

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

**FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2009

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INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

Honorable City Commission
City of Dade City
Dade City, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Dade City, Florida, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Dade City, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dade City as of September 30, 2009, and the fiduciary funds, the respective budgetary comparison for the general fund, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable City Commission
City of Dade City
Dade City, Florida

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 2010, on our consideration of the City of Dade 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dade City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William McCreary, Wash. Cash, P.A.

Inverness, Florida
June 8, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section provides a discussion and analysis of the financial activities for the City of Dade City, Florida, for the period of October 1, 2008 through September 30, 2009. Please read this information in conjunction with the audited financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- Total net assets of the primary government increased \$1.7 million to \$27.4 million.
- Governmental activities had program revenues including grants of \$573,786, general revenues of \$5,138,672, and net transfers of (\$4,865). Total expenses were \$5,062,887.
- Business-type activities had program revenues including grants of \$3,634,290, general revenues of \$160,832, and net transfers of (\$154,266). Total expenses were \$2,586,793.
- The County-wide one-cent infrastructure surtax, which was effective January 1, 2005, generated revenues of \$450,205 in its fourth full year of collections.
- The City entered into capital lease agreements totaling \$110,322 during the fiscal year, which will be repaid through infrastructure surtax monies and utility revenues. The City paid \$202,283 in capital lease reductions, for a net decrease of \$91,961. The City also made payments of \$139,445 on a note issued to finance an automated meter reading system, leaving a balance of \$1,574,794 at the end of the fiscal year.

USING THIS REPORT

Beginning with fiscal year 2003-2004, Statement No. 34 of the Governmental Accounting Standards Board (GASB 34) established new financial reporting requirements for state and local governments throughout the United States. The purpose of these changes was to make financial statements more comprehensive and easier to understand and use.

The financial statements consist of four parts:

- Government-wide financial statements – These statements report information about Dade City as a whole and have a longer-term viewpoint. The Statement of Net Assets reports the financial and capital resources of the City by showing the difference between assets and liabilities. The Statement of Activities presents information on the various functions and services of the City and how they are financed.
- Fund financial statements – These statements report information about Dade City by its different accounting units, called funds, and have a shorter-term focus. The Balance Sheet provides information about the current financial resources of each fund. The Statement of Revenues, Expenditures, and Changes in Fund Balance shows how the activities of the year impacted the balance of financial resources available in each fund.
- Notes to the financial statements – These notes include additional information needed to provide a fair presentation and more complete understanding of the financial statements. These notes are an integral part of the basic financial statements.
- Required supplementary information (other than management's discussion and analysis) – This information gives additional details about the City's financial condition that is not included in the other statements.

OVERALL FINANCIAL POSITION

Dade City finished the fiscal year with \$27.4 million of net assets for the total primary government. The primary government has two parts, governmental activities and business-type activities, which are described in more detail under the fund analysis section. Investments in capital, such as buildings, equipment, and infrastructure, which are shown net of related debt, make up 52%, or \$14.38 million, of total net assets. An additional \$3.57 million, or 13%, of net assets are legally restricted for certain purposes and uses. The balance of \$9.48 million, or 35%, in net assets is unrestricted and available to meet the City's ongoing obligations.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-type activities		Total Government	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	8,812,710	8,016,606	5,921,720	6,224,183	14,734,430	14,240,789
Capital assets	4,919,603	5,178,335	14,113,107	13,558,390	19,032,710	18,736,725
Total assets	13,732,313	13,194,941	20,034,827	19,782,573	33,767,140	32,977,514
Liabilities:						
Current and other liabilities	102,144	226,897	404,024	618,764	506,168	845,661
Long-term liabilities	873,991	856,582	4,946,290	5,533,359	5,820,281	6,389,941
Total liabilities	976,135	1,083,479	5,350,314	6,152,123	6,326,449	7,235,602
Net assets:						
Invested in capital, net of debt	4,722,563	4,864,979	9,663,663	8,587,975	14,386,226	13,452,954
Restricted	2,325,929	2,019,497	1,249,747	1,249,747	3,575,676	3,269,244
Unrestricted	5,707,686	5,226,986	3,771,103	3,792,728	9,478,789	9,019,714
Total net assets	12,756,178	12,111,462	14,684,513	13,630,450	27,440,691	25,741,912

Dade City also has a component unit, the Community Redevelopment Agency, which has net assets of \$1,006,526. This represents an increase of \$241,906, since revenues from the tax increment financing by the City and County exceeded the agency expenses for the year. These assets are restricted for specific purposes within the defined redevelopment area.

Excluding the component unit, the total primary government had an increase of \$1.7 million in net assets as a result of activities during the fiscal year. Governmental activities had an operating surplus of \$773,920, while net transfers and loss on sale of assets decreased assets by \$129,204, creating a net increase of \$644,716. Compared to the previous year, operating results declined by \$1,008,888 while net transfers and gains on sales of assets increased by \$435,466, for a net decrease of \$573,422. These changes resulted primarily from the receipt and reallocation of grant funding in the previous year. Business-type activities had an increase in net assets of \$1,054,063 which includes a \$154,266 net transfer out for governmental activities. The \$634,117 increase in the operating results of business-type activities from the previous year is due primarily to the combination of the meter automation project and the level of grant funding received in the previous year.

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

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type activities		Total Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program revenues:						
Charges for services	505,573	891,791	3,423,784	3,413,862	3,929,357	4,305,653
Operating grants	63,213	74,282	210,506	771,206	273,719	845,488
Capital grants	5,000	676,331	-	-	5,000	676,331
General revenues:						
Property taxes	2,186,031	2,350,550	-	-	2,186,031	2,350,550
Other taxes and fees	2,516,074	2,528,734	-	-	2,516,074	2,528,734
Intergovernmental revenues	296,275	299,811	-	-	296,275	299,811
Other revenues	264,631	227,926	160,832	149,311	425,463	377,237
Total revenues	5,836,797	7,049,425	3,795,122	4,334,379	9,631,919	11,383,804
EXPENSES						
Program expenses:						
General government	1,030,173	1,589,472	-	-	1,030,173	1,589,472
Public safety	2,510,430	2,273,621	-	-	2,510,430	2,273,621
Physical environment	333,007	286,108	2,586,793	4,304,701	2,919,800	4,590,809
Transportation	806,981	739,852	-	-	806,981	739,852
Culture and recreation	382,286	377,564	-	-	382,286	377,564
Interest on long-term debt	-	-	-	-	-	-
Total expenses	5,062,877	5,266,617	2,586,793	4,304,701	7,649,670	9,571,318
Excess / (deficiency)	773,920	1,782,808	1,208,329	29,678	1,982,249	1,812,486
Net transfers	(4,865)	(573,893)	(154,266)	390,268	(159,131)	(183,625)
Gain on sale of fixed asset	(124,339)	9,223	-	-	(124,339)	9,223
Change in net assets	644,716	1,218,138	1,054,063	419,946	1,698,779	1,638,084
Net assets – October 1, 2007		10,893,324		13,210,504		24,103,828
Net assets – September 30, 2008		12,111,462		13,630,450		25,741,912
Net assets – October 1, 2008	12,111,462		13,630,450		25,741,912	
Net assets – September 30, 2009	12,756,178		14,684,513		27,440,691	

FUND ACTIVITY

Governmental activities include the general fund and the special revenue funds. The general fund is where most of the City's basic services are reported, including public safety, public works, and City administration. Special revenue funds are used to record receipts that are legally restricted in their uses, such as impact fees and certain taxes.

Taxable values in Dade City decreased approximately 6% this year, even with new taxable value of over \$8 million. Aside from property taxes, other general revenues are still declining. State revenues and building permit revenues continue to be negatively impacted by economic conditions; additionally, some grant funding and other revenues from the previous year were not recurring in this fiscal year. The County provides fire suppression services within the City, charging property owners an additional ad valorem tax for that service, which limits the millage rate that the City can charge.

Business-type activities are City services that charge fees to pay the costs of those services. In Dade City, that includes the water and sewer utilities fund as well as the sanitation fund. The utility fund charges rates and fees that pay the costs of providing the water and sewer service. Rates were adjusted in March 2009, the result of a rate study and a facilities plan that

determined the revenues needed to keep up with the rising costs of maintaining the utility system and making necessary improvements. The utility fund also transfers monies to the general fund. The sanitation fund is responsible for garbage collection through a service agreement with an outside contractor.

GENERAL FUND BUDGET VARIATIONS

	Original 2009 Budget	Final 2009 Budget	Actual 2009 Results	Actual 2008 Results
REVENUES				
Taxes and special assessments	3,444,000	3,444,000	3,505,890	3,645,568
Licenses and permits	89,000	89,000	97,730	125,074
Intergovernmental revenue	777,320	869,784	823,071	868,446
Charges for services	46,760	46,760	46,331	32,908
Fines and forfeitures	27,100	27,100	26,893	144,509
Miscellaneous revenue	119,200	329,864	411,203	404,800
Net transfers	661,940	512,168	404,658	433,256
Total revenues	5,165,320	5,318,676	5,315,776	5,654,561
EXPENSES				
Current:				
General government	1,069,196	1,080,234	854,846	960,414
Public safety	2,413,271	2,399,813	2,283,182	2,307,195
Physical environment	324,660	346,350	315,446	294,613
Transportation	770,819	843,929	742,263	706,899
Culture and recreation	413,612	414,112	337,962	359,268
Contingency	154,762	85,197	-	-
Capital outlay	19,000	149,041	177,030	188,473
Principal retirement	-	-	-	3,866
Interest and fiscal charges	-	-	-	336
Total expenses	5,165,320	5,318,676	4,710,729	4,821,064
Increase (decrease) in cash reserves	-	-	605,047	833,497

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

- the use of public safety impact fees not allocated in the original budget,
- the receipt of grants not included in the original budget,
- the addition of some miscellaneous revenues along with the related expenditures, and
- transfers of \$72,125 in contingency funds to other departmental budgets.

Significant variations between the final budget and the actual results in the general fund (in addition to the changes mentioned above) are due to:

- property tax collections that were higher than budget amounts,
- the net appreciation on investments,
- the receipt of insurance premium refunds,
- contributions to other entities that were less than anticipated,

- the use of plan forfeitures to fund local retirement contributions,
- lower operating costs in some departments, and
- positions left unfilled for a portion of the year.

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

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

Dade City lists capital assets totaling \$19.03 million. Most of those assets (\$14.11 million) are in the utility system improvements and infrastructure. Amounts in the following table are shown net of accumulated depreciation, where applicable. Capital assets of governmental activities were previously recorded in a separate account group and did not include depreciation, but are now reported as part of those activities and depreciated as appropriate.

	Governmental Activities		Business-type activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	631,178	631,178	405,901	405,901	1,037,079	1,037,079
Buildings, Improvements, and Construction in Progress	271,654	275,990	3,589,647	2,753,420	3,861,301	3,029,410
Equipment	996,815	1,321,502	358,279	639,789	1,355,094	1,961,291
Infrastructure	3,019,956	2,949,665	9,759,280	9,759,280	12,779,236	12,708,945
Totals	4,919,603	5,178,335	14,113,107	13,558,390	19,032,710	18,736,725

LONG-TERM DEBT ACTIVITY

There are six outstanding long-term debt obligations in the utility fund. Three of them are loans from the United States Department of Agriculture, Rural Development, made under a grant/loan program for water and wastewater system improvements. The fourth obligation is a combination of a refunding of the Series 1992 utility bonds and a new money issue for some sewer line extensions. The City also issued a note to finance the installation of an automated meter reading system in 2007. Finally, the City has an open loan agreement with the State Revolving Fund for wastewater system improvements.

The City initiated two capital leases during the fiscal year for the purchase of three police cars and a utility truck. The lease obligation for the police cars will be paid with infrastructure surtax monies and is scheduled to be paid off in two years, while the lease for the utility truck will be funded with utility revenues over the next four years. In addition to these new leases, the City still has seven other active leases from previous fiscal years.

	Governmental Activities		Business-type activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Notes & bonds	-	-	4,402,247	4,947,573	4,402,247	4,947,573
Capital leases	197,040	313,356	47,197	22,842	244,237	336,198
Totals	197,040	313,356	4,449,444	4,970,415	4,646,484	5,283,771

POTENTIAL IMPACTS ON FUTURE FINANCIAL CONDITION

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

Current economic conditions continue to stifle new development within the City. Forecasts indicate that it may still be a few years before conditions improve. The collapse of the housing market and other recessionary pressures have had negative impacts on property tax revenues, other tax revenues received from the State of Florida, and interest earnings. In general, when new developments do occur, they should initially generate more permit and impact fees; after completion they should also provide increases in tax revenues and charges for services. Although revenues would be increasing, there would also be increases in expenses to provide City services to those developments.

In the coming years, it will be necessary for the City's utility system to undergo both rehabilitation as well as expansion. The City has been pursuing grant and loan program funding for both water and wastewater facilities projects. Several of these projects are likely to be constructed over the next few years. The City increased its utility rates and impact fees during this fiscal year, but will need to monitor revenues to ensure adequate funding for the current and future operation of the system.

In 2004, the voters of Pasco County approved a local government infrastructure surtax, which adds an additional penny to the County sales tax rate through December 2014. These funds are shared by the County, the School Board, and the municipalities within the County, and may only be used for infrastructure improvements. Economic conditions are negatively impacting the amount that the City receives. For the next few years, some of these funds have been pledged to repay capital leases for new equipment.

In January 2008, Florida voters approved an amendment to the State Constitution that provided additional tax exemptions to property owners. The resulting reduction in taxable values, combined with the decline in the housing market and legislatively-mandated revenue and/or spending limits, will have a significant impact on future budgets. Other proposals under consideration by the Florida legislature could further reduce the resources available to maintain the levels of services that the City is providing.

CITY OF DADE CITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	PRIMARY GOVERNMENT			COMPONENT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	UNITS COMMUNITY REDEVELOPMENT
Assets:				
Cash and cash equivalents	\$ 6,760,685	\$ 3,863,769	\$ 10,624,454	\$ 1,006,522
Investments	1,721,089	1,193,085	2,914,174	-
Receivables (net)	114,211	711,294	825,505	-
Inventories	-	29,137	29,137	-
Due from other governments	185,792	144,122	329,914	-
Interfund balances	30,933	(30,933)	-	-
Deferred charges- note payable	-	11,246	11,246	-
Capital assets:				
Land, improvements, and construction in progress	3,267,959	3,894,647	7,162,606	-
Other capital assets, net of depreciation	1,651,644	10,218,460	11,870,104	-
Total capital assets	4,919,603	14,113,107	19,032,710	-
Total assets	13,732,313	20,034,827	33,767,140	1,006,522
Liabilities:				
Accounts payable and accrued expenses	100,674	92,258	192,932	-
Retainage payable	-	311,766	311,766	-
Deposits	1,470	-	1,470	-
Long-term liabilities:				
Due within one year				
Leases payable	144,470	19,924	164,394	-
Bonds payable	-	421,053	421,053	-
Notes payable	-	183,437	183,437	-
Compensated absences	132,004	12,425	144,429	-
Due in more than one year				
Bonds payable	-	2,406,400	2,406,400	-
Leases payable	52,570	27,273	79,843	-
Notes payable	-	1,391,357	1,391,357	-
Landfill closure costs	27,960	-	27,960	-
Customer deposits	-	434,723	434,723	-
Compensated absences	516,987	49,698	566,685	-
Total liabilities	976,135	5,350,314	6,326,449	-
Net Assets				
Invested in capital assets, net of related debt	4,722,563	9,663,663	14,386,226	-
Restricted for:				
Capital projects	2,325,929	-	2,325,929	-
Other purposes	-	1,249,747	1,249,747	1,006,522
Unrestricted	5,707,686	3,771,103	9,478,789	-
Total net assets	\$ 12,756,178	\$ 14,684,513	\$ 27,440,691	\$ 1,006,522

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

CITY OF DADE CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Primary government:							
General government	\$ 74,634	\$ -	\$ -	(955,539)	-	(955,539)	\$ -
Public safety	88,384	1,749	-	(2,420,297)	-	(2,420,297)	-
Physical environment	148,306	-	5,000	(179,701)	-	(179,701)	-
Transportation	194,249	61,464	-	(551,268)	-	(551,268)	-
Culture and recreation	-	-	-	(382,286)	-	(382,286)	-
Total governmental activities	<u>505,573</u>	<u>63,213</u>	<u>5,000</u>	<u>(4,489,091)</u>	<u>-</u>	<u>(4,489,091)</u>	<u>-</u>
Business-Type Activities:							
Sanitary landfill	229,221	-	-	-	34,565	34,565	-
Public utility	3,194,563	210,506	-	-	1,012,932	1,012,932	-
Total business-type activities	<u>3,423,784</u>	<u>210,506</u>	<u>-</u>	<u>-</u>	<u>1,047,497</u>	<u>1,047,497</u>	<u>-</u>
Total primary government	<u>\$ 3,929,357</u>	<u>\$ 273,719</u>	<u>\$ 5,000</u>	<u>\$ (4,489,091)</u>	<u>\$ 1,047,497</u>	<u>\$ (3,441,594)</u>	<u>-</u>
Component units:							
Community redevelopment	\$ 47,477	\$ -	\$ -				\$ (47,477)
Total component units	<u>\$ 47,477</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (47,477)</u>

General Revenues		Taxes:	
Property taxes	2,186,031	-	2,186,031
Sales taxes	921,953	-	921,953
Gas taxes	274,262	-	274,262
Franchise fees	461,110	-	461,110
Communication tax	296,659	-	296,659
Utility tax	562,090	-	562,090
Intergovernmental revenues	296,275	-	296,275
Investment income	264,631	137,304	401,935
Gain (loss) on sale of fixed assets	(124,339)	-	(124,339)
Miscellaneous	-	23,528	23,528
Transfers	(4,865)	(154,266)	(159,131)
Total General Revenues and Transfers	<u>5,133,807</u>	<u>6,566</u>	<u>5,140,373</u>
Change in Net Assets	644,716	1,054,063	1,698,779
Net Assets at Beginning of Year	12,111,462	13,630,450	25,741,912
Net Assets at End of Year	<u>\$ 12,756,178</u>	<u>\$ 14,684,513</u>	<u>\$ 27,440,691</u>

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

CITY OF DADE CITY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

	<u>GENERAL</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 4,858,325	\$ 1,902,360	\$ 6,760,685
Investments	1,721,089	-	1,721,089
Accounts receivable (net of allowance for uncollectible accounts)	102,774	-	102,774
Special assessments receivable	11,437	-	11,437
Due from other funds	18,163	324,818	342,981
Due from other governments	136,947	48,845	185,792
	<u>\$ 6,848,735</u>	<u>\$ 2,276,023</u>	<u>\$ 9,124,758</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 100,674	\$ -	\$ 100,674
Accrued liabilities and compensated absences	132,004	-	132,004
Due to other funds	312,048	-	312,048
Deposits	1,470	-	1,470
Total Liabilities	<u>546,196</u>	<u>-</u>	<u>546,196</u>
Fund Balance:			
Reserved	49,906	2,276,023	2,325,929
Unreserved	6,252,633	-	6,252,633
Total Fund Balances	<u>6,302,539</u>	<u>2,276,023</u>	<u>8,578,562</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,848,735</u>	<u>\$ 2,276,023</u>	<u>\$ 9,124,758</u>

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

CITY OF DADE CITY
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance of governmental funds	\$ 8,578,562
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets are \$8,048,574 and the accumulated depreciation is \$3,128,971.	4,919,603
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Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Long-term liabilities at year-end consist of:

Landfill post closure costs	(27,960)	
Capital leases	(197,039)	
Compensated absences	(516,988)	(741,987)
	(741,987)	(741,987)

Net assets of governmental activities	\$ 12,756,178
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CITY OF DADE CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>GENERAL FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues :			
Taxes and special assessments	\$ 3,505,890	\$ 721,468	\$ 4,227,358
Licenses and permits	97,730	-	97,730
Intergovernmental revenue	823,071	5,000	828,071
Charges for services	46,331	-	46,331
Fines and forfeitures	26,893	-	26,893
Miscellaneous revenue	411,203	8,252	419,455
Impact fees	-	212,067	212,067
Total Revenues	<u>4,911,118</u>	<u>946,787</u>	<u>5,857,905</u>
Expenditures :			
Current:			
General government	854,846	2,042	856,888
Public safety	2,283,182	-	2,283,182
Physical environment	315,446	-	315,446
Transportation	742,263	-	742,263
Culture and recreation	337,962	-	337,962
Capital outlay	177,030	39,107	216,137
Debt Service:			
Principal retirement	-	179,816	179,816
Interest and fiscal charges	-	12,234	12,234
Total Expenditures	<u>4,710,729</u>	<u>233,199</u>	<u>4,943,928</u>
Excess of Revenues Over Expenditures	200,389	713,588	913,977
Other Financing Sources (Uses) :			
Transfers in	563,793	-	563,793
Transfers out	(159,135)	(409,523)	(568,658)
Total Other Financing Sources (Uses)	<u>404,658</u>	<u>(409,523)</u>	<u>(4,865)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	605,047	304,065	909,112
Fund Balances - October 1	5,697,492	1,971,958	7,669,450
Fund Balances - September 30	<u>\$ 6,302,539</u>	<u>\$ 2,276,023</u>	<u>\$ 8,578,562</u>

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

CITY OF DADE CITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

Amounts reported for governmental activities in the Statement
 of Net Assets are different because:

Net change in fund balances - total governmental funds	\$ 909,112
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current year.	216,137
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(393,229)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.	(145,447)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts comprising these differences in the treatment of long-term debt and related items are:	
Principal repayments	179,816
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds. The amounts comprising the difference in the treatment of expenses are:	
Compensated absences	<u>(121,673)</u>
Change in net assets of governmental activities	<u><u>\$ 644,716</u></u>

CITY OF DADE CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	GENERAL FUND			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL AMOUNTS	
	ORIGINAL	FINAL		
Revenues :				
Taxes and special assessments	\$ 3,444,000	\$ 3,444,000	\$ 3,505,890	\$ 61,890
Licenses and permits	89,000	89,000	97,730	8,730
Intergovernmental revenue	777,320	869,784	823,071	(46,713)
Charges for services	46,760	46,760	46,331	(429)
Fines and forfeitures	27,100	27,100	26,893	(207)
Miscellaneous revenue	119,200	329,864	411,203	81,339
Total Revenues	4,503,380	4,806,508	4,911,118	104,610
Expenditures :				
Current:				
General government	1,069,196	1,080,234	854,846	225,388
Public safety	2,413,271	2,399,813	2,283,182	116,631
Physical environment	324,660	346,350	315,446	30,904
Transportation	770,819	843,929	742,263	101,666
Culture and recreation	413,612	414,112	337,962	76,150
Contingency	154,762	85,197	-	85,197
Capital outlay	19,000	149,041	177,030	(27,989)
Total Expenditures	5,165,320	5,318,676	4,710,729	607,947
Excess of Revenues Over (Under) Expenditures	(661,940)	(512,168)	200,389	712,557
Other Financing Sources (Uses) :				
Transfers in	661,940	512,168	563,793	51,625
Transfers out	-	-	(159,135)	(159,135)
Total Other Financing Sources (Uses)	661,940	512,168	404,658	(107,510)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	-	-	605,047	605,047
Fund Balances - October 1	5,697,492	5,697,492	5,697,492	-
Fund Balances - September 30	\$ 5,697,492	\$ 5,697,492	\$ 6,302,539	\$ 605,047

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

CITY OF DADE CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTAL
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 1,914,575	\$ 577,661	\$ 2,492,236
Investments	1,193,085	-	1,193,085
Accounts receivable (net of allowance for uncollectible accounts)	699,426	11,868	711,294
Due from other governments	144,122	-	144,122
Inventory	29,137	-	29,137
Deferred charges - notes payable	11,246	-	11,246
Total Current Assets	<u>3,991,591</u>	<u>589,529</u>	<u>4,581,120</u>
Restricted Assets:			
Cash	1,343,573	27,960	1,371,533
Total Restricted Assets	<u>1,343,573</u>	<u>27,960</u>	<u>1,371,533</u>
Property and equipment, net of accumulated depreciation and amortization	<u>14,107,207</u>	<u>5,900</u>	<u>14,113,107</u>
Total Assets	<u>\$ 19,442,371</u>	<u>\$ 623,389</u>	<u>\$ 20,065,760</u>

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

CITY OF DADE CITY
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTAL
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities (payable from current assets):			
Accounts payable	\$ 67,792	\$ 14,840	\$ 82,632
Compensated absences	12,425	-	12,425
Retainage payable	311,766	-	311,766
Due to other funds	30,933	-	30,933
Capital lease, current portion	19,924	-	19,924
Notes payable, current portion	183,437	-	183,437
Revenue refunding bonds payable, current portion	421,053	-	421,053
Total Current Liabilities (payable from current assets)	<u>1,047,330</u>	<u>14,840</u>	<u>1,062,170</u>
Current Liabilities (payable from restricted assets):			
Accrued liabilities	9,626	-	9,626
Total Current Liabilities (payable from restricted assets)	<u>9,626</u>	<u>-</u>	<u>9,626</u>
Long - term Liabilities, less current portion			
Compensated absences	49,698	-	49,698
Capital lease, net of current portion	27,273	-	27,273
Notes payable, net of current portion	1,391,357	-	1,391,357
Payable from restricted assets- customer deposits	434,723	-	434,723
Revenue refunding bonds, net of current portion	2,406,400	-	2,406,400
Total Long - Term Liabilities	<u>4,309,451</u>	<u>-</u>	<u>4,309,451</u>
Total Liabilities	<u>5,366,407</u>	<u>14,840</u>	<u>5,381,247</u>
Net Assets:			
Invested in capital assets, net of related debt	9,657,763	5,900	9,663,663
Restricted for			
Debt service	899,224	-	899,224
Customer deposits	434,723	-	434,723
Accrued liabilities	9,626	-	9,626
Closure and postclosure costs	-	27,960	27,960
Unrestricted	3,074,628	574,689	3,649,317
Total Net Assets	<u>14,075,964</u>	<u>608,549</u>	<u>14,684,513</u>
 Total Liabilities and Net Assets	 <u>\$ 19,442,371</u>	 <u>\$ 623,389</u>	 <u>\$ 20,065,760</u>

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

CITY OF DADE CITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	PUBLIC UTILITY	NONMAJOR ENTERPRISE FUND	TOTALS
Operating Revenues :			
Charges for services	\$ 3,194,563	\$ 229,221	\$ 3,423,784
Total Operating Revenues	<u>3,194,563</u>	<u>229,221</u>	<u>3,423,784</u>
Operating Expenses :			
Personal services	594,261	-	594,261
Contractual services	505,522	182,754	688,276
General operating	674,728	11,902	686,630
Depreciation	397,994	-	397,994
Total Operating Expenses	<u>2,172,505</u>	<u>194,656</u>	<u>2,367,161</u>
Operating Income	1,022,058	34,565	1,056,623
Nonoperating Revenues (Expenses)			
Other income	13,272	10,256	23,528
Operating grants	210,506	-	210,506
Unrealized gain on investments	78,840	-	78,840
Interest income	56,426	2,038	58,464
Interest expense	(219,632)	-	(219,632)
Total Nonoperating Revenues (Expenses)	<u>139,412</u>	<u>12,294</u>	<u>151,706</u>
Income Before Transfers	1,161,470	46,859	1,208,329
Transfers out	<u>(142,567)</u>	<u>(11,699)</u>	<u>(154,266)</u>
Change in Net Assets	1,018,903	35,160	1,054,063
Net Assets - Beginning	13,057,061	573,389	13,630,450
Net Assets - Ending	<u>\$ 14,075,964</u>	<u>\$ 608,549</u>	<u>\$ 14,684,513</u>

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

CITY OF DADE CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>PUBLIC UTILITY</u>	<u>NONMAJOR ENTERPRISE FUND</u>	<u>TOTALS</u>
Cash flows from operating activities :			
Cash received from customers	\$ 3,773,518	\$ 229,975	\$ 4,003,493
Cash payments to suppliers for goods and services	(1,429,255)	(197,568)	(1,626,823)
Cash payments to employees for services	(594,261)	-	(594,261)
Net cash provided by operating activities	<u>1,750,002</u>	<u>32,407</u>	<u>1,782,409</u>
Cash flows from noncapital financing activities :			
Other income	13,272	10,256	23,528
Operating grants received	210,506	-	210,506
Transfers to other funds	(142,567)	(11,699)	(154,266)
Net cash provided by (used in) noncapital financing activities	<u>81,211</u>	<u>(1,443)</u>	<u>79,768</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(952,712)	-	(952,712)
Principal paid on debt	(567,486)	-	(567,486)
Proceeds from debt	46,514	-	46,514
Interest paid	(219,632)	-	(219,632)
Net cash used in capital and related financing activities	<u>(1,693,316)</u>	<u>-</u>	<u>(1,693,316)</u>
Cash flows from investing activities :			
Sale of investments	278,000	-	278,000
Purchase of investments	(211,952)	-	(211,952)
Interest on investments	56,426	2,038	58,464
Net cash provided by investing activities	<u>122,474</u>	<u>2,038</u>	<u>124,512</u>
Net increase in cash	260,371	33,002	293,373
Cash at beginning of year	2,997,777	572,619	3,570,396
Cash at end of year	<u>\$ 3,258,148</u>	<u>\$ 605,621</u>	<u>\$ 3,863,769</u>
Classified as:			
Cash	\$ 1,914,575	\$ 577,661	\$ 2,492,236
Restricted cash	1,343,573	27,960	1,371,533
Total	<u>\$ 3,258,148</u>	<u>\$ 605,621</u>	<u>\$ 3,863,769</u>

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

CITY OF DADE CITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>PUBLIC UTILITY</u>	<u>NONMAJOR ENTERPRISE FUND</u>	<u>TOTALS</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,022,058	\$ 34,565	\$ 1,056,623
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	397,994	-	397,994
Changes in assets and liabilities :			
Decrease in accounts receivable	25,477	754	26,231
Decrease in inventory	15,829	-	15,829
Decrease in due from other governments	553,477	-	553,477
Decrease in deferred charges notes payable	11,246	-	11,246
Decrease in accounts payable	(341,368)	(2,912)	(344,280)
Increase in due to other funds	1,857	-	1,857
Decrease in accrued liabilities	(32,918)	-	(32,918)
Decrease in customer deposits	(33,180)	-	(33,180)
Increase in retainage payable	129,530	-	129,530
Total Adjustments	<u>727,944</u>	<u>(2,158)</u>	<u>725,786</u>
Net cash provided by operating activities	<u>\$ 1,750,002</u>	<u>\$ 32,407</u>	<u>\$ 1,782,409</u>

CITY OF DADE CITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009

<u>ASSETS</u>	<u>FIREFIGHTERS' PENSION</u>	<u>POLICE OFFICERS' PENSION</u>	<u>TOTAL</u>
Cash	\$ 522,213	\$ 595,746	\$ 1,117,959
Investments	3,262,296	4,875,140	8,137,436
Accounts receivable, net of allowance for uncollectible accounts	<u>752</u>	<u>735</u>	<u>1,487</u>
Total Assets	<u>\$ 3,785,261</u>	<u>\$ 5,471,621</u>	<u>\$ 9,256,882</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Net assets held in trust for pension benefits	<u>\$ 3,785,261</u>	<u>\$ 5,471,621</u>	<u>\$ 9,256,882</u>
Total Net Assets	<u>\$ 3,785,261</u>	<u>\$ 5,471,621</u>	<u>\$ 9,256,882</u>

The notes to the financial statements are an integral part of the statements.

CITY OF DADE CITY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	FIREFIGHTERS' PENSION	POLICE OFFICERS' PENSION	TOTAL
<u>ADDITIONS</u>			
Contributions:			
Employee	\$ 3,557	\$ 10,326	\$ 13,883
City	67,746	134,257	202,003
Insurance premium tax	96,595	106,218	202,813
Total Contributions	<u>167,898</u>	<u>250,801</u>	<u>418,699</u>
Investment income:			
Interest and dividends	96,745	150,860	247,605
Loss on sale of assets	(139,365)	(193,457)	(332,822)
Net appreciation in fair value of investments	169,656	270,111	439,767
Total Investment Income	<u>127,036</u>	<u>227,514</u>	<u>354,550</u>
Less investment expense	<u>(32,523)</u>	<u>(43,403)</u>	<u>(75,926)</u>
Net investment income	94,513	184,111	278,624
Total Additions	<u>262,411</u>	<u>434,912</u>	<u>697,323</u>
<u>DEDUCTIONS</u>			
Retirement and disability benefits	163,172	167,374	330,546
Total Deductions	<u>163,172</u>	<u>167,374</u>	<u>330,546</u>
Change in net assets	99,239	267,538	366,777
Net assets held in trust for pension benefits:			
Beginning of year	3,686,022	5,204,083	8,890,105
End of year	<u>\$ 3,785,261</u>	<u>\$ 5,471,621</u>	<u>\$ 9,256,882</u>

The notes to the financial statements are an integral part of the statements.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dade City (the "City") was incorporated June 5, 1889, under the laws of Florida, Chapter 3957 (No. 111).

In accordance with the provision of accounting standards generally accepted in the United States of America, these financial statements present the financial position, results of operations, and changes in cash flows of the applicable fund types governed by the City of Dade City, Florida. As required by the Governmental Accounting Standards Board (GASB) Statement 14, these financial statements include the City (the primary government) and its component unit, for which the City is considered to be financially accountable. The City is financially accountable if (a) it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City, (b) the organization is fiscally dependent upon the City, or (c) it would cause the financial statements to be misleading by excluding the organization.

The reporting entity's financial statements should allow users to distinguish between the primary government (the City) and its component unit. However, some component units, because of the closeness of their relationships with the City should be blended as though they were part of the City. Otherwise, component units should be discretely presented. The City has no blended component units but provides an overview of one discretely presented component unit in a separate column.

Discretely presented component unit governmental type – The Dade City Community Redevelopment Agency (the "Agency") was created by City Resolution No. 538 as authorized by Part III of Chapter 163 of the Florida State Statutes. The members of the agency board are appointed by the City Commission. The Agency is fiscally dependent on the City and the City Commission approves the Agency's annual budget. This component unit is reported in a separate column in the accompanying financial statements to emphasize that it is legally separate from the City and in accordance with the provisions of GASB 14. Complete financial statements of the Agency can be obtained from the City of Dade City.

The City of Dade City Municipal Firefighters' Pension Trust Fund and the City of Dade City Municipal Police Officers' Pension Trust Fund were created under Chapters 175 and 185, respectively, of Florida State Statutes. These trust funds are administered by five member boards who have limited duties. Because these funds are not legally separable from the City, they are reported as part of the primary government.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Government-Wide and Fund Financial Statements

The basic financial statements are composed of the Government-Wide Financial Statements, the Fund Financial Statements and the Notes to the Financial Statements.

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These statements report on the government as a whole and include separate columns for the governmental and business-type activities of the primary government. An additional separate column is presented for the component unit for which the City is accountable.

The Statement of Net Assets presents information on all of the assets and liabilities of the City. The difference between assets and liabilities is reported as net assets. Changes in net assets may serve as an indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities reports functional categories of programs provided by the City, and demonstrates how and to what degree those programs are supported by specific revenue. The "Expenses" column reports direct expenses that are clearly identifiable with a specific function or program. "Program Revenues" are directly attributable to a specific function or program and are categorized as charges for services, operating grants and contributions, and capital grants and contributions. The net of program expenses less program revenues reflects the net cost of each function or program. The general revenues section includes revenues that are not program specific such as taxes and investment earnings.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements, except for the residual amounts between governmental and business-type activities reported as "internal balances." These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Fund accounting is used to ensure and demonstrate compliance with legal, legislative, contractual and other finance-related provisions. All of the funds of the City may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The City's major funds are reported as separate columns in the fund financial statements and nonmajor funds are aggregated and presented as a single column on each statement. Fund financial statements are presented after the government-wide financial statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments in accordance with the Government Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its business-type and proprietary operations, but has elected not to apply FASB pronouncements issued after November 30, 1989.

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements have been met.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. The City considers all revenues available if they are collected within sixty days after year-end with the exception of grant revenue, which is considered susceptible to accrual if collected within six months of year-end. Primary revenues, such as property taxes, special assessments, intergovernmental revenues, charges for services and interest are treated as susceptible to accrual under the modified accrual basis and so have been recognized as revenues. Expenditures reported in governmental fund financial statements are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule includes accumulated sick and vacation pay and principal and interest on general long-term debt, which are recognized when they have matured.

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

GASB Statement 34 sets forth minimum criteria for the determination of what are to be considered major funds for financial statement presentation. The City has used GASB 34 minimum criteria for major fund determination. The nonmajor funds are combined into one column in the fund financial statements and are detailed in the combining schedules, which appear after the notes.

The following is reported as a major governmental fund:

General Fund – This fund is the general operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The following is reported as a major enterprise fund:

Public Utility – Accounts for the operation of water and wastewater facilities.

The City also reports the following funds:

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

D. Budgetary Information

Budgets and Budgetary Accounting:

The annual budget, formally adopted by the City Commission serves as the legal authorization for expenditures. Legal budgetary authority and control is established on a fund basis in accordance with Florida Statutes 129.03; however, operational control for management purposes is maintained during the year at the lower of the department or fund level. The adopted budget can only be changed by a budget amendment or a budget supplement. Management can transfer appropriations within a department without the City Commission approval unless the transfer affects a budgeted reserve. Pursuant to Florida Statutes 129.06, budget amendments require the approval of the City Commission whenever the effect of the amendment is to increase the total appropriations of the fund, to transfer monies between the lower of the department or fund level, or to transfer budgeted reserve funds.

The City's annual budgetary process is governed by Florida Statutes, Chapters 129 and 200. The total of the estimated receipts, including balances brought forward, must equal the total of the appropriations and reserves, therefore enabling a balanced budget. During the budgeting process, budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end.

The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized executive changes applicable to the fiscal year, whenever legally authorized.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Information (Continued)

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported in the fund financial statements as reservations of fund balances since they do not constitute expenditures of liabilities.

E. Cash and Investments

The City considers cash and cash equivalents to be cash on hand, demand deposits, highly liquid investments, including those held as restricted assets, with original maturities of three months or less when purchased.

F. Receivables and Payables

The accounts receivable of the City are recorded in the government-wide and fund financial statements and are net of allowance for uncollectibles, which generally is equivalent to the receivables that are over 90 days in arrears.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories and Prepaid items

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

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

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements.

The City has established the following thresholds for additions to capital assets, and estimated useful lives for depreciation purposes:

	Threshold	Useful Life Years
Land	\$ 5,000	-
Buildings	\$ 5,000	10 - 50
Infrastructure	\$ 50,000	10 - 50
Equipment	\$ 5,000	5 - 20

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Interest incurred during the construction phase of capital assets in business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Depreciation is charged as an expense against the operations of the governmental and business-type activities in the government-wide financial statements. Depreciation of assets in the proprietary funds is also charged as an expense at the fund level. Since the purpose of the governmental fund level statements is to show the sources and uses of current assets, capital assets and depreciation are not shown.

GASBS No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation were reported in the financial statements prior to the implementation of GASB 34. The retroactive reporting of infrastructure is not required for the City. The City has elected to implement the general provisions of GASBS No. 34 prospectively and has elected not to implement any infrastructure retroactively.

I. Compensated Absences

The City incurs liability for employees' rights to receive compensation for future absences when certain conditions are met. Both the current and long-term portion of compensated absences are accrued and reported in the government-wide and proprietary fund financial statements.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, material discount, premium and bond issuance costs related to long-term debt are deferred and amortized over the life of the bonds using the straight-line method of accounting. Discount, premium and issuance costs related to debt in the governmental fund financial statements are recorded as expenditures when paid and therefore are not accounted for in subsequent periods.

State and federal laws and regulations require the Sanitary Landfill to place a final cover on the landfill cells when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the landfill reports an estimated portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

K. Property Taxes

Property tax collections, sales, and liens are governed by Chapter 197 of the Florida Statutes. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due and payable on November 1, or as soon as the assessment roll is available to the county tax collector. Discounts, ranging from 4% to 1%, are given for payments prior to March 1 of the following calendar year. Taxes become delinquent April 1. Taxes are collected by the Pasco County Tax Collector and remitted to the City. The tax collector sells tax certificates on all delinquent property on or before June 1 each year and such proceeds are remitted to the City. Under this system, there remains no uncollectible delinquent taxes at year-end.

L. Due From Other Governments

Receivables from other governments include amounts due for entitlements for state revenue sharing, gas taxes, sales taxes, and other amounts collected by the state on behalf of the City and various grants.

M. Post-Retirement Health and Life Insurance Benefits

The City does not provide, at the City's expense, health and life insurance coverage for former employees.

N. Reserves of Fund Balances

Reserves of governmental fund types represent portions of fund balances that are not available for appropriation as expenditures in future periods.

A summary of reserves of fund balances is provided at Note 16.

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Restricted Net Assets

In the accompanying Statement of Net Assets, restricted net assets are subject to restrictions beyond the City's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling obligations. It is the practice of the City to utilize restricted assets before unrestricted assets.

NOTE 2 - CASH AND INVESTMENTS

At September 30, 2009, the City's deposits were entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

A reconciliation of cash as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets is as follows:

	Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Primary Government:			
Cash	\$ 9,252,921	\$ -	\$ 9,252,921
Restricted Cash	1,371,533	1,117,959	2,489,492
Total	<u>\$ 10,624,454</u>	<u>\$ 1,117,959</u>	<u>11,742,413</u>
Component Unit:			
Cash			<u>1,006,522</u>
Total			<u>1,006,522</u>
Total			<u>\$ 12,748,935</u>

As of September 30, 2009, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Corporate stocks	\$ 5,065,732	\$5,065,732	\$ -	\$ -	\$ -
U.S. agencies	3,529,344	15,905	322,802	2,233	3,188,404
U.S. treasuries	862,632	150,646	295,648	416,338	-
Corporate bonds	1,009,725	-	268,959	507,373	233,393
Commercial paper	409,167	201,551	207,616	-	-
Mortgage-backed securities	175,010	-	-	-	175,010
Total	<u>\$ 11,051,610</u>	<u>\$5,433,834</u>	<u>\$ 1,095,025</u>	<u>\$ 925,944</u>	<u>\$ 3,596,807</u>

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments are reflected in the financial statements as follows:

Governmental funds	\$ 1,721,089
Enterprise funds	1,193,085
Fiduciary Funds:	
Pension Trust	<u>8,137,436</u>
Total Primary Government	<u>\$ 11,051,610</u>

Interest Rate Risk

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

Credit Risk

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

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in s.163.01.
2. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
3. Savings accounts in state-certified qualified public depositories, as defined in s.280.02.
4. Certificates of deposit in state-certified qualified public depositories, as defined in s.280.02.
5. Direct obligations of the U.S. Treasury.
6. Federal agencies and instrumentalities.
7. Other investments authorized by a written policy adopted under s.218.415.

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

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

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

2. Obligations of the United States or obligations guaranteed as to principal and interest by the government of the United States.
3. Bonds issued by the State of Israel.
4. Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:
 - a. 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; and
 - b. The board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of that company, or the aggregate of its investments under this subparagraph at cost exceed 50 percent of the assets of the fund.

The credit quality distribution of securities with credit exposure as a percentage of total investments is as follows:

Investment Type	Moody Ratings											Total
	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Other	
Corporate stocks	1%	-	1%	3%	4%	5%	3%	6%	3%	5%	13%	44%
U.S. agencies	32%	-	-	-	-	-	-	-	-	-	-	32%
U.S. treasuries	8%	-	-	-	-	-	-	-	-	-	-	8%
Corporate bonds	2%	-	-	1%	1%	2%	1%	2%	1%	-	-	10%
Commercial paper	-	-	-	-	-	-	-	-	-	-	4%	4%
Mortgage-backed securities	2%	-	-	-	-	-	-	-	-	-	-	2%
Total	45%	0%	1%	4%	5%	7%	4%	8%	4%	5%	17%	100%

Foreign Currency Risk

The City does not have a formal investment policy that limits its investment in foreign currency. The City has no investments which are exposed to foreign currency risk at September 30, 2009.

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable, at September 30, 2009 for the City's individual major funds and nonmajor funds in total including applicable allowances for uncollectibles, were as follows:

	<u>Accounts Receivable, Gross</u>	<u>Allowance for Uncollectibles</u>	<u>Accounts Receivable, Net</u>
Primary Government:			
General Fund	\$ 114,211	\$ -	\$ 114,211
Utility Fund	753,615	42,321	711,294
Total Primary Government	<u>\$ 867,826</u>	<u>\$ 42,321</u>	<u>\$ 825,505</u>

NOTE 4 - INTERFUND TRANSACTIONS

Due to/Due from other funds:

Individual interfund receivable and payable balances, all of which are expected to be repaid within one year and are recurring in nature, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental activities:		
General Fund	\$ 18,163	\$ 312,048
Nonmajor governmental funds	324,818	-
Business-type activities:		
Public Utility	-	30,933
Total Due To/Due From Other Funds	<u>\$ 342,981</u>	<u>\$ 342,981</u>

Interfund receivables and payables generally represent recurring activities between funds as well as temporary deficit cash balances.

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers:

Individual interfund transfers were as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 563,793	\$ 159,135
Nonmajor governmental funds	-	409,523
Business-type activities:		
Public Utility	107,430	249,997
Nonmajor Enterprise Fund	-	11,699
Component Unit	159,131	-
Total Transfers In/Transfers Out	<u>\$ 830,354</u>	<u>\$ 830,354</u>

Transfers between funds are primarily to move unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 631,178	\$ -	\$ -	\$ 631,178
Infrastructure	2,636,781	-	-	2,636,781
Total capital assets, not being depreciated	<u>3,267,959</u>	<u>-</u>	<u>-</u>	<u>3,267,959</u>
Capital assets, being depreciated:				
Infrastructure	314,852	80,276	-	395,128
Buildings	1,409,867	12,845	172,626	1,250,086
Machinery and Equipment	3,273,258	186,822	324,678	3,135,402
Total capital assets being depreciated	<u>4,997,977</u>	<u>279,943</u>	<u>497,304</u>	<u>4,780,616</u>
Less accumulated depreciation for:				
Infrastructure	1,968	9,985	-	11,953
Buildings	1,133,877	20,634	176,079	978,432
Machinery and Equipment	1,951,756	362,610	175,779	2,138,587
Total accumulated depreciation	<u>3,087,601</u>	<u>393,229</u>	<u>351,858</u>	<u>3,128,972</u>
Total capital assets, being depreciated, net	<u>1,910,376</u>	<u>(113,286)</u>	<u>145,446</u>	<u>1,651,644</u>
Governmental activities capital assets, net	<u>\$ 5,178,335</u>	<u>\$ (113,286)</u>	<u>\$ 145,446</u>	<u>\$ 4,919,603</u>

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 405,901	\$ -	\$ -	\$ 405,901
Construction in Progress	2,652,519	836,227	-	3,488,746
Total capital assets, not being depreciated	<u>3,058,420</u>	<u>836,227</u>	<u>-</u>	<u>3,894,647</u>
Capital assets, being depreciated:				
Buildings	334,740	-	-	334,740
Infrastructure	14,380,684	-	-	14,380,684
Machinery and Equipment	2,444,100	116,485	-	2,560,585
Total capital assets being depreciated	<u>17,159,524</u>	<u>116,485</u>	<u>-</u>	<u>17,276,009</u>
Less accumulated depreciation for:				
Buildings	233,839	-	-	233,839
Infrastructure	4,621,404	-	-	4,621,404
Machinery and Equipment	1,804,311	397,995	-	2,202,306
Total accumulated depreciation	<u>6,659,554</u>	<u>397,995</u>	<u>-</u>	<u>7,057,549</u>
Total capital assets, being depreciated, net	<u>10,499,970</u>	<u>(281,510)</u>	<u>-</u>	<u>10,218,460</u>
Business-Type activities capital assets, net	<u>\$ 13,558,390</u>	<u>\$ 554,717</u>	<u>\$ -</u>	<u>\$ 14,113,107</u>

Depreciation expense was charged to functions as follows:

Government activities:	
General government	\$ 140,712
Public Safety	155,039
Physical Environment	5,870
Transportation	50,515
Culture and Recreation	<u>41,093</u>
Total depreciation for governmental activities	<u>\$ 393,229</u>
Business-type activities:	
Physical Environment	<u>\$ 397,994</u>
Total depreciation for business-type activities	<u>\$ 397,994</u>

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The major components of accounts payable and accrued expenses as of September 30, 2009, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>General Fund</u>	<u>Public Utility Fund</u>	<u>Nonmajor Funds</u>	
Suppliers	\$ 100,674	\$ 67,792	\$ 14,840	\$ 82,632
Interest	-	9,626	-	9,626
	<u>\$ 100,674</u>	<u>\$ 77,418</u>	<u>\$ 14,840</u>	<u>\$ 92,258</u>

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Leases	\$ 313,356	\$ 63,808	\$ 180,124	\$ 197,040	\$ 144,470
Landfill Closure/Post Closure	27,951	9	-	27,960	-
Compensated Absences	515,275	246,707	112,991	648,991	132,004
Total	<u>\$ 856,582</u>	<u>\$ 310,524</u>	<u>\$ 293,115</u>	<u>\$ 873,991</u>	<u>\$ 276,474</u>
Business-Type Activities:					
Notes Payable	\$ 1,714,239	\$ -	\$ 139,445	\$ 1,574,794	\$ 183,437
Bonds Payable	3,233,334	-	405,881	2,827,453	\$ 421,053
Capital leases	22,842	46,514	22,159	47,197	19,924
Compensated Absences	95,041	32,669	65,587	62,123	12,425
Customer Deposits	467,903	82,395	115,575	434,723	-
Total	<u>\$ 5,533,359</u>	<u>\$ 161,578</u>	<u>\$ 748,647</u>	<u>\$ 4,946,290</u>	<u>\$ 636,839</u>

Notes Payable

Business-Type Activities:

The following is a schedule of notes outstanding at September 30, 2009:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Notes Payable:				
Meter System Lease	Meter System	1,701,686	\$ 1,433,537	4.39%
State Revolving Fund	Utility System	141,257	<u>141,257</u>	2.24%-2.31%
Total Notes Payable- Business-Type Activities			<u>\$ 1,574,794</u>	

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the business-type activity notes outstanding as of September 30, 2009:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 286,950	\$ 60,024	\$ 346,974
2011	152,218	53,498	205,716
2012	159,036	46,679	205,715
2013	166,160	39,555	205,715
2014-2018	810,430	81,006	891,436
	<u>\$ 1,574,794</u>	<u>\$ 280,762</u>	<u>\$ 1,855,556</u>

Bonds Payable

Business-Type Activities:

The following is a schedule of bonds outstanding at September 30, 2009:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Revenue Bonds:				
Series 1997	Utility System	1,000,000	\$ 858,000	4.50%
Series 1997	Utility System	445,000	386,000	5.00%
Series 2002	Utility System	2,678,564	380,053	3.59%
Series 2003	Utility System	1,275,400	<u>1,203,400</u>	4.50%

Total Bonds Payable -
 Business-Type Activities

\$ 2,827,453

The following are the debt service requirements until maturity for the business-type activity bonds outstanding as of September 30, 2009:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 421,053	\$ 125,707	\$ 546,760
2011	41,000	110,183	151,183
2012	45,000	108,311	153,311
2013	46,000	106,238	152,238
2014-2018	267,000	497,190	764,190
2019-2023	332,000	430,245	762,245
2024-2028	417,000	346,590	763,590
2029-2033	521,000	242,680	763,680
2034-2038	491,000	113,710	604,710
2039-2042	246,400	27,747	274,147
Total	<u>\$ 2,827,453</u>	<u>\$ 2,108,601</u>	<u>\$ 4,936,054</u>

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

Leases Payable

Governmental-Type Activities:

The following is a schedule of leases outstanding at September 30, 2009:

	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
Capital Lease	Computer System	\$ 170,000	\$ 45,173	4.47%
Capital Lease	Police Dispatch	78,282	16,123	6.40%
Capital Lease	Grapple Loader	75,520	14,752	6.58%
Capital Lease	SemiTractor	94,251	39,901	7.44%
Capital Lease	Police Cars	57,639	18,095	3.14%
Capital Lease	Truck	39,884	20,188	2.71%
Capital Lease	Police Cars	42,808	<u>42,808</u>	4.93%
Total Leases Payable				
Governmental-Type Activities			<u>\$ 197,040</u>	

The following are the debt service requirements until maturity for the governmental activity leases outstanding as of September 30, 2009:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 144,469	\$ 8,462	\$ 152,931
2011	52,571	2,347	54,918
	<u>\$ 197,040</u>	<u>\$ 10,809</u>	<u>\$ 207,849</u>

The City incurred interest cost of \$12,234, all of which was charged to operations.

Business-Type Activities:

The following is a schedule of leases outstanding at September 30, 2009:

	<u>Issue</u>	<u>Issued</u>	<u>Outstanding</u>	<u>Rates</u>
Capital Lease	Backhoe	45,500	\$ 11,683	7.33%
Capital Lease	Utility Truck	35,514	<u>35,514</u>	4.93%
Total Leases Payable				
Business-Type Activities			<u>\$ 47,197</u>	

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The following are the debt service requirements until maturity for the business-like activity leases outstanding as of September 30, 2009:

Year	Principal	Interest	Total
2010	\$ 19,924	\$ 2,324	\$ 22,248
2011	8,652	1,363	10,015
2012	9,085	931	10,016
2013	9,536	479	10,015
	<u>\$ 47,197</u>	<u>\$ 5,097</u>	<u>\$ 52,294</u>

The City's business-type activities incurred interest costs of \$219,632, all of which were charged to operations.

NOTE 8 - STATE OF FLORIDA RETIREMENT SYSTEM

City employees, except for participants in the separate firefighters' and police officers' pension funds (See Note 9) and the City Manager participate in the State of Florida Retirement System (the "System"), a multiple-employer public employee retirement system. However, as discussed in Note 10, the City has elected to opt out of the System beginning with employees hired after January 1, 1996. The payroll for employees covered by the System for the year ended September 30, 2009 was \$473,872; the City's total payroll was \$3,198,161.

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

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

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 8 - STATE OF FLORIDA RETIREMENT SYSTEM (CONTINUED)

Contribution rates are established statewide for all participating governmental units by acts of the state legislature. These acts provide that if the accumulated funds are insufficient to pay the benefits due, future contributions to the plan will be adjusted upward accordingly. For the year ended September 30, 2009, the City contributed approximately 9.85% of covered salaries. The total contribution for the year ended September 30, 2009, and the preceding two years is as follows:

<u>Years Ending September 30,</u>	<u>Total Contribution</u>	<u>Percentage of Required Contribution</u>
2007	\$ 59,039	100%
2008	\$ 51,500	100%
2009	\$ 46,675	100%

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

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS

Plan Descriptions

The City contributes to two pension trust funds, which are single employer, defined benefit pension plans.

All of the City's full-time certified police and fire employees participate in the plans. The current membership in the plans is comprised of the following:

<u>Group</u>	<u>Firefighters</u>	<u>Police Officers</u>
Retirees and beneficiaries currently receiving benefits	7	10
Vested terminated employees	12	1
Active employees	6	22
Total participants	<u>25</u>	<u>33</u>

Employees attaining the age of 52 who have completed 25 or more continuous years of service or age 55 and 10 years of service are entitled to annual benefits of 3.5% for Police Officers and 3.25% for Firefighters of their best 5 of the last 10 years earnings for each year of continuous service. The plans permit early retirement at the completion of 10 years of continuous service and at age 50. Active employees who become disabled receive their retirement benefits but not less than 42% of average monthly compensation.

Disability benefits are paid for 10 years. If an active employee dies and had at least 10 years of contributing service, his or her beneficiary receives the benefits otherwise payable to the employee at early or normal retirement.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

If an employee terminates his or her employment with the police or fire departments and is not eligible for any other benefits under the plans, the employee is entitled to the following:

1. With less than 10 years of continuous service, a refund of member contributions, or
2. With 10 or more years of continuous service, the pension accrued to the date of termination, payable commencing at his or her normal retirement date or, at the option of the employee, a lump sum refund of member contributions.

Summary of Significant Accounting Policies

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

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

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

Contributions and Reserves

The plans are established and operate under Florida State Statutes and City Ordinances.

Chapter 175 of the Florida Statutes provides for a system of retirement plans for firefighters. Each incorporated municipality with a constituted fire department owning fire-fighting equipment in compliance with national Fire Protection Association Standards is permitted to establish a firefighter's pension fund. Chapter 175 sets forth benefits and administrative arrangements. It also provides that a tax of 1.85% of fire and windstorm premiums written in the various cities is to be collected by the State and remitted to the pension funds to partially finance the benefits. Firefighters contribute 1% of their earnings to the fund, and the City, authorized by City ordinance, has made contributions from general revenues at the rate of 16.2% of covered earnings. The City contributed \$67,746 for the year ended September 30, 2009.

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

Contributions and Reserves (Continued)

Chapter 185 of the Florida Statutes provides for a system of retirement plans for police officers. Each incorporated municipality with police equipment with a value exceeding \$500 is permitted to establish a police officers retirement fund. Chapter 185 sets forth benefits and administrative arrangements. It also provides that certain casualty premium taxes collected by the State will be remitted to these pension funds to partially finance the benefits. Policemen contribute 1% of their earnings to the fund, and the City, by City Ordinance, also makes contributions from general revenues at the rate of 4.4% of covered earnings. The City was required to contribute \$134,257 for the year ended September 30, 2009.

The contribution rates for members and the City are established by the state statutes and City Ordinances through actuarial valuations. The costs of administration are paid by the plans from investment earnings. The plans do not have any contracts for contributions. There are no legal or designated reserves other than the entire net assets of the plans are available only for retirement benefits. At September 30, 2009, the plans held no investments of a single issuer, other than U.S. government obligations, which accounted for 5% or more of the plan net assets.

The payroll covered by the two pension trusts for the year ended September 30, 2009 was \$1,388,286.

Additional Information

The total contributions to the pension trust funds by the City and other entities for the year ended September 30, 2009, and the preceding three years are as follows:

Firefighters' Pension Trust			
Years Ending September 30,	Total Contribution		Percentage of Required Contribution
	City	State	
2006	54,619	83,349	100%
2007	36,686	98,188	100%
2008	45,519	81,087	100%
2009	67,746	63,016	100%

Police Officers' Pension Trust			
Years Ending September 30,	Total Contribution		Percentage of Required Contribution
	City	State	
2006	41,778	132,839	100%
2007	66,669	130,873	100%
2008	97,780	120,938	100%
2009	134,257	106,204	100%

There is no net pension obligation as of September 30, 2009 for either plan.

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 9 - FIREFIGHTERS' AND POLICE OFFICERS' PENSION FUNDS (CONTINUED)

Additional Information (Continued)

The information presented above, and in the required supplementary schedules included elsewhere in this report, was determined as part of the actuarial valuations dated October 1, 2006. Additional information relative to both of the pension trusts is as follows:

Actuarial cost method -	Aggregate actuarial cost
Asset valuation method -	4 Year Smooth Market

Actuarial assumptions:

Investment rate of return	8%
Projected salary increases	6%
Inflation rate	3%

The aggregate actuarial cost method does not identify and separately amortize unfunded actuarial liabilities.

NOTE 10 - DEFINED CONTRIBUTION PLAN

During 1995, the Florida Legislature approved a bill allowing local governments the option of withdrawing from the Florida Retirement System. In December 1995, the City passed a resolution to adopt a defined contribution plan under Section 401(a) of the Internal Revenue Code, effective for employees hired after January 1, 1996, except those covered by the police officers' or firefighters' pension plans (Note 9).

The City of Dade City Money Purchase Plan adopted the Nationwide Life Insurance Company Prototype Money Purchase Plan and appointed Public Employees Benefit Services Corporation (PEBSCO) as the plan administrators.

The City adopted Resolution No. 528, which established the City's contribution rate at 4% of all eligible employee wages. The payroll for employees covered by this plan for the year ended September 30, 2009 was \$1,451,304 and the City's contribution was \$12,043.

NOTE 11 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan assets are held in trust for the employees by a third party administrator and investments are directed by the participating employees. Therefore, the assets, liabilities, fund equity and operations of this plan are not presented on the City's financial statements.

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 12 - RISK MANAGEMENT

The City has purchased commercial insurance to cover its risk of loss on the following categories:

<u>Type of Coverage</u>	<u>Limits</u>
General/Professional liability	\$ 2,000,000
Law enforcement liability	\$ 3,000,000
Automobile liability	\$ 2,000,000
Property damage	blanket/replacement cost
Worker's compensation	statutory
Employee dishonesty	\$ 1,000,000

There have been no significant reductions in insurance coverage for the past three years and the City does not participate in a risk sharing pool. No settlements exceeded insurance over the past three years.

NOTE 13 - LANDFILL POST-CLOSURE COSTS

Regulations of the U.S. Environmental Protection Agency (EPA) and the Florida Department of Environmental Protection (FDEP) required the City to place final cover on its internally used debris landfill when it was closed in 1991 and perform certain maintenance and monitoring functions at the landfill site for 20 years after its closure. All amounts recognized are based on what it would cost to perform the post-closure functions in current dollars. Actual costs may be different due to inflation, changes in technology, or changes in laws and regulations.

The landfill has ceased operations and the required closure work has been completed. The entire estimated future cost for post-closure maintenance is reported in the Government-Wide Statement of Net Assets.

The City is required by FDEP to make annual contributions to a trust to finance the post-closure care. The City is in compliance with these requirements, and at September 30, 2009, investments of \$27,960 were held for these purposes. These are reported as restricted assets on the balance sheet.

NOTE 14 - SEGMENT INFORMATION FOR COMBINED PROPRIETARY FUND TYPES

As of September 30, 2009, the City had two enterprise funds, for which combined operations and cash flows are presented on pages 18 and 19. In addition to the information presented in these combined statements and the notes thereto, a summary of significant financial information is as follows:

CITY OF DADE CITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 14 - SEGMENT INFORMATION FOR COMBINED PROPRIETARY FUND TYPES
 (CONTINUED)

	Utility Fund	Sanitation Fund	Total
Operating revenues	\$ 3,194,563	\$ 229,221	\$ 3,423,784
Depreciation expense	397,994	-	397,994
Transfers	(142,567)	(11,699)	(154,266)
Operating income	1,022,058	34,565	1,056,623
Net income	1,018,903	35,160	1,054,063
Fixed asset additions	952,712	-	952,712
Net working capital	2,944,261	574,689	3,518,950
Bonds and leases payable	2,874,650	-	2,874,650
Total assets	19,442,371	623,389	20,065,760
Total net assets	14,075,964	608,549	14,684,513

NOTE 15 - CONTRACT FOR SOLID WASTE COLLECTION

In April 2009, the City entered into an agreement with a private contractor to collect solid waste. The agreement is for five years.

For all traditional waste collection services provided for the City residents the contractor is compensated as follows:

1. For residential collection, the City paid \$8.08 per resident, less 1% of the monthly billing.
2. For commercial collection, the contractor earns the City commercial billing less a 10% fee retained by the City.

The total expense recorded by the City under this contract for the year ended September 30, 2009 was \$182,754.

NOTE 16 - FUND BALANCE RESERVES

As of September 30, 2009, the City had fund balance reserves as follows:

Reserves:	
LGIS	\$ 351,747
Public safety	34,208
Transportation	1,151,236
Water and sewer construction	735,874
Tree fund	4,160
Police education	7,146
Forfeiture fund	13,055
Care of mausoleum	21,946
Community development	2,958
Parks and recreation fee	3,599
Total Reserves	<u>\$ 2,325,929</u>

CITY OF DADE CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NOTE 17 - COMMITMENTS

At September 30, 2009, the City had outstanding construction contracts for various projects totaling \$3,488,744, with costs to complete of approximately \$630,363.

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

Honorable City Council
City of Dade City
Dade City, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Dade City, Florida as of and for the year ended September 30, 2009, which collectively comprise the City of Dade City's basic financial statements and have issued our report thereon dated June 8, 2010. 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.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses (2009-01), which we consider to be significant deficiencies in internal control over financial reporting.

Honorable City Council
City of Dade City
Dade City, Florida

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.

Compliance and Other Matters

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

The City of Dade City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Dade City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William, McCrein, Walsh ; Csk. P. A

Inverness, Florida
June 8, 2010

CITY OF DADE CITY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

PART A – FINDINGS – FINANCIAL STATEMENTS

Reference
Number
2009-01

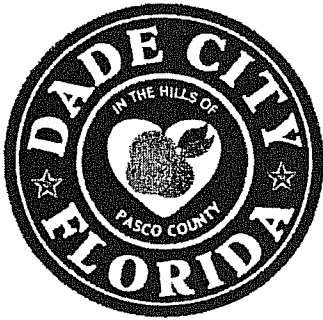
Criteria: An integral part of any internal control system is an effective financial statement close process. This process involves, but is not limited to, the development and communication of a standardized format and instructions for the financial reporting activities to be performed by the accounting personnel and the design of control policies and procedures related to the preparation of the financial statements.

Condition: During our audit for the year ended September 30, 2009, we noted a significant deficiency in internal control over financial reporting exists in the City's financial statement close process for preparing its year-end financial statements for the following account classifications: accounts payable, depreciation, and certain payroll related accruals.

Effect: As a result of the above significant deficiency, the financial records did not accurately reflect the financial position or activities of the City in accordance with U.S. generally accepted accounting principles. Consequently, significant adjustments were necessary to properly classify the above items in accordance with U.S. generally accepted accounting principles.

Recommendation: To improve the financial statement close process, we recommend that the City (a) assemble an inventory of financial spreadsheets used to support preparation of the financial statements and assign responsibility to review all such spreadsheets for accuracy of calculations and security access information.

Response: The City's response can be found on page 51.



CITY OF DADE CITY

Proud Heritage, Promising Future

Scott Black, Mayor
Eunice M. Penix, Mayor Pro-Tem
Curtis A. Beebe, Commissioner
William L. Dennis, Commissioner
Camille Hernandez, Commissioner

William C. Poe, Jr., City Manager
James D. Class, City Clerk/Finance Dir.
Karla S. Owens, City Attorney

May 27, 2010

Williams McCranie Wardlow & Cash, P.A.
450 Pleasant Grove Road
Inverness, FL 34452

RE: Corrective Action Plan for Schedule of Findings

Dear Sir/Madam:

Pursuant to provisions of "Rules of the Auditor General - Local Government Entity Audits," the following Corrective Action Plan is offered in response to the Schedule of Findings and Responses:

Reference Number 2009-01 regarding the financial statement close process

- Changes to auditing standards now require the City to make year end adjusting entries previously prepared by the auditors. As noted last year, City finance staff has included this additional responsibility as part of the City's financial statement close process. However, due to limited staffing and the time constraints of the close process, not all adjusting entries were able to be made prior to the end of the close process. City staff will continue to look for opportunities to improve this process.

We hope you find these comments in order.

Sincerely,

James D. Class
City Clerk / Finance Director

William C. Poe, Jr.
City Manager

INFORMATION REGARDING DEFINED BENEFIT
PENSION TRUSTS REQUIRED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD

CITY OF DADE CITY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION TRUSTS
SCHEDULE OF FUNDING PROGRESS

The City's Firefighters' Pension Trust and the Police Officers' Pension Trust utilize the aggregate cost method in determining funding requirements. Statement No. 25 of the Governmental Accounting Standards Board establishes the requirement for presentation of a schedule of funding progress for pension trusts. However, paragraph 124 of Statement No. 24 specifically exempts plans utilizing the aggregate cost method from providing such a schedule.

CITY OF DADE CITY
 REQUIRED SUPPLEMENTARY INFORMATION
 BENEFIT PENSION TRUSTS
 SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER
 AND OTHER CONTRIBUTING ENTITIES

Year Ended September 30,	Firefighters' Pension Trust		Police Officers' Pension Trust		Annual Required Contribution	Percentage Contributed
	Annual Required Contribution	Contribution	City	State		
1992	\$ 36,038	\$ 26,486	\$ 26,486	\$ 31,012	\$ -	160%
1993	28,719	31,420	31,420	32,441	-	222%
1994	27,983	34,667	34,667	33,618	-	244%
1995	29,514	29,324	29,324	35,193	-	219%
1996	45,489	29,447	29,447	36,492	-	145%
1997	67,433	29,999	29,999	37,434	-	100%
1998	73,274	19,426	19,426	53,848	-	100%
1999	-	-	-	8,599	-	-
2000	69,793	69,793	69,793	108,628	-	100%
2001	-	-	-	60,367	-	-
2002	-	-	-	44,844	-	-
2003	98,251	44,958	44,958	54,850	-	100%
2004	119,499	41,982	41,982	77,517	-	100%
2005	149,789	60,461	60,461	89,328	-	100%
2006	137,968	54,619	54,619	83,349	174,617	100%
2007	134,874	36,686	36,686	98,188	197,542	100%
2008	126,606	45,519	45,519	81,087	218,718	100%
2009	130,762	67,746	67,746	63,016	240,461	100%
					\$ 21,806	
					\$ 47,427	
					23,815	
					50,408	
					22,915	
					50,264	
					25,601	
					55,097	
					27,287	
					51,346	
					28,133	
					58,733	
					59,177	
					81,240	
					86,459	
					67,403	
					76,374	
					113,217	
					115,438	
					118,839	
					41,778	100%
					132,839	100%
					66,669	100%
					130,873	100%
					97,780	100%
					120,938	100%
					134,257	100%

**SUPPLEMENTARY INFORMATION
CITY OF DADE CITY
DADE CITY, FLORIDA**

SEPTEMBER 30, 2009

CITY OF DADE CITY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

SPECIAL REVENUE

	PUBLIC SAFETY IMPACT FEE FUND	TRANSPORTATION IMPACT FEE FUND	LOCAL OPTION GAS TAX FUND	WATER & SEWER IMPACT FEE FUND	LGIS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash	\$ 34,208	\$ 1,129,320	\$ -	\$ 735,874	\$ -	\$ 2,958	\$ 1,902,360
Due from other funds	-	-	-	-	324,818	-	324,818
Due from other governments	-	-	21,916	-	26,929	-	48,845
TOTAL ASSETS	\$ 34,208	\$ 1,129,320	\$ 21,916	\$ 735,874	\$ 351,747	\$ 2,958	\$ 2,276,023
<u>FUND BALANCES</u>							
Fund Balances:							
Reserved	\$ 34,208	\$ 1,129,320	\$ 21,916	\$ 735,874	\$ 351,747	\$ 2,958	\$ 2,276,023
TOTAL FUND BALANCES	\$ 34,208	\$ 1,129,320	\$ 21,916	\$ 735,874	\$ 351,747	\$ 2,958	\$ 2,276,023

CITY OF DADE CITY
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	SPECIAL REVENUE						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC SAFETY IMPACT FEE FUND	TRANSPORTATION IMPACT FEE FUND	LOCAL OPTION GAS TAX FUND	WATER & SEWER IMPACT FEE FUND	LGIS FUND	COMMUNITY DEVELOPMENT BLOCK GRANT	
Revenues :							
Taxes and special assessments	\$ -	\$ -	\$ 271,263	\$ -	\$ 450,205	\$ -	\$ 721,468
Intergovernmental revenue	-	-	-	-	-	5,000	5,000
Impact fees	2,671	173,087	-	36,309	-	-	212,067
Miscellaneous revenue	205	4,266	-	3,781	-	-	8,252
Total Revenues	<u>2,876</u>	<u>177,353</u>	<u>271,263</u>	<u>40,090</u>	<u>450,205</u>	<u>5,000</u>	<u>946,787</u>
Expenditures :							
Current:							
General government	-	-	-	-	-	2,042	2,042
Capital outlay	-	-	-	-	39,107	-	39,107
Debt Service:							
Principal retirement	-	-	-	-	179,816	-	179,816
Interest and fiscal charges	-	-	-	-	12,234	-	12,234
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,157</u>	<u>2,042</u>	<u>233,199</u>
Excess of Revenues Over Expenditures	2,876	177,353	271,263	40,090	219,048	2,958	713,588
Other Financing Sources (Uses) :							
Transfers out	(20,227)	-	(270,427)	(103,621)	(15,248)	-	(409,523)
Total Other Financing Sources (Uses)	<u>(20,227)</u>	<u>-</u>	<u>(270,427)</u>	<u>(103,621)</u>	<u>(15,248)</u>	<u>-</u>	<u>(409,523)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(17,351)	177,353	836	(63,531)	203,800	2,958	304,065
Fund Balances - October 1	51,559	951,967	21,080	799,405	147,947	-	1,971,958
Fund Balances - September 30	<u>\$ 34,208</u>	<u>\$ 1,129,320</u>	<u>\$ 21,916</u>	<u>\$ 735,874</u>	<u>\$ 351,747</u>	<u>\$ 2,958</u>	<u>\$ 2,276,023</u>

SCHEDULES

CITY OF DADE CITY
 SCHEDULE OF MATURITIES
 UTILITY SYSTEM REVENUE BONDS, SERIES 1997

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010	\$ 17,000	\$ 38,610
2011	17,000	37,845
2012	19,000	37,080
2013	19,000	36,225
2014	20,000	35,370
2015	21,000	34,470
2016	22,000	33,525
2017	23,000	32,535
2018	24,000	31,500
2019	25,000	30,420
2020	26,000	29,295
2021	27,000	28,125
2022	29,000	26,910
2023	30,000	25,605
2024	31,000	24,255
2025	33,000	22,860
2026	34,000	21,375
2027	36,000	19,845
2028	37,000	18,225
2029	39,000	16,560
2030	41,000	14,805
2031	42,000	13,960
2032	45,000	11,070
2033	46,000	9,045
2034	49,000	6,975
2035	50,000	4,770
2036	56,000	2,528
	<u>\$ 858,000</u>	<u>\$ 643,788</u>

CITY OF DADE CITY
 SCHEDULE OF MATURITIES
 UTILITY SYSTEM REVENUE BONDS, SERIES 1997

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010	\$ 7,000	\$ 19,300
2011	7,000	18,950
2012	8,000	18,600
2013	8,000	18,200
2014	9,000	17,800
2015	9,000	17,350
2016	9,000	16,900
2017	10,000	16,450
2018	10,000	15,950
2019	11,000	15,450
2020	11,000	14,900
2021	12,000	14,350
2022	13,000	13,750
2023	13,000	13,100
2024	14,000	12,450
2025	15,000	11,750
2026	15,000	11,000
2027	16,000	10,250
2028	17,000	9,450
2029	18,000	8,600
2030	19,000	7,700
2031	19,000	6,750
2032	21,000	5,800
2033	21,000	4,750
2034	23,000	3,700
2035	24,000	2,550
2036	27,000	1,350
	<u>\$ 386,000</u>	<u>\$ 327,150</u>

CITY OF DADE CITY
SCHEDULE OF MATURITIES
UTILITY SYSTEM REVENUE BONDS, SERIES 2002

<u>MATURING NOVEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010	<u>\$ 380,053</u>	<u>\$ 13,644</u>
	<u><u>\$ 380,053</u></u>	<u><u>\$ 13,644</u></u>

CITY OF DADE CITY
 SCHEDULE OF MATURITIES
 UTILITY SYSTEM REVENUE BONDS, SERIES 2003

<u>MATURING SEPTEMBER 1,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2010	\$ 17,000	\$ 54,153
2011	17,000	53,388
2012	18,000	52,623
2013	19,000	51,813
2014	20,000	50,958
2015	21,000	50,058
2016	22,000	49,113
2017	23,000	48,123
2018	24,000	47,088
2019	25,000	46,008
2020	26,000	44,883
2021	27,000	43,713
2022	28,000	42,498
2023	29,000	41,238
2024	31,000	39,933
2025	32,000	38,538
2026	34,000	37,098
2027	35,000	35,568
2028	37,000	33,993
2029	38,000	32,328
2030	40,000	30,618
2031	42,000	28,818
2032	44,000	26,928
2033	46,000	24,948
2034	48,000	22,878
2035	50,000	20,718
2036	52,000	18,468
2037	55,000	16,128
2038	57,000	13,653
2039	60,000	11,088
2040	62,000	8,388
2041	65,000	5,598
2042	59,400	2,673
	<u>\$ 1,203,400</u>	<u>\$ 1,124,019</u>

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF
THE RULES OF THE AUDITOR GENERAL, STATE OF FLORIDA

Honorable City Council
City of Dade City
Dade City, Florida

We have audited the financial statements of the City of Dade City, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated June 8, 2010.

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. We have issued our report on internal control over financial reporting and on compliance and other matters and schedule of findings and responses. Disclosures in the report and schedule , which are dated June 8, 2010 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 report or schedule.

Rules of the Auditor General (Section 10.554(1)(i)1.) require 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.

Rules of the Auditor General (Section 10.554(1)(i)2.) require 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 of Dade City complied with Section 218.415, Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Honorable City Council
City of Dade City
Dade City, Florida

Rules of Auditor General (Section 10.554(1)(i)4.) require that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

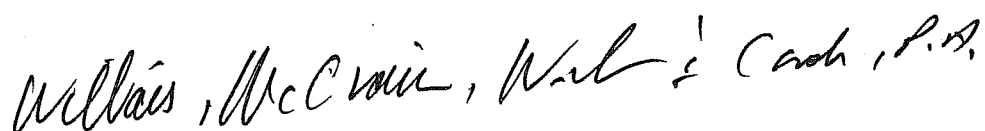
Rules of the Auditor General (Section 10.554(1)(i)6.) require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements.

Rules of the Auditor General (Section 10.554(1)(i)7.a.) require 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 of Dade City did not meet any of the conditions described in Section 218.053(1), Florida Statutes.

Rules of the Auditor General (Section 10.554(1)(i)7.b.) require that we determine whether the annual financial report for the City of Dade City for the fiscal year ended September 30, 2009, filed with the 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, 2009. In connection with our audit, we determined that these two reports were in agreement.

Rules of the Auditor General (Sections 10.554(i)(7)c. and 10.556(7)) require that we apply financial condition assessment procedures. It is management's responsibility to monitor the City of Dade 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. In connection with our audit, we applied financial condition assessment procedures.

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

A handwritten signature in black ink that reads "William McCoin, CPA". The signature is written in a cursive style and is positioned above the typed name and title.

Inverness, Florida
June 8, 2010



CITY OF DADE CITY

Proud Heritage, Promising Future

Scott Black, Mayor
Eunice M. Penix, Mayor Pro-Tem
Curtis A. Beebe, Commissioner
William L. Dennis, Commissioner
Camille Hernandez, Commissioner

William C. Poe, Jr., City Manager
James D. Class, City Clerk/Finance Dir.
Karla S. Owens, City Attorney

May 27, 2010

Honorable David W. Martin
Auditor General
State of Florida
P. O. Box 1735
Tallahassee, FL 32302

RE: Management Response to Auditor's Comments

Dear Mr. Martin:

Pursuant to provisions of "Rules of the Auditor General - Local Government Entity Audits," city management submits the following explanations concerning the auditor's comments:

Action on recommendations made in the preceding annual financial audit report

- There were no recommendations from the preceding year requiring action.

Recommendations to improve financial management

- There were no recommendations made for the current year.

Response to Schedule of Findings and Responses

- Please refer to the Corrective Action Plan found in this report

We hope you find these comments in order.

Sincerely,

James D. Class
City Clerk / Finance Director

William C. Poe, Jr.
City Manager

CC: Mayor and City Commissioners
Williams McCranie Wardlow & Cash, P.A.