

# *City of Dania Beach* *Florida*



**Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2013**



**THE CITY OF DANIA BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**September 30, 2013**

Prepared by the  
Finance Department

CITY OF DANIA BEACH, FLORIDA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
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## **INTRODUCTORY SECTION**





# *City of Dania Beach*

Florida

March 18, 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 fiscal year ending September 30, 2013 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 new independent auditors, Harvey, Covington, Thomas of South Florida 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, marina, 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, and assists with 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, and also now handles the City's business tax licensing, 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 2013, the Consumer Price Index increased only slightly and it is expected to increase more rapidly in 2014. 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.

According to the Broward County Property Appraiser office, the taxable value of the City for fiscal year 2013 declined only slightly after reducing 2.94% in fiscal year 2012 – the fifth consecutive decline in five years. As in other cities, Dania Beach has experienced many home foreclosures and delays in property development. Current economic forecasts indicate property values have leveled off and are expected to increase over the next few years.

With the airport expansion, the City faces 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 will face a significant reduction in its tax base and annual utility service and assessment revenues will decline as a direct consequence of the airport expansion on nearby property.

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. The property was sold in 2013 to a South American gaming corporation who has initiated renovation of the facility and expansion of the slot machine gaming area. Further redevelopment and expansion of this facility, including access by water taxi from the Ft. Lauderdale area, is planned for coming years.

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 30<sup>th</sup>.

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, 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 as many large and small projects were completed over the course of the past three years. Many of the City capital projects are being paid by 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.

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

- Renovation of Lime Softening Water Plant using loan financing
- Replacement of several sewer Lift Stations using loan financing
- Citywide solar lighting using General Fund balances and Community Development Block Grant funding
- Stormwater drainage improvements soon to be under construction using a combination of accumulated fund balance and loan financing
- Marina renovation improvements using General Fund balances, grant funding and a bank qualified loan
- U. S. 1 Landscaping Improvements using Tree Preservation Fund balances and General Fund balances
- Rehabilitation of the City Pier Restaurant
- Neighborhood improvements including College Gardens, Dania Beach Heights, and Sun Garden Isles using General Fund balances
- Rehabilitation of the I.T. Parker Docking area using General Fund balances and grant funding

## **RELEVANT FINANCIAL POLICIES**

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

### Revenue Policy

The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit individual users. Additionally, it is the City's 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 fiscal year 2013 City Business-type Funds added a net of approximately \$2.1 million of additional loans under both the State Revolving Fund (SRF) program and a qualified bank loan with proceeds primarily used for improvements to the water plant, sewer system and the City Marina renovation.

#### 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, 4) litigation costs, and 5) 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 fiscal year ended September 30, 2012. This was the twenty fourth consecutive year (fiscal years 1988-2012) 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, 2013, 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.

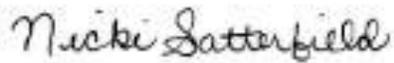
A Comprehensive Annual Financial Report of this nature could not have been prepared without the dedicated efforts of the entire staff of the Finance Department. A special note of thanks is extended to the auditing firm Harvey, Covington, Thomas of South Florida LLC, for the professional approach in conducting the independent audit of the City's financial records and transactions and also individually to Nicki Satterfield, Assistant Finance Director and Cori Mayo, Controller who worked tirelessly with our auditors in the preparation of this report. Credit and thanks is also given to the City Manager, Mayor and Commission for their support in providing needed resources for this report's preparation and for

maintaining high standards of professionalism in the oversight and administration of the City of Dania Beach's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Bates". The signature is fluid and cursive, with the first name "Mark" and last name "Bates" clearly distinguishable.

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

A handwritten signature in black ink, appearing to read "Nicki Satterfield". The signature is cursive and somewhat stylized, with the first name "Nicki" and last name "Satterfield" clearly distinguishable.

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

A handwritten signature in black ink, appearing to read "Cori Mayo". The signature is cursive and stylized, with the first name "Cori" and last name "Mayo" clearly distinguishable.

Cori Mayo, C.P.A.  
Controller



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, 2012**

Executive Director/CEO

# **DANIA BEACH CITY OFFICIALS**

## **CITY COMMISSION**

Mayor: Walter B. Duke, III

Vice Mayor: Albert C. Jones

Commissioner: Bobbie H. Grace

Commissioner: Chickie Brandimarte

## **CITY MANAGER**

Robert Baldwin

## **FINANCE DIRECTOR**

Mark Bates. C.P.A.

## **ASSISTANT FINANCE DIRECTOR**

Nicki Satterfield, C.P.A.

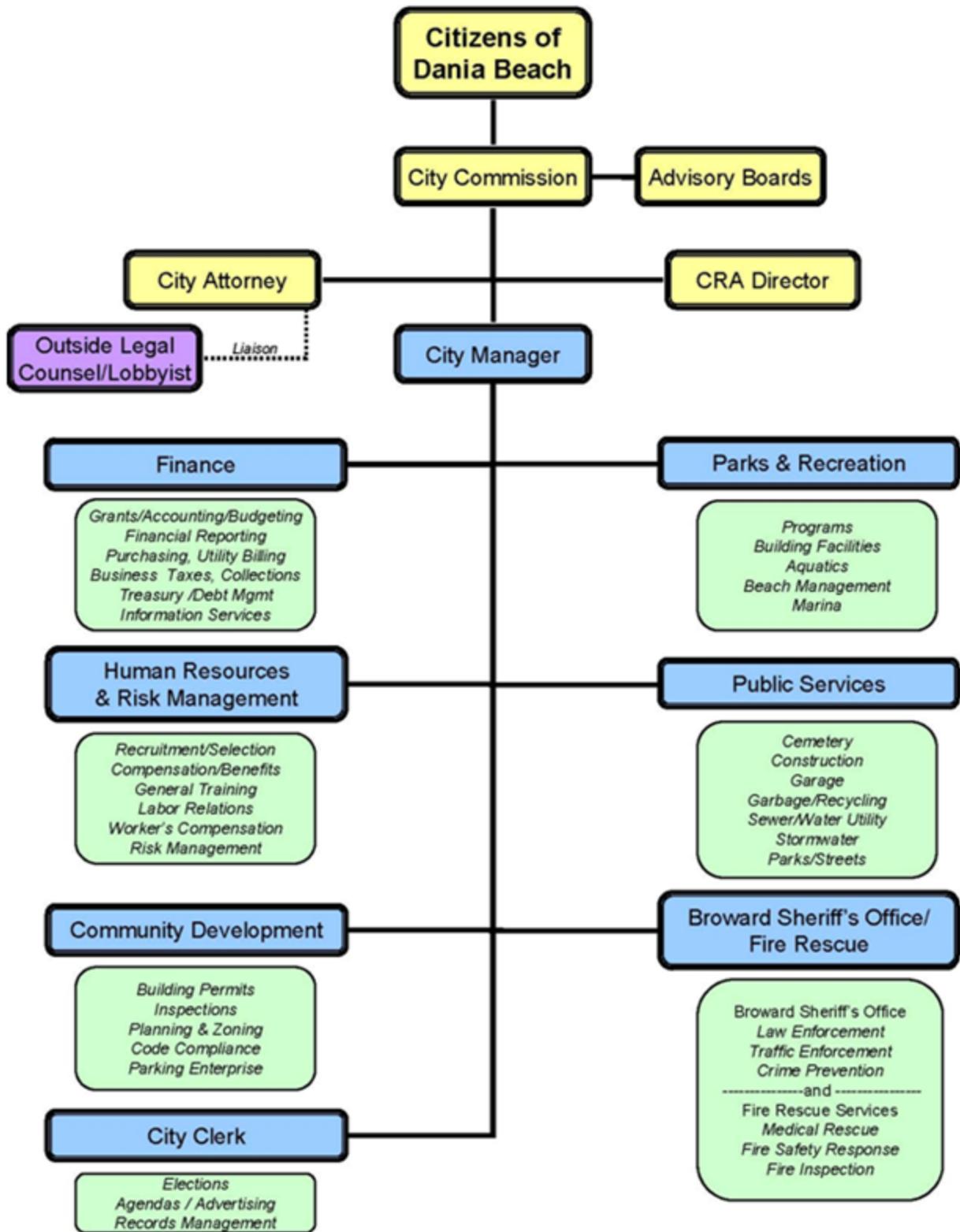
## **CONTROLLER**

Cori Mayo, C.P.A.

## **CITY AUDITORS**

Harvey, Covington & Thomas of South Florida LLC

# CITY OF DANAI BEACH ORGAIZATIONAL CHART





## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S 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, 2013, 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 53 percent, 53 percent, and 64 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. 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, 2013, 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 4–24 and 78–83 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the 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 18, 2014, 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.

*NCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
March 18, 2014



CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

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 fiscal year 2013 by \$ 101,855,682 (net position) reflecting an increase of \$ 2,942,498 over the prior year. Of this total amount, \$ 32,660,656 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens. Unrestricted net asset reflect a decrease of (\$ 2,182,599) over the prior year comprised of a (\$ 1.1) million decrease in governmental activities relating and a (\$ 1.1) million decrease from business-type activities caused primarily from Marina enterprise loans used to repay advances from made from the General Fund.

At the close of fiscal year 2013, the City's governmental funds reported a combined ending fund balance of \$ 25,520,888, which includes the General Fund, Capital Projects Fund, Grants Fund, CRA Fund and other governmental funds. This balance represents a decrease of (\$ 534,293) from the prior year due primarily to investments in capital projects, public safety costs and costs of litigation. The General Fund provides cash advance fund for awards of the Grants Fund and these two funds have a combined unassigned fund balance of \$ 11,365,504 available for spending at the City's discretion or roughly 28% of the annual General Fund budget; being comprised of a positive \$ 14,349,377 General Fund amount and a deficit (\$ 2,983,873) Grants Fund amount. This combined unassigned fund balance is \$ 2,295,769 more than the prior year including the Grant Fund deficit and was positively impacted by repayment of \$ .5 million unspent capital from BSO-fire, and \$ .4 million in OPEB Trust reimbursements to the General Fund. Outstanding grant awards 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 \$ 14,250,153, net of the Grant Fund deficit. The \$ 6,349,663 fund balance in the Capital Projects Fund is planned to be used entirely for approved governmental capital improvements and includes a \$ 7.5 million City marina renovation that will be transferred to the new Marina Enterprise Fund when completed in the coming year. Similarly, the \$ 1,111,177 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 \$ 2,123,996 for fiscal year 2013, before transfers and other financing sources. General Fund revenue sources were \$ 37,573,638 reflecting a negative variance of (\$ 1,557,204) from the budget plan primarily due to planned use of \$3.9 million of accumulated fund balances for a variety of purposes including: recreation, public safety, streets maintenance, legal consulting and litigation, and capital project appropriations. Expenditures for the year were \$ 35,449,642 before transfers and

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

other financing sources, reflecting a positive variance of \$ 2,237,274 from the budget plan. Increased costs occurred for legal consulting and litigation, increased contract public safety cost, funding of City's retiree health plan coverage and capital project funding transfers. The amount of net inter-fund transfers totaled (\$ 1,010,807) and included repayment of \$ 2.4 million from the Marina enterprise fund. 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 budget variance of \$ 3,134,803 compared with the budget plan.

The City's business-type activities experienced an operating income of \$ 5,118,581 which, after net non-operating expenses of (\$ 356,557), and net inter-fund transfers of (\$ 5,050,838), resulted in a small net decrease in net position of (\$ 275,551). The decrease in total net position was due primarily to the creation of a new Marina Enterprise Fund and its deficit net position caused by the transfer of \$ 2.4 million in bank loan proceeds to repay construction advances made from the General Fund.

City-wide depreciation expenses recorded during the year amounted to \$ 4,516,794 reflecting an increase of \$ 255,449 or 6% from the prior year. Total capital assets net of related debt was \$ 62,756,937 at year end, reflecting a net increase of \$ 3,662,925 over 2012.

## **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:

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**CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013**

	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"> <li>◆ Statement of Net Position</li> <li>◆ Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>◆ Balance Sheet</li> <li>◆ Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>◆ Statement of Net Position</li> <li>◆ Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>◆ Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>◆ Statement of Fiduciary Net Position</li> <li>◆ Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon after, no capital assets included	All assets and liabilities, both financial and Capital and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenses when goods/services have been received and payment is due, during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The City’s government-wide financial statements include the statement of net 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.

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*The Statement of Net Position* (page 25) 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* (page 26) 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.

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**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 on pages 84 and 85 of this report.

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 on pages 78 through 81 and 86 through 89.

The City's governmental fund financial statements are presented on pages 27 through 30.

**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.

The proprietary fund financial statements can be found on pages 31 through 34 of the report.

**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.

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The fiduciary fund statements can be found on pages 35 and 36 of this report and a more detailed description of the City's two pension trust funds may be found in the notes to financial statements on pages 67 through 71.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 77 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. This required supplemental information can be found on pages 82 through 83 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following schedule is a summary of the fiscal year 2013 Statement of Net Position with comparative information for fiscal year 2012. 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	
	2013	2012 Restated	2013	2012	2013	2012 Restated
Current and other assets	\$ 31,072,021	\$ 30,781,371	\$ 17,441,243	\$ 15,628,322	\$ 48,513,264	\$ 46,409,693
Capital assets	<u>60,140,241</u>	<u>57,245,965</u>	<u>34,176,715</u>	<u>33,917,104</u>	<u>94,316,956</u>	<u>91,163,069</u>
Total assets	<u>91,212,262</u>	<u>88,027,336</u>	<u>51,617,958</u>	<u>49,545,426</u>	<u>142,830,220</u>	<u>137,572,762</u>
Long-term liabilities	17,513,112	18,773,288	15,433,764	12,939,131	32,946,876	31,712,419
Other liabilities	<u>4,504,536</u>	<u>4,114,489</u>	<u>2,611,281</u>	<u>2,832,669</u>	<u>7,115,817</u>	<u>6,947,158</u>
Total liabilities	<u>22,017,648</u>	<u>22,887,777</u>	<u>18,045,045</u>	<u>15,771,800</u>	<u>40,062,693</u>	<u>38,659,577</u>
Deferred inflows	<u>837,007</u>	<u>-</u>	<u>74,838</u>	<u>-</u>	<u>911,845</u>	<u>-</u>
Net position:						
Invested in capital assets,						
net of related debt	42,228,983	39,096,333	20,527,954	19,997,679	62,756,937	59,094,012
Restricted	3,242,162	2,534,322	3,195,927	2,911,547	6,438,089	5,445,869
Unrestricted	<u>22,886,462</u>	<u>23,508,904</u>	<u>9,774,194</u>	<u>10,864,400</u>	<u>32,660,656</u>	<u>34,373,304</u>
Total net position	<u>\$ 68,357,607</u>	<u>\$ 65,139,559</u>	<u>\$ 33,498,075</u>	<u>\$ 33,773,626</u>	<u>\$ 101,855,682</u>	<u>\$ 98,913,185</u>

The overall financial position of the City improved in total by \$ 2.9 million to a total of \$101,855,682 during fiscal year 2013 compared to 2012. Unrestricted net position decreased by

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(\$ 1.7) million, while restricted assets increased by \$ 1.0 million and capital investments net of debt increased \$ 3.7 million. Business net position decreased slightly by (\$.3) million reflecting improved revenue and operating income offset by increased borrowing related to capital infrastructure projects including renovation of the City Marina and creation of a new Marina enterprise fund. The Marina had formerly been operated as a General Fund recreation function. Changes 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 (61.61%) 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 increased \$ 3.7 million in the current year and \$ 2.0 million in the prior year; showing continued expansion of City utility infrastructure, roadway, recreation and neighborhood capital improvements. 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 (6.32%) represents resources that are subject to external restrictions on how they may be used. The remaining net asset category, unrestricted, reflects an overall decrease of (\$ 2.2) million during the year to a total of \$ 32.7 million. The City's combined total unrestricted net position (32.06%) 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.

## **CHANGES IN NET POSITION**

The following schedule is a summary of the fiscal year 2013 Statement of Activities compared to 2012

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	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012 (Restated)</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012 (Restated)</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,177,777	\$ 11,570,253	\$ 15,777,262	\$ 14,778,334	\$ 26,955,039	\$ 26,348,587
Operating grants	265,678	866,809	-	-	265,678	866,809
Capital grants contributions	603,553	525,236	-	-	603,553	525,236
General revenues:						
Property taxes	15,467,882	15,604,005	-	-	15,467,882	15,604,005
Utility taxes	4,617,269	4,300,248	-	-	4,617,269	4,300,248
Franchise fees	2,292,448	2,238,321	-	-	2,292,448	2,238,321
Intergovernmental	3,669,786	3,494,027	-	-	3,669,786	3,494,027
Miscellaneous	3,393,790	1,029,975	-	-	3,393,790	1,029,975
Investment earnings	81,131	183,364	13,261	20,729	94,392	204,093
Total revenues	<u>41,569,314</u>	<u>39,812,238</u>	<u>15,790,523</u>	<u>14,799,063</u>	<u>57,359,837</u>	<u>54,611,301</u>
<b>Expenses:</b>						
General Government	7,404,873	8,741,494	-	-	7,404,873	8,741,494
Public Safety	22,673,356	22,030,147	-	-	22,673,356	22,030,147
Highway and Streets	2,165,939	1,795,574	-	-	2,165,939	1,795,574
Physical environment	3,133,648	2,905,797	-	-	3,133,648	2,905,797
Culture & Recreation	3,253,312	3,663,648	-	-	3,253,312	3,663,648
Community Redevelopment	3,808,510	1,513,049	-	-	3,808,510	1,513,049
Interest expense	962,466	1,090,506	-	-	962,466	1,090,506
Water	-	-	3,884,997	4,086,778	3,884,997	4,086,778
Sewer	-	-	5,345,282	5,120,193	5,345,282	5,120,193
Stormwater	-	-	1,010,648	1,315,519	1,010,648	1,315,519
Pier Operations	-	-	273,966	227,461	273,966	227,461
Parking	-	-	330,729	243,403	330,729	243,403
Marina	-	-	169,614	-	169,614	-
Total expenses	<u>43,402,104</u>	<u>41,740,215</u>	<u>11,015,236</u>	<u>10,993,354</u>	<u>54,417,340</u>	<u>52,733,569</u>
Increase (decrease) in net position before transfers	(1,832,790)	(1,927,977)	4,775,287	3,805,709	2,942,497	1,877,732
Transfers	<u>5,050,838</u>	<u>2,781,842</u>	<u>(5,050,838)</u>	<u>(2,781,842)</u>	-	-
Increase in net position	3,218,048	853,865	(275,551)	1,023,867	2,942,497	1,877,732
Net position, beginning of year	<u>65,139,559</u>	<u>64,285,694</u>	<u>33,773,626</u>	<u>32,749,759</u>	<u>98,913,185</u>	<u>97,035,453</u>
Net position, end of year	<u>\$ 68,357,607</u>	<u>\$ 65,139,559</u>	<u>\$ 33,498,075</u>	<u>\$ 33,773,626</u>	<u>\$ 101,855,682</u>	<u>\$ 98,913,185</u>

**GOVERNMENTAL ACTIVITIES**

Governmental activities increased the City's net position by a combined total of \$ 3.2 million for the fiscal year before prior year adjustment of .5 million to correctly reflect accrued interest expense on governmental debt. Governmental revenues increased by \$ 1.8 million although City tax rates and assessment rates for fire, stormwater and residential solid waste remained unchanged. Expenses increased by a total of \$ 2.1 million from the prior year primarily due to

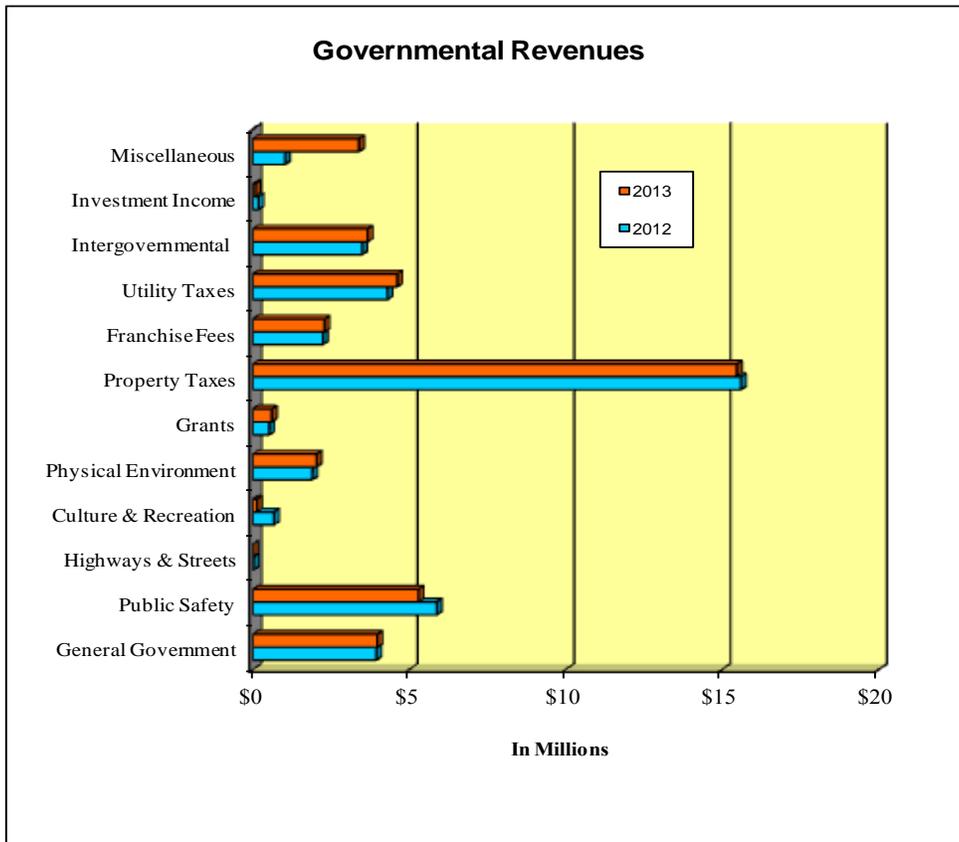
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neighborhood improvement expenditures, public safety, and higher interest expense from the additional G.O. debt. Transfers increased by a net of \$ 2.3 million from 2012 primarily due to repayment of advances made for renovation of the City Marina from the new Marina enterprise fund.

The majority of revenue increases came in the Miscellaneous area which increased \$ 2.4 million from the prior year and included: 1) repayment of unexpended capital from BSO-fire, 2) transfer of funds from the OPEB Trust partially funding retiree health costs, and sale of real property.

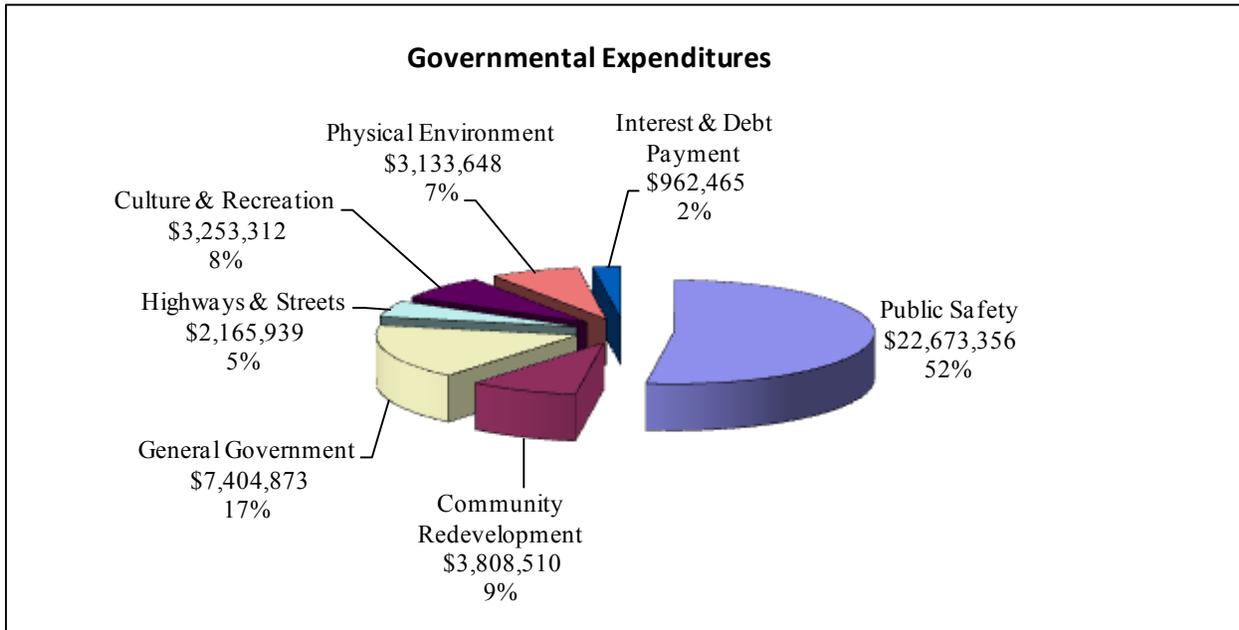
Expenses increased primarily from the Broward Sheriff Office (BSO) contract for Fire and Police services, increased City pension costs including re-negotiation of the annual Fire services pension contribution from BSO, and cash expenditures on several large neighborhood improvements by both the City and CRA.

The chart below illustrates the distribution of program and general revenues for governmental activities for fiscal year 2013 and 2012:



The pie chart below illustrates the program expenses for governmental activities for fiscal year 2013:

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**BUSINESS-TYPE ACTIVITIES**

The City operates six business-type activity funds including a new Marina Enterprise fund. The three Utility Enterprise funds (Water, Sewer, and Stormwater) reflect an annual improvement of \$ 1.6 million for the year that provides support for maintenance & repairs and repayment of capital improvement loans being used for Utility infrastructure improvements. Financial improvements were also noted by the Parking and Pier Enterprise funds. The new Marina enterprise fund reflects a \$2.3 million facility renovation bank loan liability that was used to repay temporary advances from the General Fund, resulting in a negative fund balance of (\$ 2.4 million).

- Water Fund operations reflect an increase of \$ 353,796 in net position. This included an increase of approximately \$366,959 in operating income stemming primarily from the third planned annual adjustment of user rates and delays in capital project construction causing reduced loan financing costs. Unrestricted net position of the Water Fund show a balance of \$ 4,400,135 reflecting a slight decrease of (\$ 342,808) from the prior year. Investments in other capital infrastructure improvements, net of debt, increased by \$ 598,009 from the prior year to a total of \$10,521,296 reflecting additional infrastructure rehabilitation being undertaken at the City's older Lime Water Softening Plant.
- The Sewer Fund experienced an increase in net position of \$ 800,932. This included an increase of approximately \$ 267,261 in operating income primarily from the third planned annual adjustment of user rates to support State Revolving Fund loan repayments on large capital infrastructure improvements undertaken for lift station replacement and groundwater infiltration improvements. Unrestricted

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net position of the Sewer Fund total \$ 3,682,943 reflecting an increase of \$ 1,014,208 from the prior year.

- The Stormwater Fund experienced an increase in net position of \$ 466,691. Annual property assessments rates were unchanged from prior year and provide financial resources for a substantial infrastructure project in the City's S.E. area that has been planned but delayed for the past two years. 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. Unrestricted net position of the Stormwater Fund shows an improved balance of \$ 3,504,944, reflecting an increase of \$ 316,780 from the prior year.
- The City's Non-major funds include the Parking Fund, Pier Operations Fund and a new Marina Enterprise Fund. The Parking Fund has continued to experience improved collections with operating revenues totaling \$ 1.05 million which is \$ .35 million more than the prior year. The Parking Fund unrestricted net position totaled \$ 685,293, reflecting an increase of \$531,389 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 \$ 32,120 resulting in a balance of \$ 40,102 in available unrestricted net position.
- The new Marina Enterprise Fund was created to begin tracking and capturing operations of the City Marina as a self-sustaining business operation beginning at the start of its renovation in March 2013. The Marina operating loss of (\$ 7,500) reflects declining rents occurring during this renovation period. Bank borrowings of \$2.4 million are planned to be repaid through future operating revenues with these loan proceeds being used to repay General Fund advances made to the Marina.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

### **Governmental Funds**

The fund financial statements for the governmental funds are provided on pages 26 through 29. 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

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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, 2013, the City's governmental funds reported combined ending fund balances of \$ 25,520,888, a decrease of (\$ 534,293) in comparison with the prior year. Approximately 45%, or \$ 11,365,504 of the ending balance is unassigned and available for spending at the City's discretion with \$ 5,089,047 assigned by City direction for emergency recovery, litigation, pension cost, self-insured health claims and capital projects. A balance of \$ 1,836,529 is committed for uses by the CRA, City cemetery and tree preservation use. A balance of \$ 6,293,661 is restricted for specific use by laws, loans and grant agreements and includes \$4.2 million for approved capital projects. The remaining fund balance of \$ 936,147 is non-spendable (not available for spending) because it is being used for the following:

- Advances to other City Funds - \$ 755,449
- Used for City inventory and prepaid expenses - \$ 75,499
- Property held for sale - \$ 105,199

Below is the analysis of the fund balances for fiscal year 2013:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Non Major Funds</u>	<u>Total</u>
Fund balances, September 30, 2012	\$ 15,651,659	\$ 8,783,972	\$ 1,619,550	\$ 26,055,181
Revenues	37,672,928	118,218	5,071,910	42,863,056
Expenditures	(35,513,123)	(6,538,158)	(6,396,905)	(48,448,186)
Other financing sources (uses)	<u>994,254</u>	<u>3,985,631</u>	<u>70,952</u>	<u>5,050,837</u>
Total Fund balances, September 30, 2013	18,805,718	6,349,663	365,507	25,520,888
Nonspendable fund balance, September 30,	(936,148)	-	-	(936,147)
Restricted fund balances, September 30, 2013	(635,544)	(4,162,675)	(1,495,442)	(6,293,661)
Committed fund balance, September 30, 2013	-	-	(1,836,528)	(1,836,529)
Assigned fund balance, September 30, 2013	<u>(2,884,649)</u>	<u>(2,186,988)</u>	<u>(17,410)</u>	<u>(5,089,047)</u>
Unassigned fund balance, September 30, 2013	<u>\$ 14,349,377</u>	<u>\$ -</u>	<u>\$ (2,983,873)</u>	<u>11,365,504</u>

**General Fund**

The General Fund is the chief operating fund of the City. As of September 30, 2013, the fund balance of the City's General Fund increased by \$ 3,154,058 to a total of \$ 18,805,717. Total General Fund revenues increased by \$ 900,699 to a total of \$37,672,928 primarily due to refund of unused capital payments made to BSO and a \$400,000 reimbursement from the City's OPEB Trust for retiree health cost expenditures. Expenditures increased by \$ 172,015 over fiscal year 2012 to a total of \$ 35,513,123 and reflects another significant increase in public safety costs totaling \$1.8 million. This cost increase was offset by reduced costs in most other City capital expense and service areas including lower State pension funding costs.

The amount of General Fund revenue by type, their percent of the total and the amount of

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change compared to the last three fiscal years are shown in the following schedule:

**Revenues**

	Current Year <u>9/30/2013</u>	1 year ago <u>9/30/2012</u>	2 years ago <u>9/30/2011</u>	3 years ago <u>9/30/2010</u>	Change Over Past 3 Years	Change Percent
General Fund Revenues:						
Ad valorem taxes	\$ 15,467,882	\$ 15,604,005	\$ 15,872,847	\$ 16,750,836	(\$1,282,954)	-8%
Special assessments	4,065,279	4,082,820	3,937,523	2,789,488	1,275,791	46%
Franchise fees	2,292,448	2,238,321	2,123,895	2,068,527	223,921	11%
Utility taxes	4,617,269	4,300,248	4,288,639	4,364,708	252,561	6%
Licenses and permits	880,205	880,092	1,088,539	793,423	86,782	11%
Intergovernmental	3,669,786	3,494,027	3,189,370	3,054,591	615,195	20%
Charges for services	3,424,154	3,250,279	3,212,735	3,718,422	(294,268)	-8%
Fines and forfeitures	355,032	711,168	424,301	532,308	(177,276)	-33%
Interest	74,034	182,939	119,232	495,587	(421,553)	-85%
Grants	-	-	-	28	(28)	-100%
Miscellaneous	2,826,839	2,028,330	1,487,576	1,120,463	1,706,376	152%
<b>Total Revenues</b>	<b>\$ 37,672,928</b>	<b>\$ 36,772,229</b>	<b>\$ 35,744,657</b>	<b>\$ 35,688,381</b>	<b>\$ 1,984,547</b>	<b>6%</b>

General Fund operating revenue totaled \$ 37,672,928, reflecting an increase of \$ 900,699 over last year. Decrease in ad valorem taxes is attributed 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 fiscal year 2013, City property values were generally unchanged after decline of 8% and 4% in the prior year two years coupled with reduced construction and development throughout the City. Non Ad-Valorem assessment rates for fire-rescue which have remained unchanged since 2010 when rates were increased slightly to provide funds loan repayment on purchases of new fire vehicles and equipment. Intergovernmental revenues have increased with greater sales tax receipts and a new annual profit sharing agreement approved by the legislature with a gaming destination adjacent to the City. Decreased City investment earnings reflect the lengthy Federal action reducing and maintaining interest rates at historic lows. Miscellaneous revenues increased 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.

**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:

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

	Current Year <u>9/30/2013</u>	1 year ago <u>9/30/2012</u>	2 years ago <u>9/30/2011</u>	3 years ago <u>9/30/2010</u>	Change Over <u>Past 3 Years</u>	Change <u>Percent</u>
General Fund Expenditures						
Current:						
General government	\$ 5,716,121	\$ 6,302,721	\$ 7,231,574	\$ 7,045,152	(1,329,031)	-19%
Public safety	22,319,940	21,186,819	21,372,031	20,475,723	1,844,217	9%
Highways and streets	1,099,131	1,259,159	1,442,289	1,388,010	(288,879)	-21%
Physical environment	2,857,462	2,826,999	2,700,705	2,715,486	141,976	5%
Community redevelopment	612,859	607,965	708,041	603,528	9,331	2%
Culture and recreation	2,907,610	3,157,445	2,712,127	2,406,001	501,609	21%
Total expenditures	<u>\$ 35,513,123</u>	<u>\$ 35,341,108</u>	<u>\$ 36,166,767</u>	<u>\$ 34,633,900</u>	<u>\$ 879,223</u>	<u>3%</u>

Operating expenditures in the General Fund amounted to \$ 35,513,123 reflecting an increase of less than \$ 200,000 over the prior year.

- General Government costs decreased as veteran employees with costly retirement benefits retired and were replaced with new, less costly staff and benefit levels. Prior year costs also reflected significant airport litigation expenditures that diminished in 2013 as rulings were entered by the Courts and settlement discussions advanced.
- Highways and street expenditures declined with no significant roadway repaving being performed through the Public Services Department during the past year.
- 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 \$500,000 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 transfers of \$ 4.1 million (\$ 2.5 million from General Fund and \$ 1.6 million from grant commitments) during FY'13 for use on various governmental infrastructure projects approved by the City Commission. Capital Project expenditures during FY'13 totaled \$ 6.5 million, including funding from prior year project

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

approvals. Expenditures were made for an array of approved projects including additional "oasis" neighborhood entryway; solar lighting, and traffic improvements; US-1 Landscaping Improvement Phase II; I.T. Parker dock replacement; conceptual development of a beach master plan; and preliminary engineering design, planning and construction of the City's Marina renovation.

The CRA Fund received net transfers of \$ 830,229 from the General Fund. Expenditures of the CRA totaled \$1,247,607 which included operation 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 \$1,111,177, reflecting a decrease of (\$ 646,405) from the prior year as approved CRA neighborhood improvement expenditures were incurred and paid.

The Grant Fund reported a total of \$ 869,231 in revenues during FY'13 from a mixture of State and County sources. County CDBG grant collections for neighborhood improvements provided \$ .3 million for neighborhood improvements. The City collected \$ .2 million from a 21<sup>st</sup> Century learning grant for after-school and summer youth programs. The City also collected \$ .4 million from State and County grants for Marina improvements. Grant Fund transfers out of \$1.6 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 for fiscal year 2013: Water, Sewer, Stormwater, Parking, Pier Operations and a new Marina Enterprise 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:

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

- The \$ 3.4 million increase in the appropriation of prior year fund balances includes approved transfers of cash to fund a portion of the Marina approved renovation for \$ 2.3 million and the \$ .6 million carryover of unused fire pension appropriations from the prior year. Budget appropriations also included the planned uses of various impact fees for public safety, recreation and administration.
- Increase in legal department is attributed to outside counsel cost for airport litigation.
- Public safety increase is attributed to renegotiation of annual fire employer pension contributions reducing costs to BSO and increasing annual Fire pension cost to the City.
- Increase in the inter-fund transfers is attributed to General Fund transfers to the Capital Projects Fund providing resources for rehabilitation of the City Marina. All governmental debt is centralized in the Debt Service Fund thus creating funding transfers from the General Fund to provide resources for repayment of all Governmental Fund loans.

**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, 2013 amounts to \$ 94,316,956 (net of accumulated depreciation) representing an increase of \$ 3,153,887 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.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 16,184,221	\$ 16,184,221	\$ 220,976	\$ 220,976	\$ 16,405,197	\$ 16,405,197
Utility system	-	-	26,856,420	28,290,195	26,856,420	28,290,195
Buildings	17,899,498	18,945,503	3,502,286	3,699,407	21,401,784	22,644,910
Equipment	1,776,825	2,059,995	465,991	195,113	2,242,816	2,255,108
Infrastructure	19,361,338	17,341,323	-	-	19,361,338	17,341,323
Construction-in-progress	4,918,359	2,714,923	3,131,042	1,511,415	8,049,401	4,226,338
	<u>\$ 60,140,241</u>	<u>\$ 57,245,965</u>	<u>\$ 34,176,715</u>	<u>\$ 33,917,106</u>	<u>\$ 94,316,956</u>	<u>\$ 91,163,071</u>

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

Major capital asset events during the fiscal year included:

- 100% completion of I.T. Parker Dock renovation
- 100% completion of the Sewer lift station Project
- Purchase of a new Street Sweeper
- 100% completion of US-1 Landscaping – both Phase I and II
- 30% completion of Lime Softening Water Plant renovation
- 30% completion of City Marina renovation
- 90% completion of City's Pier restaurant renovation
- 100% of neighborhood new solar lighting improvements installed
- 100% completion of Oasis neighborhood along improvement SW 28<sup>th</sup> Terrace
- 100% completion of City and CRA neighborhood revitalization projects
  - Dania Beach Heights, College Gardens, and Sun Garden Isles

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

### **Long-Term Debt**

As of September 30, 2013, the City had a total outstanding debt of \$ 35,013,757. This debt consists of compensated absences, bonds, notes, and capital leases payable that are secured by non ad-valorem revenues or through covenants to budget and appropriation, and general obligation bonds secured by ad-valorem revenues.

The City's debt total increased by a net amount of approximately \$ 900,000 during 2013, comprised of a (\$ 1.3m) decrease in governmental debt and a net increase in business activity borrowing of \$ 2.2m. Business-type activities borrowings included a \$ 2.4 million bank loan being used for renovation of the City Marina and additions to State revolving fund loans for further water and sewer lift station infrastructure improvements offset by revolving fund loan repayments. Additional information on the City's debt and other long-term liabilities can be found in Note 7 of this report.

**CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Sales tax bonds	\$ 1,615,000	\$ 2,075,000	\$ -	\$ -	\$ 1,615,000	\$ 2,075,000
General obligation bonds	8,885,000	9,230,000	-	-	8,885,000	9,230,000
Notes	5,980,199	6,438,645	2,400,000	-	8,380,199	6,438,645
Capital leases	1,415,894	1,502,805	-	-	1,415,894	1,502,805
State revolving loan	-	-	13,648,761	13,919,425	13,648,761	13,919,425
Compensated absences	790,356	708,648	278,547	251,023	1,068,903	959,671
	<u>\$18,686,449</u>	<u>\$19,955,098</u>	<u>\$16,327,308</u>	<u>\$ 14,170,448</u>	<u>\$35,013,757</u>	<u>\$34,125,546</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 substantial part of fiscal 2013 building activity came from non-taxable development including a new County bus garage facility, the City's own Marina renovation, and acquisition of property by a non-taxable maritime training facility. A new 6-story hotel was substantially completed in 2013 that will help to offset the City's loss of a larger hotel and commercial property removed from the tax rolls through eminent domain for expansion of the south runway at Ft. Lauderdale International airport. The City has also noted 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 high-rise hotel and condominium complex have been refocused with a developer currently exploring construction of an seven-story residential building offering one and two-bedroom apartments.

The City recently 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 aide 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. Deepening of the Dania cut-off canal and intra-coastal waterway have been completed and will provide long-term benefits to the

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

City's growing marine industry. Substantial investments by marine/boatyard operators over the past year have occurred as national and international economies have rebounded. This marine industry is an area leading the economic rebound and local boatyards and marine service companies are expanding to serve a greater number of large private and corporate yachts coming into South Florida. In the coming year, plans are being 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 from beach activities, thus phasing in beach improvements over the course of coming years.

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. Elected officials have not yet enacted approved adjustments to the closed General Employee pension plan. 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 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 capital projects over the past four years. These have included US-1 landscaping, several park and neighborhood "oasis" projects; and the City Marina renovation currently underway. 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 2014 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.

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

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 including a large hotel in proximity of the landing zone will be demolished and removed. The loss of annual revenues associated with the runway expansion property impacts could have significant impact on the City’s future property tax, utility and assessment revenues beginning in FY’14. Settlement of City litigation regarding this runway expansion occurred in early 2014 that will greatly reduce the use of unassigned fund balance 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 the 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 March 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 \$ 822,150 in direct spending plus additional funds to allow the CRA to pay for annual administrative support costs.

In fiscal year 2009, the City was required to implement GASB 45. The City chose to create and annually fund a separate Trust fund to provide financial resources for costs of retiree health care. The actuary indicated the initial 2009 annual City OPEB cost (Other Post-Employment Benefits) was approximately \$ 1,703,066. The City funds much of the annual cost annually on a pay-as-you-go basis from its annual operating budget.

Below is a table of separate Trust investment funding and current status of the Trust investment account:

	<u>Trust Funding</u>	<u>Earnings</u>	<u>Uses</u>	<u>Investment Balance</u>	<u>Retiree Costs</u>
2009	\$1,300,000	\$ 69,747	\$ -	\$ 1,369,747	\$ 529,796
2010	2,020,033	172,735	-	3,562,515	586,000
2011	1,743,056	23,921	-	5,329,492	1,085,391
2012	246,520	774,611	-	6,350,623	1,077,867
2013	-	579,199	400,000	6,529,822	790,398

At September 30, 2013 the OPEB Trust held a balance of \$ 6,529,822 in assets for payment of retiree health benefits and had accumulated an estimated OPEB net asset of \$ 1.572 million stemming from pay-as-you-go retiree payments.

CITY OF DANIA BEACH, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended September 30, 2013

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 were halted in 2013 and improvement with expanded business development and a growing property tax base is anticipated in the coming 2014 year. Loss of property values associated with the County airport expansion are expected to negatively impact the City in the FY'15 fiscal year. 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.

CITY OF DANIA BEACH, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2013

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS:</b>			
Cash, cash equivalents and investments	25,999,027	11,982,799	37,981,826
Receivables:			
Franchise, utility, and other taxes	741,981	-	741,981
Customer/other, net	793,094	2,120,384	2,913,478
Internal balances	280,316	119,684	400,000
Due from other governments	854,273	280,143	1,134,416
Inventories	25,073	-	25,073
Prepaid expenses	48,491	26,687	75,178
Property held for resale	105,199	-	105,199
Net pension asset	190,998	-	190,998
Net OPEB Asset	1,572,135	-	1,572,135
Restricted assets:			
Cash, cash equivalents and investments	461,434	2,911,546	3,372,980
Capital assets not being depreciated	21,102,579	3,352,018	24,454,597
Capital assets being depreciated, net	39,037,662	30,824,697	69,862,359
Total assets	<u>91,212,262</u>	<u>51,617,958</u>	<u>142,830,220</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	2,198,851	1,105,379	3,304,230
Deposits	67,415	309,852	377,267
Due to other governments	58,958	274,842	333,800
Claims and judgments payable	444,685	-	444,685
Other liabilities	181,085	27,665	208,749
Accrued interest	365,040	-	365,040
Non-current liabilities:			
Due within one year:			
Compensated absences	118,553	41,782	160,335
Notes payable	1,069,949	851,762	1,921,711
Due in more than one year:			
Compensated absences	671,803	236,763	908,566
Notes payable	16,841,309	15,197,000	32,038,309
Total liabilities	<u>22,017,648</u>	<u>18,045,045</u>	<u>40,062,693</u>
Deferred inflows			
Unearned revenue	837,007	74,838	911,845
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	42,228,983	20,527,954	62,756,937
Restricted for:			
Capital improvements		2,376,598	2,376,598
Culture and recreation	20,984	-	20,984
Building code costs	887,101	-	887,101
Debt service	461,434	819,329	1,280,763
General government	1,232,910	-	1,232,910
Public safety	639,733	-	639,733
Capital projects		-	-
Unrestricted	<u>22,886,462</u>	<u>9,774,194</u>	<u>32,660,656</u>
Total net position	<u>\$ 68,357,607</u>	<u>\$ 33,498,075</u>	<u>101,855,682</u>

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
For The Year September 30, 2013

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	\$ 7,404,873	\$ 3,714,622	\$ 265,678	\$ 256,953	\$ (3,167,620)	\$ -	\$ (3,167,620)
Public safety	22,673,356	5,297,301	-	-	(17,376,055)	-	(17,376,055)
Highways and streets	2,165,939	-	-	-	(2,165,939)	-	(2,165,939)
Physical environment	3,133,648	2,037,219	-	10,000	(1,086,428)	-	(1,086,428)
Culture and recreation	3,253,312	128,635	-	336,600	(2,788,077)	-	(2,788,077)
Community redevelopment	3,808,510	-	-	-	(3,808,510)	-	(3,808,510)
Interest on long-term debt	962,464	-	-	-	(962,464)	-	(962,464)
Total governmental activities	<u>\$43,402,102</u>	<u>11,177,777</u>	<u>265,678</u>	<u>603,553</u>	<u>(31,355,093)</u>	<u>-</u>	<u>(31,355,093)</u>
Business-type activities							
Water	3,884,997	5,479,402	-	-	-	1,594,405	1,594,405
Sewer	5,345,282	6,771,028	-	-	-	1,425,746	1,425,746
Stormwater	1,010,648	1,949,507	-	-	-	938,859	938,859
Parking	273,966	1,052,362	-	-	-	778,396	778,396
Pier operations	330,729	362,849	-	-	-	32,120	32,120
Marina	169,615	162,114	-	-	-	(7,501)	(7,501)
Total business-type activities	<u>11,015,237</u>	<u>15,777,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,762,025</u>	<u>4,762,025</u>
Total	<u>\$54,417,339</u>	<u>\$26,955,039</u>	<u>\$ 265,678</u>	<u>\$ 603,553</u>	<u>(31,355,093)</u>	<u>4,762,025</u>	<u>(26,593,068)</u>
General revenues:							
Property taxes					15,467,882	-	15,467,882
Franchise fees based on gross receipts					2,292,448	-	2,292,448
Utility taxes					4,617,269	-	4,617,269
Unrestricted intergovernmental revenue					3,669,786	-	3,669,786
Unrestricted investment earnings					81,130	13,262	94,392
Miscellaneous					3,393,790	-	3,393,790
Transfers					5,050,838	(5,050,838)	-
Total general revenues and transfers					<u>34,573,141</u>	<u>(5,037,576)</u>	<u>29,535,567</u>
Change in net position					3,218,048	(275,551)	2,942,498
Net position at beginning of year					65,609,519	33,773,626	99,383,145
Prior period adjustment					(469,960)	-	(469,960)
Net position, beginning of year as restated					<u>65,139,559</u>	<u>33,773,626</u>	<u>98,913,185</u>
Net position, end of year					<u>\$68,357,607</u>	<u>\$33,498,075</u>	<u>\$101,855,682</u>

See Notes to the Basic Financial Statements.

**CITY OF DANIA BEACH, FLORIDA**  
**BALANCE SHEET-**  
**GOVERNMENTAL FUNDS**  
**September 30, 2013**

	<u>Special Revenue Funds</u>				Other Non Major Governmental Funds	Total Governmental Funds
	General	Grants	Community Redevelopment Agency	Capital Projects		
<b>ASSETS:</b>						
<b>Current Assets</b>						
Cash, cash equivalents and investments	\$ 15,313,727	\$ 1,786	\$ 1,186,731	\$ 7,587,213	\$ 1,909,572	\$ 25,999,029
Receivables, net						-
Franchise, utility and other taxes	741,980	-	-	-	-	741,980
Customer / other, net	787,930	-	-	-	5,164	793,094
Due from other funds	2,808,928	-	-	-	-	2,808,928
Due from other governmental agencies	564,577	289,695	-	-	-	854,272
Advance to other funds	755,449	-	-	-	-	755,449
Inventories	25,073	-	-	-	-	25,073
Prepays	48,490	-	-	-	-	48,490
Property held for sale	105,199	-	-	-	-	105,199
Restricted assets:						
Cash, cash equivalents and investments	-	-	-	-	461,434	461,434
Total assets	<u>\$ 21,151,353</u>	<u>\$ 291,481</u>	<u>\$ 1,186,731</u>	<u>\$ 7,587,213</u>	<u>\$ 2,376,170</u>	<u>\$ 32,592,948</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	765,266	-	71,867	1,237,550	124,168	2,198,851
Due to other funds	-	3,275,354	3,687	-	5,019	3,284,060
Due to other governmental agencies	50,179	-	-	-	8,779	58,958
Deposits	67,415	-	-	-	-	67,415
Claims and judgments payable	444,685	-	-	-	-	444,685
Other liabilities	181,084	-	-	-	-	181,084
Total liabilities	<u>1,508,629</u>	<u>3,275,354</u>	<u>75,554</u>	<u>1,237,550</u>	<u>137,966</u>	<u>6,235,053</u>
<b>Deferred inflows of resources</b>						
Deferred business tax receipts	493,744	-	-	-	-	493,744
Deferred rental receipts	108,000	-	-	-	-	108,000
Other deferred receipts	235,263	-	-	-	-	235,263
Total deferred inflows of resources	<u>837,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>837,007</u>
<b>Fund balance</b>						
<b>Nonspendable</b>						
Inventories	27,009	-	-	-	-	27,009
Prepays	48,490	-	-	-	-	48,490
Advances	755,449	-	-	-	-	755,449
Property held for sale	105,199	-	-	-	-	105,199
<b>Restricted</b>						
Capital projects	-	-	-	4,162,675	-	4,162,675
General government	121,734	-	-	-	-	121,734
Public safety	492,826	-	-	-	146,907	639,733
Building code costs	-	-	-	-	887,101	887,101
Debt service	-	-	-	-	461,434	461,434
Culture and recreation	20,984	-	-	-	-	20,984
<b>Committed for:</b>						
Community redevelopment	-	-	1,111,177	-	-	1,111,177
Maintenance of cemeteries	-	-	-	-	620,227	620,227
Tree preservation	-	-	-	-	105,125	105,125
<b>Assigned to:</b>						
Airport litigation	18,155	-	-	-	-	18,155
Claims reserves	431,908	-	-	-	-	431,908
Disaster recovery	1,869,461	-	-	-	-	1,869,461
Firefighter's pension	565,125	-	-	-	-	565,125
Capital projects	-	-	-	2,186,988	17,410	2,204,398
Unassigned (deficit)	14,349,377	(2,983,873)	-	-	-	11,365,504
Total fund balances (deficit)	<u>18,805,717</u>	<u>(2,983,873)</u>	<u>1,111,177</u>	<u>6,349,663</u>	<u>2,238,204</u>	<u>25,520,888</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 21,151,353</u>	<u>\$ 291,481</u>	<u>\$ 1,186,731</u>	<u>\$ 7,587,213</u>	<u>\$ 2,376,170</u>	<u>\$ 32,592,948</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, 2013

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 25,520,888
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		60,140,241
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Net pension asset	190,998	
Net OPEB asset	<u>1,572,135</u>	1,763,133
Interest payable not reported in the government funds		(365,041)
Long-term liabilities, including bond payable, notes payable, capital lease obligations and compensated absences are not due and payable in the current period and, therefore, are not reported at the fund level.		<u>(18,701,614)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 68,357,607</u></u>

See Notes to the Basic Financial Statements.

**CITY OF DANIA BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2013**

	<u>Special Revenue Funds</u>			Capital Projects	Other Non Major Governmental Funds	Total Governmental Funds
	General	Grants	Community Redevelopment Agency			
<b>REVENUES:</b>						
Property taxes	\$ 15,467,882	\$ -	\$ -	\$ -	\$ -	\$ 15,467,882
Special Assessments	4,065,279	-	-	-	-	4,065,279
Franchise Fees	2,292,448	-	-	-	-	2,292,448
Utility Taxes	4,617,269	-	-	-	-	4,617,269
Licenses and permits	880,205	-	-	-	2,400,592	3,280,797
Intergovernmental	3,669,786	-	-	-	-	3,669,786
Charges for Services	3,424,154	-	-	-	31,496	3,455,650
Fines and forfeitures	355,032	-	-	-	21,018	376,050
Investment earnings (loss)	74,034	-	4,761	-	2,337	81,132
Grants	-	869,231	-	-	-	869,231
Miscellaneous	2,826,839	-	36,139	118,218	1,706,337	4,687,533
<b>Total revenues</b>	<u>37,672,928</u>	<u>869,231</u>	<u>40,900</u>	<u>118,218</u>	<u>4,161,780</u>	<u>42,863,056</u>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	5,716,121	-	-	825,188	-	6,541,309
Public safety	22,319,940	1,275	-	-	48,404	22,369,619
Highways and streets	1,099,131	-	-	2,091,218	-	3,190,349
Physical environment	2,857,462	-	-	-	-	2,857,462
Community redevelopment	612,859	-	1,247,607	3,621,752	1,188,977	6,671,195
Culture and recreation	2,907,610	247,093	-	-	-	3,154,703
<b>Debt Service</b>						
Principal	-	-	-	-	3,066,126	3,066,126
Interest	-	-	-	-	597,424	597,424
<b>Total expenditures</b>	<u>35,513,123</u>	<u>248,368</u>	<u>1,247,607</u>	<u>6,538,158</u>	<u>4,900,931</u>	<u>48,448,186</u>
 Excess (deficiency) of revenues over expenditures	 2,159,805	 620,863	 (1,206,707)	 (6,419,940)	 (739,151)	 (5,585,130)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	6,261,449	1,443	830,229	4,104,339	1,948,514	13,145,974
Transfers out	(5,267,196)	(1,635,844)	(269,927)	(118,708)	(803,462)	(8,095,137)
<b>Total other financing sources (uses)</b>	<u>994,253</u>	<u>(1,634,401)</u>	<u>560,302</u>	<u>3,985,631</u>	<u>1,145,052</u>	<u>5,050,837</u>
 Net change in fund balances	 3,154,058	 (1,013,538)	 (646,405)	 (2,434,309)	 405,901	 (534,293)
<b>FUND BALANCES (DEFICIT)</b>						
<b>BEGINNING OF YEAR</b>	<u>15,651,659</u>	<u>(1,970,335)</u>	<u>1,757,582</u>	<u>8,783,972</u>	<u>1,832,303</u>	<u>26,055,181</u>
<b>FUND BALANCES (DEFICIT)</b>						
<b>END OF YEAR</b>	<u>\$ 18,805,717</u>	<u>\$ (2,983,873)</u>	<u>\$ 1,111,177</u>	<u>\$ 6,349,663</u>	<u>\$ 2,238,204</u>	<u>\$ 25,520,888</u>

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, 2013

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (534,293)

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 5,698,166

Provision for depreciation on governmental capital assets is included in the governmental activities in the statement of net position (2,803,889)

Principal payments on long-term debt are reported as expenditures in governmental funds, but as a reduction of long-term liabilities in the statement of net position 1,451,126

Certain Revenues reported in the statement of activities are recognized only on a full accrual basis and are not reported at the fund level. 321,255

Certain items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Provision for amortization of bond premium	690	
Write off of bond issuance costs	(118,147)	
Change in OPEB asset	(350,112)	
Change in accrued interest	(365,039)	
Change in compensated absences	(81,709)	
	(914,317)	(914,317)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,218,048

See Notes to the Basic Financial Statements.

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**CITY OF DANIA BEACH,  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2013**

	<u>Business Type Activities - Enterprise Funds</u>			Nonmajor Funds	Totals
	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>		
<b>ASSETS:</b>					
Current Assets:					
Cash, cash equivalents and investments	\$ 4,946,742	\$ 3,539,500	\$ 2,714,205	\$ 782,353	\$ 11,982,800
Receivables, net	981,325	1,114,017	-	25,040	2,120,382
Due from other funds	-	-	900,000	-	900,000
Due from other governments	-	-	-	280,143	280,143
Prepays and other assets	14,281	5,088	7,319	-	26,688
Total current assets	<u>5,942,348</u>	<u>4,658,605</u>	<u>3,621,524</u>	<u>1,087,536</u>	<u>15,310,013</u>
Noncurrent assets:					
Restricted cash, cash equivalents and investments	1,712,929	1,196,378	2,241	-	2,911,548
Capital assets not being depreciated	1,498,024	1,159,975	694,020	-	3,352,019
Capital assets being depreciated, net	19,928,386	4,975,077	5,851,112	70,120	30,824,695
Total noncurrent assets	<u>23,139,339</u>	<u>7,331,430</u>	<u>6,547,373</u>	<u>70,120</u>	<u>37,088,262</u>
Total assets	<u>29,081,687</u>	<u>11,990,035</u>	<u>10,168,897</u>	<u>1,157,656</u>	<u>52,398,275</u>
<b>LIABILITIES AND NET POSITION:</b>					
Current liabilities:					
Accounts payable and accrued liabilities	509,406	467,251	51,091	77,626	1,105,374
Due to other funds	14,388	4,896	5,252	331	24,867
Due to other governmental agencies	-	-	8	274,834	274,842
Advance from other funds	376,523	378,926	-	-	755,449
Deposits	302,552	-	-	7,300	309,852
Other liabilities	27,665	-	-	-	27,665
Current portion of compensated absences	21,297	10,817	9,034	634	41,782
Current maturities of long term debt	639,566	134,243	2,953	75,000	851,762
Total current liabilities	<u>1,891,397</u>	<u>996,133</u>	<u>68,338</u>	<u>435,725</u>	<u>3,391,593</u>
Noncurrent liabilities:					
Compensated absences	120,685	61,294	51,195	3,590	236,764
Loans payable - noncurrent	10,265,549	2,554,458	51,993	2,325,000	15,197,000
Total noncurrent liabilities	<u>10,386,234</u>	<u>2,615,752</u>	<u>103,188</u>	<u>2,328,590</u>	<u>15,433,764</u>
Total liabilities	<u>12,277,631</u>	<u>3,611,885</u>	<u>171,526</u>	<u>2,764,315</u>	<u>18,825,357</u>
Deferred inflows	71,102	-	-	3,741	74,843
<b>NET POSITION:</b>					
Invested in capital assets, net of related debt	10,521,296	3,446,352	6,490,185	70,121	20,527,954
Restricted for:					
Capital improvements	1,220,040	1,156,558	-	-	2,376,598
Debt Service	591,483	92,297	2,241	133,308	819,329
Unrestricted	4,400,135	3,682,943	3,504,944	(1,813,828)	9,774,194
Total net position	<u>\$ 16,732,954</u>	<u>\$ 8,378,150</u>	<u>\$ 9,997,370</u>	<u>\$ (1,610,399)</u>	<u>\$ 33,498,075</u>

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, 2013

	<u>Business Type Activities - Enterprise Funds</u>			Nonmajor Funds	Totals
	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>		
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 5,361,792	\$ 6,604,587	\$ 1,949,507	\$ 1,519,786	\$ 15,435,672
Fines and forfeitures	-	-	-	57,540	57,540
Miscellaneous	117,610	166,441	-	-	284,051
Total operating revenues	<u>5,479,402</u>	<u>6,771,028</u>	<u>1,949,507</u>	<u>1,577,326</u>	<u>15,777,263</u>
<b>OPERATING EXPENSES:</b>					
Operations and maintenance	2,469,842	4,899,693	811,813	764,428	8,945,776
Depreciation	1,119,426	386,207	197,390	9,882	1,712,905
Total operating expenses	<u>3,589,268</u>	<u>5,285,900</u>	<u>1,009,203</u>	<u>774,310</u>	<u>10,658,681</u>
Operating income	<u>1,890,134</u>	<u>1,485,128</u>	<u>940,304</u>	<u>803,016</u>	<u>5,118,582</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	87	8,129	5,046	-	13,262
Interest (expense)	(295,729)	(59,383)	(1,445)	-	(356,557)
Total non-operating revenues (expenses) before transfers	<u>(295,642)</u>	<u>(51,254)</u>	<u>3,601</u>	<u>-</u>	<u>(343,295)</u>
<b>TRANSFERS:</b>					
Transfers in	-	-	-	26,850	26,850
Transfers out	(1,240,696)	(632,942)	(477,214)	(2,726,835)	(5,077,687)
Total transfers	<u>(1,240,696)</u>	<u>(632,942)</u>	<u>(477,214)</u>	<u>(2,699,986)</u>	<u>(5,050,838)</u>
Change in net position	353,796	800,932	466,691	(1,896,970)	(275,551)
NET POSITION, beginning of year	<u>16,379,158</u>	<u>7,577,218</u>	<u>9,530,679</u>	<u>286,571</u>	<u>33,773,626</u>
NET POSITION, end of year	<u>\$ 16,732,954</u>	<u>\$ 8,378,150</u>	<u>\$ 9,997,370</u>	<u>\$ (1,610,399)</u>	<u>\$ 33,498,075</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, 2013

	Business-Type Activities			Non-Major Funds	Totals
	Water	Sewer	Stormwater		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 5,487,398	\$ 6,728,608	\$ 1,949,507	\$ 1,285,969	\$15,451,482
Payments to employees	(1,459,020)	(586,177)	(612,820)	(152,498)	(2,810,515)
Payments to suppliers	(644,579)	(4,773,613)	(175,137)	(575,963)	(6,169,292)
Net cash provided by (used in) operating activities	<u>3,383,799</u>	<u>1,368,818</u>	<u>1,161,550</u>	<u>557,508</u>	<u>6,471,675</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Cash provided from (to) other funds	<u>(1,238,864)</u>	<u>(633,630)</u>	<u>(477,958)</u>	<u>(2,700,900)</u>	<u>(5,051,352)</u>
Net cash provided by (used in) non-capital financing activities	<u>(1,238,864)</u>	<u>(633,630)</u>	<u>(477,958)</u>	<u>(2,700,900)</u>	<u>(5,051,352)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchase of capital assets	(990,155)	(580,000)	(344,369)	(57,990)	(1,972,515)
Proceeds from long term debt	-	496,523	-	2,400,000	2,896,523
Loan from other government	-	-	-	273,792	273,792
Principal paid on long-term debt	(727,279)	(26,273)	(2,933)	-	(756,485)
Interest paid on long term debt	(301,386)	(70,084)	(1,444)	-	(372,913)
Net cash provided by (used in) capital and related financing activities	<u>(2,018,820)</u>	<u>(179,834)</u>	<u>(348,746)</u>	<u>2,615,802</u>	<u>68,402</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment earnings	<u>88</u>	<u>8,129</u>	<u>5,046</u>	<u>-</u>	<u>13,262</u>
Net cash provided by investing activities	<u>88</u>	<u>8,129</u>	<u>5,046</u>	<u>-</u>	<u>13,262</u>
Net increase (decrease) in cash and cash equivalents	126,203	563,483	339,892	472,410	1,501,987
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,533,468</u>	<u>4,172,395</u>	<u>2,376,554</u>	<u>309,944</u>	<u>13,392,361</u>
CASH AND CASH EQUIVALENTS, end of year	<u>6,659,671</u>	<u>4,735,878</u>	<u>2,716,446</u>	<u>782,354</u>	<u>14,894,348</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>					
Cash and cash equivalents	4,946,742	3,539,500	2,714,205	782,354	11,982,801
Restricted cash and cash equivalents	<u>1,712,928</u>	<u>1,196,378</u>	<u>2,241</u>	<u>-</u>	<u>2,911,547</u>
Cash and cash equivalents, ending	<u>\$ 6,659,670</u>	<u>\$ 4,735,878</u>	<u>\$ 2,716,446</u>	<u>\$ 782,354</u>	<u>14,894,348</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, 2013  
(Continued)

	Business-Type Activities			Non-Major Funds	Totals
	Water	Sewer	Stormwater		
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income	1,890,134	1,485,128	940,304	803,015	5,118,581
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Provision for allowance for doubtful accounts	24,605	13,447	-	-	38,052
Provision for depreciation	1,119,426	386,207	197,390	9,882	1,712,905
(Increase) decrease in:					
Receivables	514	(55,869)	50	(25,039)	(80,344)
Prepays and other assets	5,547	(239)	2,511	-	7,819
Due from other governmental agencies	-	-		(277,329)	(277,329)
Increase (decrease) in:					
Accounts payable and accrued liabilities	289,933	(472,061)	13,879	47,908	(120,341)
Due to other governmental agencies	-	-	8	1,039	1,047
Deposits	33,115	-	-	7,300	40,415
Other liabilities	917	(1,309)	-	-	(392)
Deferred inflows	-	-	-	3,741	3,741
Compensated absences	19,608	13,514	7,408	(13,009)	27,521
Total adjustments	<u>1,493,665</u>	<u>(116,310)</u>	<u>221,246</u>	<u>(245,507)</u>	<u>1,353,094</u>

See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA  
STATEMENT OF FIDUCIARY NET POSITION-  
PENSION TRUST FUNDS  
September 30, 2013

ASSETS:

Investments, at fair value:

Cash and money market funds	\$ 3,219,735
Common Stocks	26,515,962
Mutual Funds	9,153,931
Corporate and foreign bonds	4,454,032
Government securities	7,696,121
real estate trust	<u>3,726,590</u>
Total investments	<u>54,766,371</u>

Receivables:

Employee	124,482
Employer	82,649
State Contributions	65,186
Accrued interest receivable	123,567
Due from broker for securities purchased	136,232
Loans to DROP participants	<u>88,961</u>
Total receivables	<u>621,077</u>

Prepays

75,752

Total assets

55,463,200

LIABILITIES:

Accounts payable	46,295
Due to other funds	400,000
Due for securities purchased	215,826
Due to DROP participants	<u>971,293</u>
Total liabilities	<u>1,633,414</u>

NET POSITION:

HELD IN TRUST FOR  
PENSION BENEFITS

\$53,829,786

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, 2013

ADDITIONS:

Contributions:

Employees	\$ 997,650
City	3,052,473
State	454,594
Participatnt buybacks	<u>-</u>
Total contributions	<u>4,504,717</u>

Investment income:

Net appreciation in fair value of investments	3,887,339
Interest and dividends	<u>1,639,659</u>
Total investment income	<u>5,526,998</u>

Investment expenses	<u>(294,767)</u>
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Net investment income	<u>5,232,231</u>
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Other income	<u>81,738</u>
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Total additions	<u>9,818,686</u>
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DEDUCTIONS:

Health insurance claims	400,000
Pension benefits	4,911,310
Administrative expenses	<u>227,373</u>
Total deductions	<u>5,538,683</u>

Change in net position	4,280,003
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NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS

Beginning of year	<u>49,549,783</u>
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NET POSTION HELD IN TRUST  
FOR PENSION BENEFITS

End of year	<u><u>\$53,829,786</u></u>
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See Notes to the Basic Financial Statements.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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 also the City Commission. Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the city’s designated redevelopment areas. The CRA is reported as a major special revenue fund type using the blended method.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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

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.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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, which is funded through user charges.

Additionally, the city reports the following fund type:

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

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

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, liabilities and net assets or fund balance:

1. Deposits and Investments:

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

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

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

2. Receivables and Payables:

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

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

Property taxes are levied as of January 1 on property values assessed as of the same date. Assessment and collections are made on behalf of the City by Broward County. Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Broward County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 Prepaids:

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.

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

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 Fund.

7. Long-term Obligations:

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

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

8. Equity Classification:

*Government-Wide and Proprietary Fund Statements*

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

- a. Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Equity*

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, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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.

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.

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

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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, 2013, 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 18, 2014, which is the date the financial statements were available to be issued.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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.

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

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

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, 2013, 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	\$38,246,855	\$38,246,855	\$ -
Fund B	<u>152,895</u>	<u>-</u>	<u>152,895</u>
	<u>\$38,399,750</u>	<u>\$38,246,855</u>	<u>\$ 152,895</u>

*Interest rate risk*

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

*Credit risk*

The City has a formal investment policy that mitigates credit risk by limiting investments to the safest types of securities; prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business; and diversifies the investment portfolio so that potential losses on individual securities will be minimized. In addition, state law limits investments in bonds, stocks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, unless the corporation is listed on any one or more of the recognized national stock exchanges or on the National Market System of the NASDAQ Stock Market and in the case of bonds only, holds a rating in one of the three highest classifications by a major rating service. The Florida PRIME is rated AAAM by Standard and Poor’s and Fund B

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

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, 2013, the City’s fiduciary funds had the following investments:

Common stocks	\$26,515,962
Cash and money market funds	3,219,735
Government securities	7,696,121
Corporate and foreign bonds	4,454,032
Real estate trust	3,726,590
Mutual funds	<u>9,153,931</u>
	<u><u>\$54,766,371</u></u>

*Maturity risk*

State law does not limit maturity term on fixed income holdings. As of September 30, 2013, 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	\$ 2,434,760	\$ -	\$ 543,571	\$ 144,340	\$ 1,746,849
United States Government treasury notes	2,258,920	-	1,002,224	715,976	540,720
Fixed income mutual funds	65,444	-	18,829	33,686	12,929
Corporate and foreign bonds	1,471,523	46,831	914,076	301,967	208,649
	<u>\$ 6,230,647</u>	<u>\$ 46,831</u>	<u>\$ 2,478,700</u>	<u>\$ 1,195,969</u>	<u>\$ 2,509,147</u>

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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	\$ 1,303,040	\$ -	\$ 809,369	\$ 493,671
United States Government treasury notes	1,699,401	329,312	236,114	1,133,975
Fixed income mutual funds		-		
Corporate and foreign bonds	2,982,509	515,029	2,031,393	436,087
	<u>\$ 5,984,950</u>	<u>\$ 844,341</u>	<u>\$ 3,076,876</u>	<u>\$ 2,063,733</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 investments subject to credit risk were rated by Moody's Investors Services as follows:

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

*Credit risk (Continued)*

<u>Rating</u>	<u>Fair Value</u>
Aaa	\$ 28,072
Aaa	294
Aa1	79,866
Aa2	38,563
Aa3	91,295
A	811
A1	151,565
A2	312,583
A3	216,813
Baa1	240,601
Baa2	205,708
Baa3	134,529
Bbb	747
No rating available	35,520
Government	4,693,680
	<u>\$ 6,230,647</u>

The General Employees Pension Plan investments subject to credit risk were rated by Moody's Investors Services as follows:

Aa2	\$ 531,020
Aa3	513,861
A1	515,981
A2	755,041
A3	666,606
Government	3,002,441
	<u>\$ 5,984,950</u>

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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, 2013, 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 assets other than government and government agencies securities. There were no individual investments that represent 5% or more of Plan net assets at September 30, 2013.

*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:

<u>Country</u>	<u>Fair Value</u>
Australia	\$ 29,985
Brazil	25,513
Canada	30,068
France	287,266
Germany	243,434
Hong Kong	67,821
Japan	514,932
Mali	17,434
Mexico	17,221
Netherlands	39,120
Norway	24,967
Israel	53,364
Russia	50,813
Singapore	65,908
Sweden	22,111
Switzerland	246,198
Taiwan	34,655
United Kingdom	548,457
Other countries	26,673
Total currency risk	<u>\$ 2,345,940</u>

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

*Foreign Credit Risk (Continued)*

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 4% of total investments.

*Risks and uncertainties*

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

**NOTE 4 – RECEIVABLES**

Receivables as of September 30, 2013 for the City’s individual funds in the aggregate including the allowances for uncollectible receivables are as follows:

	General Fund	Nonmajor funds	Water Fund	Sewer Fund	Total
Customers billed	63,760	25,040	832,223	954,001	1,875,024
Franchise fees	390,349	-	-	-	390,349
Utility taxes	279,643	-	-	-	279,643
Other	888,915	5,164	263,425	258,335	1,415,839
Gross Receivable	1,622,667	30,204	1,095,648	1,212,336	3,960,855
Less allowance for uncollectibles	(92,757)	-	(114,323)	(98,319)	(305,399)
Net total receivables	<u>1,529,910</u>	<u>30,204</u>	<u>981,325</u>	<u>1,114,017</u>	<u>3,655,456</u>

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

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

The composition of interfund balances as of September 30, 2013 is as follows:

	<u>Advance From</u>	<u>Advance To</u>
General Fund	\$ 1,266,682	\$ -
Marina Fund	\$ -	\$ 511,233
Water Fund	-	376,523
Sewer Fund	-	378,926
	<u>\$ 1,266,682</u>	<u>\$ 1,266,682</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Fund	2,375,354
General Fund	Water Fund	14,388
General Fund	Sewer Fund	4,896
General Fund	Stormwater	5,253
General Fund	Parking Fund	331
General Fund	Community Redevelopment Fund	3,687
General Fund	Building Permit Fund	5,019
General Fund	OPEB Trust Fund	400,000
Stormwater	Grants Fund	900,000

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.

The composition of interfund transfers for the year end September 30, 2013 is as follows:

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Totals</u>
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Community Redevelopment Agency Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ -	\$ 830,229	\$ 2,461,603	\$ 1,948,514	\$ 26,850	\$ 5,267,196
Grants Fund	9,225	1,443	-	1,625,176	-	-	1,635,844
Community Redevelopment Agency Fund	261,867	-	-	8,060	-	-	269,927
Capital Projects Fund	118,708	-	-	-	-	-	118,708
Nonmajor Governmental Funds	803,462	-	-	-	-	-	803,462
Water Fund	1,240,696	-	-	-	-	-	1,240,696
Sewer Fund	632,942	-	-	-	-	-	632,942
Nonmajor Enterprise Funds	3,194,549	-	-	9,500	-	-	3,204,049
	<u>\$ 6,261,449</u>	<u>\$ 1,443</u>	<u>\$ 830,229</u>	<u>\$ 4,104,339</u>	<u>\$ 1,948,514</u>	<u>\$ 26,850</u>	<u>\$13,172,824</u>

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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

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.

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 was as follows:

	<u>Balance, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 16,184,221	\$ -	\$ -	\$ 16,184,221
Construction in Progress	2,714,923	5,691,181	(3,487,746)	4,918,358
Total Capital Assets, not being depreciated	<u>18,899,144</u>	<u>5,691,181</u>	<u>(3,487,746)</u>	<u>21,102,579</u>
Capital Assets, being depreciated:				
Buildings and Improvements	24,494,971	-	-	24,494,971
Furniture, Fixtures, and Equipment	4,797,066	129,041	-	4,926,107
Infrastructure	40,137,628	3,365,689	-	43,503,317
Total Capital Assets, being depreciated	<u>69,429,665</u>	<u>3,494,730</u>	<u>-</u>	<u>72,924,395</u>
Less accumulated depreciation for:				
Buildings and Improvements	5,549,468	1,046,005	-	6,595,473
Furniture, Fixtures, and Equipment	2,737,071	412,210	-	3,149,282
Infrastructure	22,796,305	1,375,123	(29,450)	24,141,978
Total accumulated depreciation	<u>31,082,844</u>	<u>2,833,339</u>	<u>(29,450)</u>	<u>33,886,733</u>
Total capital assets, being depreciated, net	<u>38,346,821</u>	<u>661,392</u>	<u>29,450</u>	<u>39,037,662</u>
Governmental activities capital assets, net	<u>\$ 57,245,965</u>	<u>\$ 6,352,573</u>	<u>\$ (3,458,296)</u>	<u>\$ 60,140,241</u>

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 6 – CAPITAL ASSETS (Continued)**

	Balance, Beginning of Year	Increases	Decreases	Balance, End of Year
<b>Business-Type Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 220,976	\$ -	\$ -	\$ 220,976
Construction in Progress	1,511,415	1,619,627	-	3,131,042
Total Capital Assets, not being depreciated	1,732,391	1,619,627	-	3,352,018
Capital Assets, being depreciated:				
Buildings and Improvements	3,942,425	-	-	3,942,425
Furniture, Fixtures, and Equipment	1,359,313	342,887	-	1,702,200
Utility System	46,632,770	9,999	-	46,642,769
Total Capital Assets, being depreciated	51,934,508	352,886	-	52,287,394
Less accumulated depreciation for:				
Buildings and Improvements	243,018	197,121		440,139
Furniture, Fixtures, and Equipment	1,164,201	72,931	(924)	1,236,209
Utility System	18,342,573	1,443,776		19,786,349
Total accumulated depreciation	19,749,793	1,713,828	(924)	21,462,697
Total capital assets, being depreciated	32,184,715	(1,360,943)	924	30,824,697
Business-type activities capital assets, net	\$ 33,917,106	\$ 258,685	\$ 924	\$ 34,176,715

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 6 – CAPTIAL ASSETS (Continued)**

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

**Governmental activities:**

General government	\$ 712,807
Highways and streets	829,887
Public safety	424,279
Culture and recreation	713,709
Physical environment	<u>152,657</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,833,339</u></u>

**Business-type activities:**

General government	\$ 1,675
Physical environment	1,702,271
Culture and recreation	1,108
Highways and streets	<u>8,774</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,713,828</u></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, 2013:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year	Due Within One Year
Governmental activities:					
Bonds, notes and capital leases payable:					
Sales tax revenue bonds	\$ 2,075,000	\$ -	\$ (460,000)	\$ 1,615,000	\$ 160,000
General obligation bonds	9,230,000	-	(345,000)	8,885,000	290,000
Notes payable	6,438,645	-	(458,446)	5,980,199	430,389
Capital lease payable	1,605,457	-	(189,560)	1,415,897	189,560
Less deferred amounts					
Bond premium	15,852	-	(690)	15,162	-
Total bonds, notes and capital leases payable	<u>19,364,954</u>	<u>-</u>	<u>(1,453,696)</u>	<u>17,911,258</u>	<u>1,069,949</u>
Other liabilities:					
Compensated absences payable	708,648	474,084	(392,376)	790,356	118,553
Total other liabilities	<u>708,648</u>	<u>474,084</u>	<u>(392,376)</u>	<u>790,356</u>	<u>118,553</u>
Total long-term debt and liabilities	<u><u>\$ 20,073,602</u></u>	<u><u>\$ 474,084</u></u>	<u><u>\$ (1,846,072)</u></u>	<u><u>\$ 18,701,614</u></u>	<u><u>\$ 1,188,502</u></u>

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 7 – LONG-TERM DEBT (Continued)**

*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 15<sup>th</sup> day of April and October. The Series 2010 Bonds are secured by the full faith, credit and taxing power of the City.

The City previously issued \$3,255,000 of Sales Tax Revenue Bonds, Series 1994. The proceeds of the series 1994 Bonds were used to (i) make a deposit to an interest account to pay capitalized interest on the Bonds, (ii) retire the Series 1993 Sales Tax Revenue bonds totaling approximately \$741,714, (iii) make a deposit in the Construction Fund for the construction of a municipal fishing pier, (iv) make a deposit into a reserve account. The Bonds 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:

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 7 – LONG-TERM DEBT (Continued)**

*Bonds Payable*

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Fiscal year ending September 30:</u>			
2014	\$450,000	\$418,139	\$868,139
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
2019-2023	\$2,760,000	\$1,512,269	\$4,272,269
2024-2028	\$2,940,000	\$892,585	\$3,832,585
2029-2033	\$1,675,000	\$408,375	\$2,083,375
2034-2035	\$780,000	\$53,100	\$833,100
	<u>\$10,500,000</u>	<u>\$4,809,233</u>	<u>\$15,309,233</u>

As of September 30, 2013, the City has complied with all of the provisions outlines within its Series 1994 Sales Tax Revenue Bond Indenture Agreement.

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CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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. 69,520

In June 2004, the City entered into a loan agreement in the amount of \$822,500 for the financing of construction of the Frost Park Recreation Center improvements. The loan is payable in semi-annual payments of \$41,125 over 10 years beginning December 23, 2004 at an interest rate of 3.625% per annum. The loan matures on June 23, 2014. 82,250

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. 259,946

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. 503,374

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 its 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. 5,065,109

*Notes Payable - Governmental Funds* \$ 5,980,199

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 7 – LONG-TERM DEBT (continued)**

*Notes payable-Governmental Funds (Continued)*

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

Fiscal year ending September 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 430,389	\$ 36,485	\$ 466,874
2015	310,203	18,114	328,317
2016	174,498	5,349	179,847
	<u>\$ 915,090</u>	<u>\$ 59,948</u>	<u>\$ 975,038</u>

*Notes payable –Enterprise Funds*

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
Business-Type Activities					
Revenue bonds payable	\$ -	\$ 2,400,000	\$ -	\$ 2,400,000	\$ 75,000
State revolving loans payable	13,919,425	532,505	(803,169)	13,648,761	776,762
Other long term liabilities:					
Compensated absences	251,023	156,705	(129,181)	278,547	41,782
Total long-term debt and liabilities	<u>\$ 14,170,448</u>	<u>\$ 3,089,210</u>	<u>\$ (932,350)</u>	<u>\$ 16,327,308</u>	<u>\$ 893,544</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, 2013, the City has \$13,648,761 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 are payable in semi-annual payments is calculated based on the actual amount of the principal drawn under the agreements, as well as associated capitalized interest and loan issuance cost. The amount of semiannual payments made during the year amounted to \$623,029. These amounts are subject to

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 7 – LONG-TERM DEBT (continued)**

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:

<u>Fund</u>	<u>Rate</u>	<u>Amount</u>
Water Fund	2.50%-2.82%	\$10,905,114
Sewer Fund	0.905%-1.355%	2,688,700
Storm Water Fund	1.36%	<u>54,947</u>
		<u>\$13,648,761</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.

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

Fiscal year ending September 30:

2014	\$ 75,000	\$80,561	\$ 155,561
2015	120,000	77,236	197,236
2016	125,000	73,059	198,059
2017	130,000	68,712	198,712
2018	135,000	64,194	199,194
2019-2023	745,000	247,481	992,481
2024-2028	875,000	109,547	984,547
2029	195,000	3,325	198,325
	<u>\$2,400,000</u>	<u>724,115</u>	<u>\$ 3,124,115</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.

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 8 – LEASES**

*Operating Leases*

The City leases parcels of real estate to private corporations. The leases, classified as operating leases, expire in years 2014, 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, 2013:

*Operating Leases (Continued)*

<u>Fiscal Year Ending September 30:</u>	
2014	\$ 301,885
2015	290,611
2016	299,330
2017	303,206
2018	307,199
2019-2023	1,519,573
2024-2028	850,561
2029-2033	850,561
2034-2038	850,561
2039-2040	<u>311,873</u>
Total minimum future rentals	<u><u>\$ 5,885,360</u></u>

*Capital Leases*

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

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 8 – LEASES (continued)**

Fiscal Year Ending September 30:

2014	\$ 230,694
2015	224,767
2016	218,840
2017	212,912
2018	206,985
2019-2021	<u>486,469</u>
Total minimum lease payments	1,580,667
less interest portion	<u>(164,770)</u>
Present value of minimum lease payments	<u><u>\$ 1,415,897</u></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 provides certain health and dental insurance coverage to its employees through a self-insured health plan. The health plan provides an individual stop loss limit per year of \$75,000, and an aggregate stop loss limit of approximately \$2,000,000. The City establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that have been incurred, but not reported. The City accounts for the activities of the self-insured health plan in its General Fund. An independent actuarial report issued annually calculated the claims liability of \$377,844 at September 30, 2013.

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

Fiscal Year Ended	Beginning of Year Claims Payable	Current Year Claims and Changes in Estimated	Claims Payments	End of Year Claims Payable
9/30/2011	\$ 678,206	\$ 1,790,887	\$ 2,216,117	\$ 252,976
9/30/2012	252,976	2,353,783	2,259,845	346,914
9/30/2013	346,914	1,671,070	1,640,140	377,844

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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 \$10,583,402 for the fiscal year ended September 30, 2013.

*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 \$8,909,712 for the fiscal year ended September 30, 2013.

*Interlocal Agreement with City of Hollywood*

The City has an Interlocal Agreement with the City of Hollywood for utilization of a common area-wide wastewater collection, treatment and disposal facility. The City of Hollywood is required to provide the City of Dania Beach an estimate of all costs at the beginning of each fiscal year. The annual estimate is the basis for monthly billings and is adjusted annually based upon actual flows and actual costs when known. Charges for services provided by the City of Hollywood include operation, maintenance and administrative costs, debt service charges, depreciation charges and renewal replacement and improvement account contributions. For the fiscal year ended September 30, 2013, the City recognized expenses of \$3,932,145 under this agreement. The agreement will

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 9 – COMMITMENTS AND CONTINGENCIES (continued)**

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, 2013. 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:

<b>Capital Projects Fund</b>	Spent to Date	Remaining
Solar Lighting Projects	\$ 607,475	\$ 93,609
Ocean Park Improvements	58,080	4,800
Marina Improvements Phase II	3,370,031	3,519,669
Oasis Neighborhood Improvements III	167,446	27,594
Oasis Neighborhood Improvements IV	42,450	33,584
	<u>\$4,245,482</u>	<u>\$ 3,679,256</u>
<b>Water, Sewer, Stormwater Funds</b>		
Subaqueous Crossing	\$ 831,504	\$ 2,280
Sewer I & I Improvements	746,419	40,309
Water Plant Rehab	927,145	428,997
	<u>\$ 2,505,068</u>	<u>\$ 471,586</u>

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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. 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.

*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.

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, 2012, the date of the latest actuarial valuation, the Plan’s membership consisted of:

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

	General Employees	Police and Firefighters
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	71	55
DROP participants	10	6
Total	81	61
Current employees	26	32

*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 fiscal year 2013 bringing the combined total pension contribution rate to 94.02%. City and employee contributions for fiscal year 2013 were \$960,475 and \$250,053 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 56.84% for firefighters in the fiscal year, bringing the combined total firefighter contribution rate to 78.42%. City and Employee contributions for fiscal year 2013 were \$2,091,998 and \$747,597, 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.

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

*Annual Pension Cost and Net Pension Asset*

The City's annual pension cost and net pension asset for the General Employee's Retirement System for the year ended September 30, 2013 (the latest information available) was as follows:

	<u>General Employee's</u>
Annual required contribution	887,150
Interest on net pension obligation	(16)
Adjustment to annual required contribution	<u>41</u>
 Annual pension cost	 887,175
 Contributions made	 887,200
 Increase (Decrease) in net pension obligation	 (25)
 Net pension asset, beginning of year	 <u>(208)</u>
 Net pension asset end of year	 <u><u>(233)</u></u>

*General Employees*

The annual required contribution for the current year was determined based on an October 1, 2012 actuarial valuation date. The aggregate actuarial cost method is used to determine the annual required contribution of the employer for the Plan. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, net of investment-related expenses, (ii) projected salary increases of 4% a year attributable to historical events, including inflation, merit and seniority, (iii) normal retirement at age 50, and 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, 2013

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

Funded Status

The funded status of the Plan as of October 1, 2012, 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 )
\$ 16,876,962	\$23,326,022	\$ 6,449,060	72.4	\$ 1,319,723	489.0%

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)
9/30/2010	\$ 595,699	\$ 595,676	100%	(230)
9/30/2011	683,113	683,091	100%	(208)
9/30/2012	887,175	887,200	100%	(233)

*Police and fire*

The City's annual pension cost and net pension asset to the Police and Firefighters' Plan for the year ended September 30, 2013 was as follows:

	<u>Police and Firefighters</u>
Annual required contribution	\$ 2,283,943
Interest on net pension obligation	(20,997)
Adjustment to annual required contribution	<u>35,233</u>
Annual pension cost	2,298,179
Increase (Decrease) in net pension obligation	14,236
Net pension asset, beginning of year	<u>(270,926)</u>
Net pension asset end of year	<u><u>\$ (256,690)</u></u>

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

The annual required contribution for the current year was determined as part of the October 1, 2012 actuarial valuation using the individual entry age actuarial cost method. The City received \$454,594 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) 7.75% 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, 2012 was 28 years for fire fighters and 13 years for police officers. Cost of living adjustments are determined based on actuarial gains.

Funded Status

The fund status of the plan as of October 1, 2012, 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 )
\$ 29,812,371	\$51,232,269	\$ 21,419,898	58.2	2,890,789	741.0%

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)

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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.

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

The State of Florida issues a publicly available financial report that included financial statement and required supplementary information for the FRS. The latest available report was for the fiscal 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:

<u>Fiscal Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
9/30/2011	\$ 359,861	100%
9/30/2012	210,262	100%
9/30/2013	269,141	100%

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 11 – FLORIDA RETIREMENT SYSTEM (continued)**

*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.

**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.

*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, 2012, the date of the latest actuarial valuation, employee membership data related to the Plan was as follows:

CITY OF DANIA BEACH, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

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, 2013

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

The following table provides information concerning actuarial methods and assumptions:

Valuation date	10/1/2012
Actuarial cost method	Project 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 2024/205
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, 2013, 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.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (continued)**

For the year ended September 30, 2013, the City’s annual other post-employment benefit (OPEB) costs were as follows:

Annual required contribution	\$ 1,182,149
Interest on net OPEB obligation	(115,363)
Adjustment to annual required contribution	<u>139,683</u>
Annual OPEB cost	1,206,469
Contributions made:	
Estimated contributions made	<u>(855,892)</u>
Change in net OPEB obligation (asset)	350,577
Net OPEB obligation (asset), beginning of year	<u>(1,922,712)</u>
Net OPEB obligation (asset), end of year	<u><u>\$ (1,572,135)</u></u>

**Trend information**

Fiscal year <u>Ended</u>	<u>Discount Rate</u>	<u>Annual OPEB Cost</u>	<u>Percentage of</u>		Net OPEB Obligation (Asset)
			<u>OPEB Cost</u>	<u>Contributed</u>	
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)

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)
10/1/2012	\$ 6,350,623	23,495,201	15,148,239	29.50%	5,084,811	297.91%

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.

CITY OF DANIA BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**NOTE 13 PRIOR PERIOD ADJUSTMENT**

The City posted a prior period adjustment at the entity wide level in order to reflect accrued interest payable on governmental debt obligations that had not been previously recorded. As a result of the adjustment, the City reduced opening equity in the amount of \$469,960 to recognize prior period interest expense.

**NOTE 14 SUBSEQUENT PRONOUNCEMENTS**

The City will be required to adopt the provisions of **GASB Statement No. 67**, *“Financial Reporting for Pension plans; an amendment to GASB Statement No. 25”*. This statement replaces the requirements of Statements No. 25 and 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013. The City is currently evaluating the impact, if any of implementing the provisions of this statement on its financial position and results of operations.

The City will be required to adopt the provisions of **GASB Statement No. 68**, *“Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27”*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans administered through Trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 30, 2014. The City is currently evaluating the impact, if any, of implementing the provisions of this statement on its financial position or operations.



**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF DANIA BEACH, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (Continued)  
 For the Year Ended September 30, 2013

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 15,435,273	\$ 15,435,273	\$ 15,467,882	\$ 32,609
Special assessments	3,946,076	3,946,076	4,065,279	119,203
Franchise fees	2,314,000	2,314,000	2,292,448	(21,552)
Utility taxes	4,204,368	4,204,368	4,617,269	412,901
Licenses and permits	854,201	854,201	880,205	26,004
Intergovernmental	2,912,236	3,691,053	3,669,786	(21,267)
Charges for services	3,259,844	3,259,844	3,424,154	164,310
Fines and forfeitures	373,400	373,400	355,032	(18,368)
Investment earnings	100,000	100,000	74,033	(25,967)
Miscellaneous	1,053,638	1,063,638	2,727,550	1,663,912
Total revenues	<u>34,453,036</u>	<u>35,241,853</u>	<u>37,573,638</u>	<u>2,331,785</u>
<b>EXPENDITURES</b>				
General government				
Legislative	377,727	377,727	327,535	50,192
Executive:				
City Clerk	302,166	302,166	255,686	46,480
City Manager	638,492	464,992	452,040	12,952
Finance and administration:				
Human Resources	260,932	260,932	270,213	(9,281)
Finance & Info. Systems	1,414,986	1,450,486	1,337,712	112,774
General Services	1,704,108	1,685,916	1,605,644	80,272
Legal	774,441	1,490,882	1,467,291	23,591
Total general government	<u>5,472,852</u>	<u>6,033,101</u>	<u>5,716,121</u>	<u>316,980</u>
Public safety:				
Police	11,880,705	12,279,905	11,863,744	416,161
Fire	10,066,222	11,145,467	10,456,196	689,271
Total public safety	<u>21,946,927</u>	<u>23,425,372</u>	<u>22,319,940</u>	<u>1,105,432</u>
Highways and street	1,367,487	1,412,087	1,099,131	312,956
Physical environment	2,961,431	2,966,831	2,857,462	109,369
Community redevelopment	780,724	789,949	612,859	177,090
Culture and recreation	3,013,542	3,149,576	2,844,129	305,447
Total expenditures	<u>35,542,963</u>	<u>37,776,916</u>	<u>35,449,642</u>	<u>2,327,274</u>
Excess (deficiency) of revenues over expenditures	<u>(1,089,927)</u>	<u>(2,535,063)</u>	<u>2,123,996</u>	<u>4,659,059</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Appropriation of prior year reserves	459,400	3,888,989	-	(3,888,989)
Transfers in	3,454,890	3,940,352	6,304,852	2,364,500
Transfers out	(2,824,363)	(5,294,278)	(5,294,045)	233
Total other financing sources (uses)	<u>1,089,927</u>	<u>2,535,063</u>	<u>1,010,807</u>	<u>(1,524,256)</u>
Excess (Deficiency) in revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,134,803</u>	<u>\$ 3,134,803</u>

CITY OF DANIA BEACH, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND (Continued)  
 For the Year Ended September 30, 2013

Explanation of differences between budgetary comparisons  
 Comparison schedule general fund and statement of revenues,  
 Expenditures and changes in fund balance – General Fund

Net change in general fund balance	\$3,154,058
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The net change in fund balance in the City’s Marina Fund is reported  
 In the Marina Fund for budgetary purposes but in the General Fund  
 For the purpose of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances \_Governmental Funds:

Net change in fund balance –Marina Fund	<u>(19,255)</u>
General Fund net change in fund balance per the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	<u>\$3,134,803</u>

CITY OF DANIA BEACH, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY REDEVELOPMENT AGENCY FUND  
 For the Year Ended September 30, 2013

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Investment Earnings	\$ -	\$ 2,000	\$ 4,761	\$ 2,761
Miscellaneous	-	-	36,139	36,139
Appropriation of prior year reserves	-	1,705,478	-	(1,705,478)
Total revenues	<u>-</u>	<u>1,707,478</u>	<u>40,900</u>	<u>(1,666,578)</u>
<b>EXPENDITURES</b>				
Community redevelopment:				
Community redevelopment	-	1,446,938	962,506	484,432
Neighborhood Improvements	-	821,075	288,101	532,974
Total expenditures	<u>-</u>	<u>2,268,013</u>	<u>1,250,607</u>	<u>1,017,406</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(560,535)</u>	<u>(1,209,707)</u>	<u>(649,172)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	830,462	830,229	(233)
Transfers out	-	(269,927)	(269,927)	-
Total other financing sources (uses)	<u>-</u>	<u>560,535</u>	<u>560,302</u>	<u>(233)</u>
Deficiency in revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (649,405)</u>	<u>\$ (649,405)</u>

CITY OF DANIA BEACH, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended September 30, 2013

**NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING**

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

- (a) The City Manager submits to the Commission a proposed operating budget for the ensuing fiscal year. The operating budget includes appropriations and the means of financing them with an explanation regarding each expenditure that is not of a routine nature.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the annual budget is legally adopted through passage of an ordinance
- (d) The City Commission, by motion may make supplemental appropriations to the budget. During fiscal year ended September 30, 2013, 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 FUNDING PROGRESS AND CONTRIBUTIONS  
 OTHER POST-EMPLOYMENT BENEFITS  
 For the Year Ended September 30, 2013

**General Employees'**

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

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	\$ 688,860	100.0%
2008	632,162	100.0%
2009	547,027	100.0%
2010	595,676	100.0%
2011	683,091	100.0%
2012	887,150 *	100.0%

\* This is the required contribution amount determined as a percentage of actual payroll for the fiscal year.

**Police and Firefighters'**

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

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2007	1,055,904	100.0%
2008	1,134,502	100.0%
2009	1,191,837	100.0%
2010	1,246,516	100.0%
2011	1,225,373	100.0%
2012	1,876,964	100.0%

CITY OF DANIA BEACH, FLORIDA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS  
 OTHER POST-EMPLOYMENT BENEFITS  
 For the Year Ended September 30, 2013

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	15.16%	\$ 10,628,584	187.54%
10/1/2011	5,329,492	23,988,165	18,658,673	22.22%	5,753,797	324.28%
10/1/2012	6,350,623	21,498,862	15,148,239	29.54%	5,084,811	297.91%

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	1,225,373	100.00%
2012	1,568,305	84.40%
2013	1,182,149	72.40%

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## **OTHER SUPPLEMENTARY INFORMATION**

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## 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, 2013

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit		
<b>ASSETS:</b>							
Current Assets							
Cash, cash equivalents and investments	\$ 17,410	\$619,777	\$ 105,125	\$ 142,193	\$1,025,067	\$ -	\$ 1,909,572
Receivables, net							
Customer / other, net	-	450	-	4,714	-	-	5,164
Restricted assets:							
Cash, cash equivalents and investments	-	-	-	-	-	461,434	461,434
<b>Total assets</b>	<b>\$ 17,410</b>	<b>\$620,227</b>	<b>\$ 105,125</b>	<b>\$ 146,907</b>	<b>\$1,025,067</b>	<b>\$ 461,434</b>	<b>\$ 2,376,170</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:</b>							
Liabilities							
Accounts payable and accrued liabilities	-	-	-	-	124,168	-	124,168
Due to other funds	-	-	-	-	5,019	-	5,019
Due to other governmental agencies	-	-	-	-	8,779	-	8,779
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,966</b>	<b>-</b>	<b>137,966</b>
Fund balance							
Restricted							
Public safety	-	-	-	146,907	-	-	146,907
Building code costs	-	-	-	-	887,101	-	887,101
Debt service	-	-	-	-	-	461,434	461,434
Committed for:							
Maintenance of cemeteries	-	620,227	-	-	-	-	620,227
Tree preservation	-	-	105,125	-	-	-	105,125
Assigned to:							
Capital projects	17,410	-	-	-	-	-	17,410
<b>Total fund balances (deficit)</b>	<b>17,410</b>	<b>620,227</b>	<b>105,125</b>	<b>146,907</b>	<b>887,101</b>	<b>461,434</b>	<b>2,238,204</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 17,410</b>	<b>\$620,227</b>	<b>\$ 105,125</b>	<b>\$ 146,907</b>	<b>\$1,025,067</b>	<b>\$ 461,434</b>	<b>\$ 2,376,170</b>

CITY OF DANIA BEACH, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2013

	Special Revenue Funds					Debt Service Fund	Total Nonmajor Governmental Funds
	Donations	Perpetual Care	Tree Preservation	Law Enforcement	Building Permit		
REVENUES:							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$2,400,592	\$ -	\$ 2,400,592
Charges for Services	-	31,496	-	-	-	-	31,496
Fines and forfeitures	-	-	-	21,018	-	-	21,018
Investment earnings (loss)	-	1,314	-	2	719	302	2,337
Miscellaneous	-	-	34,307	-	47,810	1,624,220	1,706,337
Total revenues	-	32,810	34,307	21,020	2,449,121	1,624,522	4,161,780
EXPENDITURES							
Current							
Public safety	-	-	-	48,404	-	-	48,404
Community redevelopment	-	-	-	-	1,188,977	-	1,188,977
Debt Service							
Principal	-	-	-	-	-	3,066,126	3,066,126
Interest	-	-	-	-	-	597,424	597,424
Total expenditures	-	-	-	48,404	1,188,977	3,663,550	4,900,931
Excess (deficiency) of revenues over expenditures	-	32,810	34,307	(27,384)	1,260,144	(2,039,028)	(739,151)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	297,628	1,650,886	1,948,514
Transfers out	-	(43,915)	(23,000)	-	(736,547)	-	(803,462)
Total other financing sources (uses)	-	(43,915)	(23,000)	-	(438,919)	1,650,886	1,145,052
Net change in fund balances	-	(11,105)	11,307	(27,384)	821,225	(388,142)	405,901
FUND BALANCES, beginning of year	17,410	631,332	93,818	174,291	65,875	849,577	1,832,303
FUND BALANCES, end of year	\$ 17,410	\$ 620,227	\$ 105,125	\$ 146,907	\$ 887,100	\$ 461,435	\$ 2,238,204

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CITY OF DABIA BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 MARINA OPERATION FUND  
 For the Year Ended September 30, 2013

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Rentals and Miscellaneous	\$ 224,042	\$ 99,105	\$ 99,297	\$ 192
Appropriation of prior year reserves	-	-	-	-
Total revenues	<u>224,042</u>	<u>99,105</u>	<u>99,297</u>	<u>192</u>
<b>EXPENDITURES</b>				
Culture and recreation	173,573	63,481	63,488	(7)
Total expenditures	<u>173,573</u>	<u>63,481</u>	<u>63,488</u>	<u>(7)</u>
Excess (deficiency) of revenues over expenditures	<u>50,469</u>	<u>35,624</u>	<u>35,809</u>	<u>185</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	53,699	26,849	26,849	-
Transfers out	(104,168)	(43,403)	(43,403)	-
Total other financing sources (uses)	<u>(50,469)</u>	<u>(16,554)</u>	<u>(16,554)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 19,070</u>	<u>\$ 19,255</u>	<u>\$ 185</u>

CITY OF DABIA BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 BUILDING PERMIT FUND  
 For the Year Ended September 30, 2013

	Budgeted Amount		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses and permits	\$ 1,263,510	\$ 1,263,510	\$ 2,448,402	\$ 1,184,892
Investment earnings	-	-	719	719
Appropriation of prior year reserves	-	375,000	-	(375,000)
Total revenues	<u>1,263,510</u>	<u>1,638,510</u>	<u>2,449,121</u>	<u>810,611</u>
<b>EXPENDITURES</b>				
General government	<u>1,089,591</u>	<u>1,199,591</u>	<u>1,188,977</u>	<u>10,614</u>
Total expenditures	<u>1,089,591</u>	<u>1,199,591</u>	<u>1,188,977</u>	<u>10,614</u>
Excess (deficiency) of revenues over expenditures	<u>173,919</u>	<u>438,919</u>	<u>1,260,144</u>	<u>821,225</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	297,628	297,628	297,628	-
Transfers out	<u>(471,547)</u>	<u>(736,547)</u>	<u>(736,547)</u>	-
Total other financing sources (uses)	<u>(173,919)</u>	<u>(438,919)</u>	<u>(438,919)</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,225</u>	<u>\$ 821,225</u>

CITY OF DABIA BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS FUND  
 For the Year Ended September 30, 2013

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	118,218	118,218
Appropriation of prior year reserves	63,600	7,327,822	-	(7,327,822)
Total revenues	<u>63,600</u>	<u>7,327,822</u>	<u>118,218</u>	<u>(7,209,604)</u>
<b>EXPENDITURES</b>				
General government	-	1,011,917	944,490	67,427
Public Safety	63,600	92,493	27,569	64,924
Highways and streets	-	2,248,350	2,063,649	184,701
Culture and recreation	-	7,960,693	3,502,450	4,458,243
Total expenditures	<u>63,600</u>	<u>11,313,453</u>	<u>6,538,158</u>	<u>4,775,295</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,985,631)</u>	<u>(6,419,940)</u>	<u>(2,434,309)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	4,104,339	4,104,339	-
Transfers out	-	(118,708)	(118,708)	-
Total other financing sources (uses)	<u>-</u>	<u>3,985,631</u>	<u>3,985,631</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,434,309)</u>	<u>\$ (2,434,309)</u>

CITY OF DABIA BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 For the Year Ended September 30, 2013

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Investment earnings	\$ -	\$ -	\$ 302	\$ 302
Miscellaneous	-	-	1,624,220	1,624,220
Total revenues	<u>-</u>	<u>-</u>	<u>1,624,522</u>	<u>1,624,522</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	1,034,325	1,034,325	3,066,126	(2,031,801)
Interest and fiscal charges	616,561	616,561	597,424	19,137
Total expenditures	<u>1,650,886</u>	<u>1,650,886</u>	<u>3,663,550</u>	<u>(2,012,664)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,650,886)</u>	<u>(1,650,886)</u>	<u>(2,039,028)</u>	<u>(388,142)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,650,886	1,650,886	1,650,886	-
Total other financing sources (uses)	<u>1,650,886</u>	<u>1,650,886</u>	<u>1,650,886</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (388,142)</u>	<u>\$ (388,142)</u>

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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.

**Marina Fund:** To account for revenue and expenses of the City's public marina, that is located in Dania Beach on the Atlantic Ocean. The Marina fund includes revenues and expenses from rental income derived from boat dockage fees. Annual expenses include contracted staffing, equipment costs, utilities and debts service costs.

CITY OF DANIA BEACH, FLORIDA  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR PROPRIETARY FUNDS  
 September 30, 2013

	<u>Parking</u>	<u>Pier Operations</u>	<u>Marina</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS:</b>				
Current Assets:				
Cash, cash equivalents and investments	\$ 705,909	\$ 57,074	\$ 19,371	\$ 782,354
Receivables, net	-	-	25,039	25,039
Due from other funds	-	-	-	-
Due from other governments	280,143	-	-	280,143
Prepays and other assets	-	-	-	-
Total current assets	<u>986,052</u>	<u>57,074</u>	<u>44,410</u>	<u>1,087,536</u>
Noncurrent assets:				
Restricted cash, cash equivalents and investments	-	-	-	-
Capital assets not being depreciated	-	-	-	-
Capital assets being depreciated, net	47,403	22,718	-	70,121
Total noncurrent assets	<u>47,403</u>	<u>22,718</u>	<u>-</u>	<u>70,121</u>
Total assets	<u>1,033,455</u>	<u>79,792</u>	<u>44,410</u>	<u>1,157,657</u>
<b>LIABILITIES AND NET POSITION:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	19,774	16,970	40,882	77,626
Due to other funds	331	-	-	331
Due to other governmental agencies	273,790	1	1,043	274,834
Advance from other funds	-	-	-	-
Deposits	30	-	7,270	7,300
Other liabilities	-	-	-	-
Current portion of compensated absences	634	-	-	634
Current maturities of long term debt	-	-	75,000	75,000
Total current liabilities	<u>294,558</u>	<u>16,971</u>	<u>124,195</u>	<u>435,725</u>
Noncurrent liabilities:				
Compensated absences	3,590	-	-	3,590
Loans payable - noncurrent	-	-	2,325,000	2,325,000
Total noncurrent liabilities	<u>3,590</u>	<u>-</u>	<u>2,325,000</u>	<u>2,328,590</u>
Total liabilities	<u>298,149</u>	<u>16,971</u>	<u>2,449,195</u>	<u>2,764,315</u>
Deferred inflows	2,612	-	1,129	3,741
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	47,403	22,718	-	70,121
Restricted for:				
Capital improvements	-	-	-	-
Debt Service	-	-	133,308	133,308
Unrestricted	685,293	40,102	(2,539,223)	(1,813,828)
Total net position	<u>\$ 732,696</u>	<u>\$ 62,820</u>	<u>\$ (2,405,915)</u>	<u>\$ (1,610,399)</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, 2013

	Parking	Pier Operations	Marina	Total Nonmajor Proprietary Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 994,822	\$ 362,849	\$ 162,115	\$ 1,519,786
Fines and forfeitures	57,540	-		57,540
Miscellaneous		-		-
Total operating revenues	<u>1,052,362</u>	<u>362,849</u>	<u>162,115</u>	<u>1,577,326</u>
<b>OPERATING EXPENSES:</b>				
Operations and maintenance	265,192	329,621	169,614	764,428
Depreciation	8,774	1,108		9,882
Total operating expenses	<u>273,966</u>	<u>330,729</u>	<u>169,614</u>	<u>774,310</u>
Operating income	<u>778,395</u>	<u>32,120</u>	<u>(7,500)</u>	<u>803,016</u>
<b>TRANSFERS:</b>				
Transfers in	-	-	26,850	26,850
Transfers out	(301,570)	-	(2,425,265)	(2,726,835)
Total transfers	<u>(301,570)</u>	<u>-</u>	<u>(2,398,416)</u>	<u>(2,699,986)</u>
Change in net position	476,825	32,120	(2,405,915)	(1,896,970)
NET POSITION, beginning of year	<u>255,870</u>	<u>30,701</u>	<u>-</u>	<u>286,571</u>
NET POSITION, end of year	<u>\$ 732,695</u>	<u>\$ 62,821</u>	<u>\$ (2,405,915)</u>	<u>\$ (1,610,399)</u>

**CITY OF DANIA BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2013**

	Parking	Pier Operations	Marina	Total Nonmajor Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 777,645	\$ 362,849	\$ 145,475	\$ 1,285,969
Payments to employees	(80,344)	(72,153)	-	(152,498)
Payments to suppliers	(198,112)	(250,162)	(127,689)	(575,963)
Net cash provided by (used in) operating activities	<u>499,189</u>	<u>40,534</u>	<u>17,786</u>	<u>557,508</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Cash provided from (to) other funds	(302,484)	-	(2,398,416)	(2,700,900)
Net cash provided by (used in) non-capital financing activities	<u>(302,484)</u>	<u>-</u>	<u>(2,398,416)</u>	<u>(2,700,900)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Loan from other government	273,790	-	-	273,790
Proceeds from long term debt	-	-	2,400,000	2,400,000
Purchase of capital assets	(34,164)	(23,826)	-	(57,990)
Net cash provided by (used in) capital and related financing activities	<u>239,626</u>	<u>(23,826)</u>	<u>2,400,000</u>	<u>2,615,800</u>
Net increase (decrease) in cash and cash equivalents	436,331	16,708	19,371	472,410
CASH AND CASH EQUIVALENTS, beginning of year	\$ 269,578	\$ 40,366	\$ -	\$ 309,944
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 705,909</u>	<u>\$ 57,074</u>	<u>\$ 19,371</u>	<u>\$ 782,354</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>				
Cash and cash equivalents, ending	<u>\$ 705,909</u>	<u>\$ 57,074</u>	<u>\$ 19,371</u>	<u>\$ 782,354</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income	\$ 778,395	\$ 32,120	\$ (7,500)	\$ 803,016
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Provision for depreciation	8,774	1,108	-	9,882
(Increase) decrease in:				
Receivables	-	-	(25,039)	(25,039)
Due from other governmental agencies	(277,329)	-	-	(277,329)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(285)	7,310	40,882	47,907
Due to other governmental agencies	-	(4)	1,043	1,039
Deposits	30	-	7,270	7,300
Deferred inflows	2,612	-	1,129	3,741
Compensated absences	(13,009)	-	-	(13,009)
Total adjustments	<u>(279,207)</u>	<u>8,414</u>	<u>25,285</u>	<u>(245,508)</u>
Net cash provided by (used in) operating activities	<u>\$ 499,189</u>	<u>\$ 40,534</u>	<u>\$ 17,786</u>	<u>\$ 557,508</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, 2013

	General Employees Pension	Police and Firefighters Pension	Other Post- Employment Benefits	Totals
<b>ASSETS:</b>				
Investments, at fair value:				
Cash and money market funds	\$ 1,087,389	\$ 2,132,346	\$ -	\$ 3,219,735
Common Stocks	11,520,094	14,995,868	-	26,515,962
Mutual Funds	-	2,224,109	6,929,822	9,153,931
Corporate and foreign bonds	2,982,509	1,471,523	-	4,454,032
Government securities	3,002,441	4,693,680	-	7,696,121
Real estate trust	98,885	3,627,705	-	3,726,590
Total investments	<u>18,691,318</u>	<u>29,145,231</u>	<u>6,929,822</u>	<u>\$54,766,371</u>
Receivables:				
Employee	-	124,482	-	124,482
Employer	37,220	45,429	-	82,649
State contributions	-	65,186	-	65,186
Accrued interest receivable	78,313	45,254	-	123,567
Due from broker for securities purchased	-	136,232	-	136,232
Loans to DROP participants	33,766	55,195	-	88,961
Total receivables	<u>149,299</u>	<u>471,778</u>	<u>-</u>	<u>621,077</u>
Prepays	<u>-</u>	<u>75,752</u>	<u>-</u>	<u>75,752</u>
Total assets	<u>18,840,617</u>	<u>29,692,761</u>	<u>6,929,822</u>	<u>55,463,200</u>
<b>LIABILITIES:</b>				
Accounts payable	4,196	42,099	-	46,295
Due for securities purchased	-	215,826	-	215,826
Due to other funds	-	-	400,000	400,000
Due to DROP participants	-	971,293	-	971,293
Total liabilities	<u>4,196</u>	<u>1,229,218</u>	<u>400,000</u>	<u>1,633,414</u>
<b>NET POSITION:</b>				
HELD IN TRUST FOR PENSION BENEFITS	<u>\$18,836,421</u>	<u>\$28,463,543</u>	<u>\$ 6,529,822</u>	<u>\$53,829,786</u>

CITY OF DANIA BEACH, FLORIDA  
 COMBINING STATEMENT OF CHANGES OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 September 30, 2013

	General Employees Pension	Police and Firefighters Pension	Other Post- Employment Benefits	Totals
<b>ADDITIONS:</b>				
Contributions:				
Employees	\$ 250,053	\$ 747,597	\$ -	\$ 997,650
City	960,475	2,091,998	-	3,052,473
State	-	454,594	-	454,594
Total contributions	<u>1,210,528</u>	<u>3,294,189</u>	<u>-</u>	<u>4,504,717</u>
Investment income:				
Net appreciation in fair value of investments	1,417,159	2,470,180	-	3,887,339
Interest and dividends	419,558	640,902	579,199	1,639,659
Total investment income	<u>1,836,717</u>	<u>3,111,082</u>	<u>579,199</u>	<u>5,526,998</u>
Investment expenses	<u>(113,068)</u>	<u>(181,699)</u>	<u>-</u>	<u>(294,767)</u>
Net investment income	<u>1,723,649</u>	<u>2,929,383</u>	<u>579,199</u>	<u>5,232,231</u>
Other income	<u>8,201</u>	<u>73,537</u>	<u>-</u>	<u>81,738</u>
Total additions	<u>2,942,378</u>	<u>6,297,109</u>	<u>579,199</u>	<u>9,818,686</u>
<b>DEDUCTIONS:</b>				
Health insurance claims	-	-	400,000	400,000
Pension benefits	1,638,590	3,272,720	-	4,911,310
Administrative expenses	82,194	145,179	-	227,373
Total deductions	<u>1,720,784</u>	<u>3,417,899</u>	<u>400,000</u>	<u>5,538,683</u>
Change in net position	1,221,594	2,879,210	179,199	4,280,003
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>				
Beginning of year	<u>17,614,827</u>	<u>25,584,333</u>	<u>6,350,623</u>	<u>49,549,783</u>
<b>NET POSTION HELD IN TRUST FOR PENSION BENEFITS</b>				
End of year	<u>\$18,836,421</u>	<u>\$28,463,543</u>	<u>\$ 6,529,822</u>	<u>\$53,829,786</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

	<u>PAGES</u>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	101-104
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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.

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TABLE 1

CITY OF DANIA BEACH FLORIDA  
NET POSITION BY COMPONENT  
LAST 10 FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>GOVERNMENTAL ACTIVITIES:</b>										
Invested in capital assets, net of related debt	\$ 26,038,571	\$ 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
Restricted	3,045,967	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
Unrestricted	12,760,558	12,515,132	10,027,318	18,555,658	23,916,145	31,361	28,265,537	25,366,659	23,978,864	22,886,462
Total governmental activities net position	41,845,096	46,790,715	51,940,775	60,438,973	64,609,154	66,275,606	68,294,140	64,285,694	65,609,519	68,357,607
<b>BUSINESS-TYPE ACTIVITIES:</b>										
Invested in capital assets, net of related debt	16,089,239	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
Restricted	1,896,587	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
Unrestricted	2,453,606	3,842,409	4,557,490	4,885,005	5,444,242	5,066,334	3,513,512	6,980,922	10,864,400	9,774,194
Total business-type activities net position	20,439,432	22,027,905	23,216,070	24,060,984	24,501,399	25,610,291	27,154,876	32,749,759	33,773,626	33,498,075
<b>PRIMARY GOVERNMENT:</b>										
Invested in capital assets, net of related debt	42,127,810	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
Restricted	4,942,554	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
Unrestricted	15,214,164	16,357,541	14,584,808	23,440,663	29,360,387	36,427,598	31,779,049	32,347,581	34,843,264	32,660,656
Total primary government net position	\$ 62,284,528	\$ 68,818,620	\$ 75,156,845	\$ 84,499,957	\$ 89,110,553	\$ 91,885,897	\$ 95,449,016	\$ 97,035,453	\$ 99,383,145	\$ 101,855,682

TABLE 2

**CITY OF DANIA BEACH FLORIDA  
NET POSITION BY COMPONENT  
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>EXPENSES:</b>										
Governmental activities:										
General government	\$ 6,308,576	\$ 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
Public safety	13,854,866	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
Highways and streets	2,216,416	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
Physical environment	2,470,880	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
Culture and recreation	2,395,973	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
Community redevelopment	-	-	-	-	231,915	661,950	1,318,685	1,688,410	1,513,049	3,808,510
Interest expense	354,130	340,160	627,913	645,326	605,738	548,514	503,330	675,607	620,546	962,465
<b>Total governmental activities expenses</b>	<b>27,600,841</b>	<b>27,372,050</b>	<b>34,508,714</b>	<b>33,644,408</b>	<b>36,071,231</b>	<b>38,061,922</b>	<b>39,093,067</b>	<b>42,685,388</b>	<b>41,270,255</b>	<b>43,402,102</b>
Business-type activities:										
Water	2,098,848	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
Sewer	2,509,841	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
Stormwater	529,467	626,424	741,398	742,391	730,298	845,123	850,813	904,739	1,315,519	1,010,648
Parking	-	-	-	-	-	-	2,791	481,255	227,461	273,966
Pier operations	-	-	-	-	-	-	-	63,279	243,403	330,729
Marina operations	-	-	-	-	-	-	-	-	-	169,614
<b>Total business-type activities expenses</b>	<b>5,138,156</b>	<b>5,606,206</b>	<b>6,498,045</b>	<b>6,640,232</b>	<b>7,579,634</b>	<b>7,304,117</b>	<b>8,360,750</b>	<b>9,111,598</b>	<b>10,993,354</b>	<b>11,015,237</b>
<b>Total primary government expense:</b>	<b>\$ 32,738,997</b>	<b>\$ 32,978,256</b>	<b>\$ 41,006,759</b>	<b>\$ 40,284,640</b>	<b>\$ 43,650,865</b>	<b>\$ 45,366,039</b>	<b>\$ 47,453,817</b>	<b>\$ 51,796,986</b>	<b>\$ 52,263,609</b>	<b>\$ 54,417,339</b>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,618,962	\$ 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
Public safety	3,924,580	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
Highways and streets	304,287	325,655	272,713	390,453	437,157	448,821	449,083	36,487	26,973	-
Physical environment	1,745,188	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
Culture and recreation	211,739	106,498	241,704	807,790	431,859	360,097	285,498	293,613	403,927	128,635
Operating grants and contributions	601,907	1,090,195	3,380,405	1,311,215	448,122	279,490	330,046	739,742	866,809	265,678
Capital grants and contributions	594,915	427,828	104,232	662,682	166,553	650	3,263,346	320,526	525,236	603,553
<b>Total governmental activities program revenues</b>	<b>9,001,578</b>	<b>9,098,808</b>	<b>12,484,380</b>	<b>12,143,054</b>	<b>10,509,164</b>	<b>11,475,137</b>	<b>13,686,043</b>	<b>11,663,479</b>	<b>12,962,298</b>	<b>12,047,008</b>

TABLE 2 (CONT'D)

**CITY OF DANIA BEACH FLORIDA**  
**NET POSITION BY COMPONENT**  
**LAST 10 FISCAL YEARS**  
**(Continued)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities:										
Charges for services:										
Water	2,739,769	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
Sewer	2,923,275	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
Stormwater	742,249	781,442	821,925	822,662	1,102,906	998,697	1,146,489	2,034,254	2,083,596	1,949,507
Parking	-	-	-	-	-	-	-	623,950	699,946	1,052,362
Pier operations	-	-	-	-	-	-	-	93,847	373,536	362,849
Marina operations	-	-	-	-	-	-	-	-	-	162,116
Operating grants and contributions	36,315	7,545	20,021	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	2,550,000	-	-
Total business-type activities program revenues	<u>6,441,608</u>	<u>6,722,343</u>	<u>7,831,742</u>	<u>7,538,461</u>	<u>8,279,187</u>	<u>8,898,405</u>	<u>10,221,284</u>	<u>15,533,532</u>	<u>14,778,334</u>	<u>15,777,263</u>
Total primary government program revenues	\$ <u>15,443,186</u>	\$ <u>15,821,151</u>	\$ <u>19,316,122</u>	\$ <u>19,681,515</u>	\$ <u>18,788,351</u>	\$ <u>20,373,542</u>	\$ <u>23,907,327</u>	\$ <u>27,197,011</u>	\$ <u>27,740,632</u>	\$ <u>27,824,271</u>
NET EXPENSE/REVENUE:										
Governmental activities	\$ (18,599,263)	\$ (18,273,242)	\$ (22,024,335)	\$ (21,501,354)	\$ (25,562,067)	\$ (26,586,785)	\$ (25,407,024)	\$ (31,021,909)	\$ (28,307,957)	\$ (31,355,094)
Business-type activities	<u>1,303,452</u>	<u>1,116,137</u>	<u>333,697</u>	<u>898,229</u>	<u>699,553</u>	<u>1,594,288</u>	<u>1,860,534</u>	<u>6,421,934</u>	<u>3,784,980</u>	<u>4,762,026</u>
Total primary government net expense	<u>(17,295,811)</u>	<u>(17,157,105)</u>	<u>(21,690,638)</u>	<u>(20,603,125)</u>	<u>(24,862,514)</u>	<u>(24,992,497)</u>	<u>(23,546,490)</u>	<u>(24,599,975)</u>	<u>(24,522,977)</u>	<u>(26,593,068)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes	11,683,540	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
Franchise fees	1,790,644	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
Utility taxes	3,668,596	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
Intergovernmental	2,722,628	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
Investment earnings	227,289	584,245	1,308,691	1,973,323	1,561,622	813,306	512,983	126,727	183,364	81,130
Miscellaneous	2,995,174	1,153,654	312,721	195,941	233,861	455,861	334,933	563,009	1,029,975	3,393,790
Transfers	199,785	(255,338)	459,995	478,334	487,960	542,358	338,980	848,976	2,781,842	5,050,839
Total governmental activities	<u>123,287,656</u>	<u>23,218,861</u>	<u>27,174,394</u>	<u>29,760,515</u>	<u>29,732,248</u>	<u>28,253,237</u>	<u>27,425,558</u>	<u>27,013,463</u>	<u>29,631,782</u>	<u>34,573,142</u>
Business-type activities:										
Investment earnings	45,928	77,790	329,361	425,019	228,822	56,962	23,031	21,925	20,729	13,262
Miscellaneous	59,779	139,206	985,102	-	-	-	-	-	-	-
Intergovernmental	35,000	-	-	-	-	-	-	-	-	-
Transfers	(199,785)	255,338	(459,995)	(478,334)	(487,960)	(542,358)	(338,980)	(848,976)	(2,781,842)	(5,050,838)
Total business-type activities	<u>(99,785)</u>	<u>472,334</u>	<u>854,468</u>	<u>(53,315)</u>	<u>(259,138)</u>	<u>(485,396)</u>	<u>(315,949)</u>	<u>(827,051)</u>	<u>(2,761,113)</u>	<u>(5,037,576)</u>
Total primary government general revenue	<u>23,228,578</u>	<u>23,691,195</u>	<u>28,028,862</u>	<u>29,707,200</u>	<u>29,473,110</u>	<u>27,767,841</u>	<u>27,109,609</u>	<u>26,186,412</u>	<u>26,870,669</u>	<u>29,535,566</u>
CHANGE IN NET POSITION:										
Governmental activities	4,688,393	4,945,619	5,150,060	8,259,161	4,170,181	1,666,452	2,018,534	(4,008,446)	1,323,825	3,218,048
Business-type activities	<u>1,244,374</u>	<u>1,588,471</u>	<u>1,188,165</u>	<u>844,914</u>	<u>440,415</u>	<u>1,108,892</u>	<u>1,544,585</u>	<u>5,594,883</u>	<u>1,023,867</u>	<u>(275,550)</u>
Total primary government	\$ <u>5,932,767</u>	\$ <u>6,534,090</u>	\$ <u>6,338,225</u>	\$ <u>9,104,075</u>	\$ <u>4,610,596</u>	\$ <u>2,775,344</u>	\$ <u>3,563,119</u>	\$ <u>1,586,437</u>	\$ <u>2,347,692</u>	\$ <u>2,942,498</u>

TABLE 3

CITY OF DANIA BEACH FLORIDA  
FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST 10 FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 3,594,930	\$ 4,269,752	\$ 4,473,579	\$ 5,693,502	\$ 5,466,808	\$ 2,974,916	\$ 8,925,423	\$ -	\$ -	\$ -
Unreserved	9,375,597	11,372,000	16,162,869	21,487,742	20,591,407	23,291,728	13,177,602	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,086,792	906,147	936,147
Restricted	-	-	-	-	-	-	-	411,886	329,498	635,544
Committed	-	-	-	-	-	-	-	913,808	-	-
Assigned	-	-	-	-	-	-	-	2,126,437	3,375,944	2,884,649
Unassigned	-	-	-	-	-	-	-	9,832,009	11,040,070	14,349,377
<b>Total General Fund</b>	<b>\$ 12,970,527</b>	<b>\$ 15,641,752</b>	<b>\$ 20,636,448</b>	<b>\$ 27,181,244</b>	<b>\$ 26,058,215</b>	<b>\$ 26,266,644</b>	<b>\$ 22,103,025</b>	<b>\$ 17,370,932</b>	<b>\$ 15,651,659</b>	<b>\$ 18,805,717</b>
All other government funds:										
Reserved	\$ 3,382,011	\$ 10,829,891	\$ 11,325,798	\$ 9,942,726	\$ 8,804,438	\$ 5,177,509	\$ 3,217,527	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	-	-	-	-	-	(100,210)	(1,277,415)	-	-	-
Capital projects funds	-	-	-	-	-	4,506,476	4,757,542	-	-	-
Restricted								1,850,398	2,204,824	1,495,442
Committed	-	-	-	-	-	-	-	694,796	2,482,732	1,836,528
Assigned	-	-	-	-	-	-	-	5,180,507	7,686,301	6,367,074
Unassigned	-	-	-	-	-	-	-	1,226,673	(1,970,335)	(2,983,873)
<b>Total all other governmental funds</b>	<b>\$ 3,382,011</b>	<b>\$ 10,829,891</b>	<b>\$ 11,325,798</b>	<b>\$ 9,942,726</b>	<b>\$ 8,804,438</b>	<b>\$ 9,583,775</b>	<b>\$ 6,697,654</b>	<b>\$ 8,952,374</b>	<b>\$ 10,403,522</b>	<b>\$ 6,715,171</b>

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

TABLE 4

**CITY OF DANIA BEACH FLORIDA  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST 10 FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES:</b>										
Property taxes	\$ 11,683,540	\$ 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
Special assessments	2,551,875	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
Franchise fees	1,790,644	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
Utility taxes	3,668,596	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
Licenses and permits	1,566,512	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
Intergovernmental	2,722,628	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
Charges for services	3,086,159	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
Fines and forfeitures	600,210	403,344	542,642	794,496	796,864	455,100	562,067	445,980	738,356	376,050
Investment earnings	227,289	584,245	1,308,653	1,973,323	1,561,622	813,306	512,983	126,727	183,364	81,131
Grants	1,133,152	1,493,151	3,455,250	1,611,161	604,405	261,480	311,969	3,939,790	1,736,388	869,231
Contributions	63,670	24,872	13,017	13,740	10,270	18,660	7,811	3,540	-	-
Miscellaneous	2,995,174	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
<b>Total revenues</b>	<b>32,089,449</b>	<b>32,573,007</b>	<b>39,198,779</b>	<b>41,517,051</b>	<b>39,826,062</b>	<b>39,192,578</b>	<b>37,374,637</b>	<b>40,711,028</b>	<b>40,156,581</b>	<b>42,863,056</b>
<b>EXPENDITURES:</b>										
General government	5,793,760	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
Public safety	13,323,988	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
Highways and streets	1,171,885	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
Physical environment	2,138,138	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
Community redevelopment	2,266,011	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
Culture and recreation	10,536	17,373	35,890	-	231,915	2,971,721	3,468,938	3,119,180	4,780,910	3,154,702
Capital outlay	2,177,896	427,828	1,953,948	3,394,871	7,269,855	3,784,234	12,310,518	2,982,416	-	-
Debt service:										
Principal	1,018,929	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
Interest and fiscal charges	354,130	340,160	627,913	646,015	606,424	549,203	503,330	676,297	621,236	597,424
Bond issuance costs	-	-	-	-	-	-	25,000	-	-	-
<b>Total expenditures</b>	<b>28,255,273</b>	<b>30,006,535</b>	<b>35,634,811</b>	<b>37,323,729</b>	<b>42,575,339</b>	<b>41,081,370</b>	<b>52,000,121</b>	<b>44,824,472</b>	<b>43,206,548</b>	<b>48,448,186</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,834,176</b>	<b>2,566,472</b>	<b>3,563,968</b>	<b>4,193,322</b>	<b>(2,749,277)</b>	<b>(1,888,792)</b>	<b>(14,625,484)</b>	<b>(4,113,444)</b>	<b>(3,049,967)</b>	<b>(5,585,130)</b>

TABLE 4 (CONTINUED)

CITY OF DANIA BEACH FLORIDA  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST 10 FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
OTHER FINANCING SOURCES (USES):										
Note proceeds	822,500	7,825,000	1,466,640	-	-	2,334,200	7,236,764	787,095	-	-
Transfers in	1,648,319	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
Transfers out	(1,448,534)	(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)
Transfer from reserves	-	(17,028)	-	-	-	-	-	-	-	-
Capital lease proceeds	851,063	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,873,348	7,552,634	1,926,635	478,334	487,960	2,876,558	7,575,744	1,636,071	2,781,842	5,050,838
Net change in fund balances	\$ 5,707,524	\$ 10,119,106	\$ 5,490,603	\$ 4,671,656	\$ (2,261,317)	987,766	\$ (7,049,740)	\$ (2,477,373)	\$ (268,125)	\$ (534,293)
DEBT SERVICES AS A PERCENTAGE OF NONCAPITAL EXPENDITUR	5.11%	6.48%	5.12%	5.12%	4.64%	3.97%	3.62%	4.22%	4.26%	8.18%

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

\* 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 6.2678 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2678 per each \$ 1,000 of taxable value on real property.

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

TABLE 6

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

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 6.2678 which is the current rate in effect of the City of Dania Beach is equal to \$ 6.2678 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	2013			2003		
	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	\$ 349,347,211	1	12.99%	\$ 324,462,978	1	29.76%
DESIGN CENTER OF THE AMERICAS	60,095,350	2	2.24%	48,818,730	2	4.48%
SOUTH FLORIDA MATERIALS	41,062,978	3	1.53%	-	-	0.00%
DCOTA DEV CO LTD PRTNR	22,935,570	4	0.85%	18,281,190	6	1.68%
EQR-PARADISE POINTE VISTAS INC	22,645,425	5	0.84%	21,792,760	4	2.00%
FT LAUDERDALE OWNER LLC	22,403,270	6	0.83%	-	-	0.00%
INLAND SOUTHEAST DANIA LLC	21,469,820	7	0.80%	16,234,800	9	1.49%
KTR HOLLYWOOD LLC	20,225,130	8	0.75%	-	-	0.00%
CITY OF DANIA BEACH	95,711,810	9	3.56%	-	-	0.00%
THE ARAGON GROUP INC	19,700,010	10	0.73%	-	-	0.00%
SLT DANIA LLC	-	-	0.00%	18,440,310	5	1.69%
SOUTHERN BELL TEL CO	-	-	0.00%	17,472,891	7	1.60%
INTERSTONE/CGL PARTNERS L P	-	-	0.00%	24,165,850	3	2.22%
SHERIDAN EAST APTS LTD	-	-	0.00%	17,350,270	8	1.59%
STIRLING INDUSTRIAL PARK	-	-	0.00%	12,620,510	10	1.16%
DANIA JAI ALAI PALACE INC	-	-	0.00%	-	-	0.00%
<b>Total</b>	<b>\$ 675,596,574</b>		<b>25.13%</b>	<b>\$ 519,640,289</b>		<b>47.65%</b>

Source: Broward County Revenue Collection Division

- █ (1) Property values assessed as of January 1, 2012
- █ (2) Property values assessed as of January 1, 2003

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	5,665,362	97.18%	66,395	15,731,757	97.59%
2007	18,400,743	17,593,792	95.61%	97,778	17,691,570	96.15%
2008	18,556,030	17,332,196	93.40%	120,552	17,452,748	94.05%
2009	17,488,859	16,530,749	94.52%	267,504	16,798,253	96.05%
2010	17,978,399	15,735,773	87.53%	1,015,063	16,750,836	93.17%
2011	16,654,408	14,973,597	89.91%	899,250	15,872,847	95.31%
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%

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	1,795,015	-	-	16,605	11,652,178	31,271,274	689	2,483
2012	1,970,000	9,165,000	6,438,646	1605454	-	-	-	13,919,426	33,288,087	642	2,962
2013	1,615,000	8,885,000	5,977,985	1,415,894	-	-	2,673,790	13,648,761	34,216,430	592	3,473

\* Total debt for Governemntal Activites reflected as a percentage of personal income is 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	9,165,000	9,165,000	0.3488%	307
2013	8,885,000	8,885,000	0.3418%	294

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, 2013

TABLE 11

	Debt Outstanding (1)	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>GOVERNMENTAL UNIT:</b>			
Debt repaid with property taxes:			
Broward County General Obligation Debt	\$ 30,173,000	2.026%	\$ 611,418
Other debt:			
Broward County Revenue Bonds	355,175,000	2.026%	7,197,171
Broward County COP Debt	0	2.026%	0
Broward County Other Debt	15,360,000	2.026%	311,251
School Board of Broward County COP Debt	1,770,838,000 <sup>■</sup>	1.887%	33,416,491
School Board of Broward County Other Debt	56,583,000	1.887%	<u>1,067,746</u>
Subtotal, overlapping debt			42,604,077
City direct debt	\$ 16,477,985	100.000%	<u>16,477,985</u>
Total direct and overlapping debt			<u>\$ 59,082,061</u>

Source: Broward County and the School Board of Broward County

<sup>■</sup> (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	<u>3,000,000</u>	<u>6,000,000</u>							
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	139,397	17.92

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	336,103	6.02
2012	1,950,481	275,608	6,473	282,081	6.91
2013	1,949,911	34,975	865	35,841	54.40

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	N/A	N/A	1,627	7.3

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	2013			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Publix Supermarkets, Inc.	253	2	1.610%	248	4	1.552%
Bass Pro Shops - Outdoor World	337	1	2.145%	364	1	2.278%
School Board of Broward County	210	3	1.337%	240	5	1.502%
City of Dania Beach	111	7	0.703%	178	6	1.114%
Dania Jai-Alai	120	6	0.764%	278	2	1.740%
Kenan Transport	81	10	0.516%	146	8	0.914%
Uniweld Products, Inc.	161	4	1.025%	250	3	1.565%
American Maritime Officers	150	5	0.952%	160	7	1.001%
Boomers	103	9	0.656%	-	-	-
Sheraton Ft. Lauderdale Airport	110	8	0.700%	140	9	0.876%
Total	<u>1,635</u>		<u>10.407%</u>	<u>2,004</u>		<u>12.543%</u>

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

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

TABLE 17

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FUNCTION/PROGRAM:										
General government:										
Management	12.00	14.00	14.00	15.50	17.18	18.20	16.00	15.50	15.50	15.50
Finance	8.00	8.00	8.00	9.00	9.00	8.00	8.00	9.00	8.00	9.00
Human resources	3.00	3.00	4.00	4.00	3.00	3.00	3.50	3.50	2.50	2.50
Community development	14.00	15.00	15.00	15.00	14.00	12.00	11.00	10.00	10.00	10.00
Public safety /Code	63.00	63.00	65.00	70.00	70.00	70.00	68.00	77.00	10.00	9.00
Highways and streets	10.00	10.00	10.00	10.00	10.00	9.00	9.00	8.00	7.00	8.00
Physical environment	14.00	15.00	13.00	13.00	13.00	12.00	12.00	15.62	12.45	11.45
Culture and recreation	22.00	29.60	22.40	25.40	24.02	22.60	20.06	20.34	20.19	22.09
Water	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.75	16.95	16.95
Sewer	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.75	5.05	5.05
Stormwater	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50	6.55	6.55
<b>Total</b>	<u>173.00</u>	<u>184.60</u>	<u>178.40</u>	<u>188.90</u>	<u>187.20</u>	<u>181.80</u>	<u>174.56</u>	<u>186.96</u>	<u>114.19</u>	<u>116.09</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FUNCTION/PROGRAM:										
Police:										
Physical arrests	3,084	2,890	2,637	4,039	2,853	1,873	1,777	1,180	3,700	1,343
Parking violations	165	67	210	108	3,282	1,693	602	204	40	69
Traffic violations	20,919	10,805	14,280	9,405	7,489	6,285	4,060	4,575	4,106	3,377
Fire protection/prevention:										
Emergency responses	7,895	7,755	7,679	7,618	6,776	6,298	7,479	5,099	4,844	6,249
Fires extenguished (approx.)	200	200	186	326	148	173	116	1,493	N/A	N/A
Fire inspections	1,797	1,704	2,057	4,020	3,087	3,125	3,360	3,010	1,802	1,830
Community development:										
Building permits issued	2,956	3,043	4,710	3,626	2,829	2,386	1,876	2,448	2,094	2,758
Building permits construction value	\$ 73,366,338	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
Number of cited code violations	1,725	1,823	1,744	2,854	2,539	2,366	1,931	1,792	612	538
Public works:										
Miles of roads resurfaced	N/A	10.81	11.76	14.83	4.86	4.20	3.58	-	-	-
Potholes repaired	12	12	12	12	12	12	12	336	680	823
Parks and recreation:										
Facility rentals	N/A	775	3,415	7,648	10,721	9,977	8,975	10,500	10,000	9,000
Parks/sports attendance	N/A	12,445	11,345	27,399	34,572	26,710	25,975	57,500	55,227	58,398
Programs attendance	N/A	8,120	11,995	8,540	15,587	38,013	21,960	13,910	6,730	15,060
Water:										
Average daily consumption (thousands of gallons)	2,550	2,830	2,640	2,218	2,061	2,260	2,293	2,230	1,875	1,926
Peak daily consumption (thousands of gallons)	3,390	3,160	3,030	2,700	2,342	2,670	2,679	2,860	3,600	2,640
Sewer:										
Average daily sewage treatment (thousands of gallons)	3,023	3,119	3,102	3,203	3,150	3,312	3,518	3,240	3,200	3,325

Notes:

(1) Information was not available for years reported "N/A."

(2) Starting 2011 Fires Extenguished includes all fire related emergency responses

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

TABLE 19

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FUNCTION/PROGRAM:										
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	9	8	8	4	4	4
Public works:										
Streets (miles)	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4	150.4	97
Length of sidewalks	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	86
Parks and recreation:										
Parks acreage	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.63	56.5
Baseball diamonds	7	7	7	7	7	7	7	7	6	5
Community centers	4	4	4	4	4	4	5	5	4	5
Water:										
Length of water mains (mile)	68.23	68.23	68.23	68.23	70.58	70.58	70.58	70.58	76	76.06
Sewer/stormwater:										
Length of sewer mains (mile)	43.30	43.30	43.60	43.60	43.60	43.60	43.60	43.60	43.60	46.00
Length of storm drains (mile)	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30	14.30	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, 2013, 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 18, 2014. 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*.

We noted certain matters that we reported to the City's management in the schedule of findings and questioned costs under **2013-1**.

### **The City's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*NCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida  
March 18, 2014

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, 2013. 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, 2013.

### **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 18, 2014

CITY OF DANIA BEACH, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2013

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency: Passed through the State of Florida Department of Environmental Protection Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW0604060	842,436
U.S Department of Education Passed through Florida Department of Education Twenty-First Century Community Learning Centers (\$265,085)	84.287C	06E-2443/4A-3/4PCC1	631
U.S Department of Housing & Urban Development - Passed through Broward County Community Development Block Program CDBG Year 36 (\$344,453)	14.218	B-10-UC-12-0001	209,453
Community Development Block Program CDBG Year 38 - Oasis Project (\$199,792)	14.218	B-12-UC-12-0001	62,533
Total U.S Department of Housing and Urban Development			<u>271,986</u>
National Oceanic and Atmospheric Administration Passed through State of Florida: Department of Environmental Protection Coastal Zone Management Program (\$30,000)	11.419	CM215	10,000
United States Department of Agriculture/Forestry Passed through State of Florida: Department of Agriculture Urban and Community Forestry (\$10,000)	10.664	18028	500
United States Fish and Wildlife Service Passed through State of Florida: Florida Fish and Wildlife Conservation Commission Florida Boating Improvement Program (\$181,293)	15.605	11132	16,859
Total expenditures of federal awards			<u><u>1,142,413</u></u>

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, 2013

**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, 2013. 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 assets, 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, 2013

**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, 2013

**II – FINDINGS FINANCIAL STATEMENT AUDIT**

**Prior year**

**2012-1** General Employees' Pension Trust Fund Reconciliations- This matter has been implemented and will not be repeated.

**2010-05:** Water Service Connections: This matter is not resolved and will be repeated.

**Current year**

**2013-01** Water Service Connections

**Condition:** The City incurred losses due to the misapplication of, and deficiencies in, its water & sewer service connection procedures. These losses include errors in the amount of required impact fees, accurate identification of property locations utilizing City water services, and failing to verify that necessary water utility service accounts have been established with the provider before issuance of a construction certificate of occupancy.

**Criteria:** Certain internal control procedures, such as reviewing and authorizing new construction plans and final verification that utility service accounts have been established before issuance of a certificate of occupancy, need to be followed by the City in order to ensure that locations are properly established, serviced and billed for water & sewer services provided.

**Cause:** There has not been consistent written documentation of approved water / sewer service meter sizes and location to ensure the billing and collection of impact and installation fees by the City prior to beginning of construction. At the conclusion of construction, there has not been a consistent verification that meters were installed in the correct size, by City staff and under direct City observation or approval in compliance with City Ordinance. Further, meters purchased have not always been provided to Finance for inclusion in the City's meter inventory.

**Effect:** Because of the lack of verification, it is not possible to determine if all construction activity is billed and collected for water service impact and installation; further it is not possible to verify that all meters being installed have been installed by City staff or under direct City observation, or approved by City staff. It is important that installed meters and that meters purchased by the City should be captured and reported in inventory.

CITY OF DANIA BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**II – FINDINGS FINANCIAL STATEMENT AUDIT (Continued)**

**2013-1 Water Services Connections (Continued):**

**Recommendation:** We recommend that the City develop a water service connection process that focuses responsibility and accountability for initial assessment and collection of water & sewer service impact fees and installation at the time of construction permitting. The installation of all water service meters should be performed by City staff as provided by City Ordinance, and that verification is performed to ensure that water & sewer service accounts have been established with the respective provider on all substantial construction projects prior to issuance of a City certificate of occupancy.

**View of Responsible official:** After further counseling Public Services staff regarding the requirement to have all City water meters purchased and installed by City work staff only after issuance of an approved work order from Finance Utility Customer Service, further discrepancies were encountered. Therefore, to address continuing difficulties in the City's water meter installation and replacement process, responsibility for purchase, inventory, installation/replacement, and control of City water meters was transferred to Finance Customer Service on October 1, 2013.

The Administration has also reiterated the importance to Community Development of their field staff's monitoring the use of potable water at construction sites. Illegal water taps, hydrant meters and/or undocumented water sources continue to be encountered at City construction sites. Furthermore, Community Development is to verify and ensure that an appropriate Water / Sewer utility account has been established with the City / County prior to certificate of occupancy or final approval of a City plumbing permit. Community Development was also reminded of the City's administrative process for billing Water / Sewer Utility impact fees, meter fees and service tap fees (as well as other City impact fees) as a normal and necessary part of the City's building permit application process.

Due to continuing difficulties encountered by the City in Utility water / sewer services and construction permitting, the Finance Department will develop new, comprehensive written procedures for improved staff training, operations and control of City Water and Sewer services. These written procedures will be developed by July 2014 for consideration and implementation by the City Administration. The procedures will provide reasonable and necessary guidance to the City's Public Services, Community Development and Customer Service staff regarding their role and responsibilities regarding City water / sewer services. The Departments will conduct staff training before August 31, 2014 covering their Department's procedures, including necessary internal control documentation, to be used and followed by Department staff in the conduct of City water/sewer utility services. Procedural violations by staff will be documented in writing by the Department Director to the City Administration and Human Resources.

CITY OF DANIA BEACH, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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 fiscal year ended September 30, 2013, and have issued our report thereon dated March 18, 2014. We did not audit the financial statements of the City of Dania Beach's Police Officers' and Firefighters' Pension Plan which represents 53 percent, of the total assets and net position and 64% 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.

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. 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 with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 18, 2014 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In

connection with our audit, we determined that the City complied with Section 218.415, Florida Statutes.

□ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following recommendations as stated in the schedule of findings and questioned costs at **2013-1**.

□ Section 10.554(1)(i)4., 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 noted no such issues that came to our attention.

□ Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was established by the rules pursuant to the laws of Florida and was incorporated in 1904.

□ Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

□ Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

□ Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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, 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*

March 18, 2014