/A
Fire inspections	1,704	2,057	4,020	3,087	3,125	3,360	3,010	1,802	1,830	3,124
Community development:										
Building permits issued	3,043	4,710	3,626	2,829	2,386	1,876	2,448	2,094	2,758	2,514
Building permits construction value	41,826,945	54,620,835	72,941,115	72,313,828	100,586,870	19,031,723	32,610,526	32,780,227	85,945,041	37,857,133
Number of cited code violations	1,823	1,744	2,854	2,539	2,366	1,931	1,792	612	538	1,642
Public works:										
Miles of roads resurfaced	10.81	11.76	14.83	4.86	4.20	3.58	-	-	-	-
Potholes repaired	12	12	12	12	12	12	336	680	823	560
Parks and recreation:										
Facility rentals	775	3,415	7,648	10,721	9,977	8,975	10,500	10,000	9,000	10,500
Parks/sports attendance	12,445	11,345	27,399	34,572	26,710	25,975	57,500	55,227	58,398	71,048
Programs attendance	8,120	11,995	8,540	15,587	38,013	21,960	13,910	6,730	15,060	14,385
Water:										
Average daily consumption (thousands of gallons)	2,830	2,640	2,218	2,061	2,260	2,293	2,230	1,875	1,926	1,889
Peak daily consumption (thousands of gallons)	3,160	3,030	2,700	2,342	2,670	2,679	2,860	3,600	2,640	2,235
Sewer:										
Average daily sewage treatment (thousands of gallons)	3,119	3,102	3,203	3,150	3,312	3,518	3,240	3,200	3,325	3,417

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

TABLE 19

FUNCTION/PROGRAM:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	2	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	8	8	4	4	4	4
Public works:										
Streets (miles)	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4	97	97
Length of sidewalks	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	86	86
Parks and recreation:										
Parks acreage	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.5	60.56
Baseball diamonds	7	7	7	7	7	7	7	6	5	6
Community centers	4	4	4	4	4	5	5	4	5	5
Water:										
Length of water mains (miles)	68.23	68.23	68.23	70.58	70.58	70.58	70.58	76	76.06	76
Sewer/stormwater:										
Length of sewer mains (miles)	43.30	43.60	43.60	43.60	43.60	43.60	43.60	43.60	46.00	46.00
Length of storm drains (miles)	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30	15.00	15.00

Note: Information was not available for years reported "N/A."

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dania Beach, Florida (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's, basic financial statements, and have issued our report thereon dated March 30, 2015. Our report includes a reference to other auditors who audited the financial statements of the Police Officers and Firefighters Pension Trust Funds, as described in our report on City's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 30, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 30, 2015

CITY OF DANIA BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

Federal Agency/Pass-through Entity/Federal Program	CFDA Number	Contract / Grant Number	Expenditures
United States Department of Homeland Security Federal Emergency Management Agency - Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00510	\$ 252,489
Environmental Protection Agency Passed through the State of Florida Department of Environmental Protection - Capitalization Grants for Drinking Water *	66.468	DW0604060	359,167
Department of Education Passed through the State of Florida Department of Education Twenty-First Century Community - Learning Centers	84.287	06E-2443A-3PCC1	232,046 2,045
Total Department of Education			234,091
Department of Housing & Urban Development Passed through Broward County CDBG Year 38 - Solar Lightning CDBG Year 38 - Wrice Center CDBG Year 38 - Oasis Project	14.218 14.218 14.218	B-12-UC-12-0001	142,265 242,000 24,400
Total Department of Housing & Urban Development			408,664
Total Federal Expenditures			\$ 1,254,411

See Notes to the Schedule of Expenditures of Federal Awards.

CITY OF DANIA BEACH, FLORIDA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2014

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Dania Beach, Florida (the City) under programs of the federal government for the year ended September 30, 2014. 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. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in Net Position, or cash flows of the City .

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) Pass-through entity identifying numbers are presented where available.

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

I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Dania beach, Florida .
2. No material weaknesses disclosed during the audit of the financial statements were reported in the report on internal control over financial reporting and on compliance .
3. No instances of noncompliance material to the financial statements of the City of Dania Beach, Florida were disclosed during the audit.
4. No material weaknesses in internal control over major federal award programs disclosed during the audit were reported in the report on compliance for each major program and on internal control over compliance required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Dania Beach, Florida expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule.
7. The programs tested as major programs were:
 - CFDA 66.468 Capitalization Grants for Drinking Water State Revolving Funds
 - CFDA 14.218 Community Development Block Grants/Entitlement Grants
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Dania Beach, Florida was determined to be a low-risk auditee.

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

II – FINDINGS FINANCIAL STATEMENT AUDIT

Prior year

2013-01 Water Service Connections:

This matter has been resolved and will not be repeated

Current year

None

III – FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

Prior Year

NONE

Current year

NONE

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE
STATE OF FLORIDA**

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

We have audited the financial statements of the City of Dania Beach, Florida, (the City) as of and for the year ended September 30, 2014, and have issued our report thereon dated March 30, 2015. We did not audit the financial statements of the City of Dania Beach's Police Officers' and Firefighters' Pension Plan which represents 55 percent, of the total assets and net position and 76% of revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the fiduciary funds, is based solely on the report of the other auditors.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; (if applicable) OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; (as applicable) Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 30, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment as of September 30, 2014 was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

We wish to thank the City of Dania Beach, Florida and the personnel associated with it for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

HCT Certified Public Accountants & Consultants, LLC

Hollywood, Florida
March 30, 2015