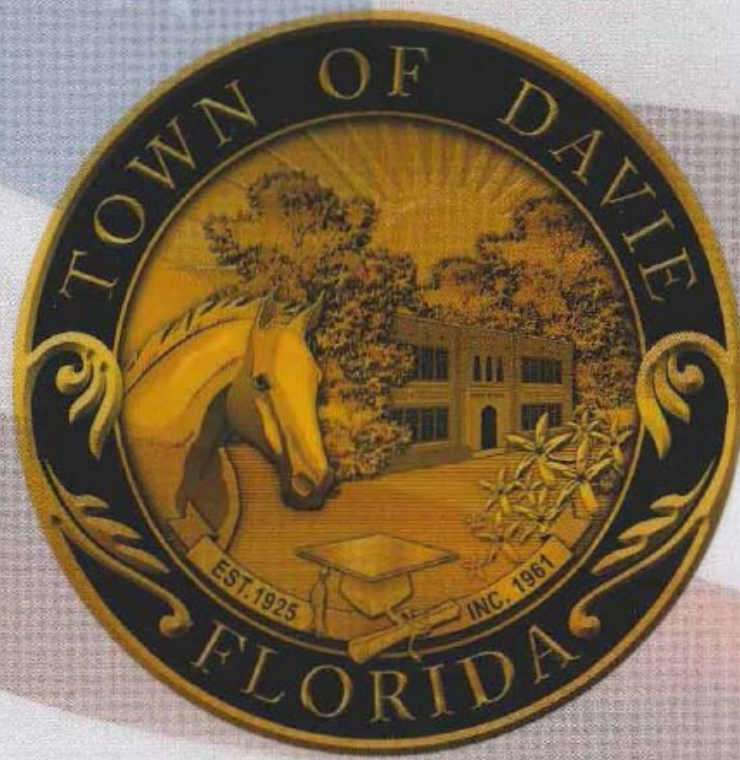


*Comprehensive Annual  
Financial Report*



*Fiscal Year Ended  
September 30, 2016*



# THE TOWN OF DAVIE, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended  
September 30, 2016

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# Town of Davie, Florida

## Table of Contents

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### **INTRODUCTORY SECTION:**

Letter of Transmittal	i-vii
Organizational Charts	viii-ix
List of Principal Officials	x
GFOA Certificate of Achievement	xi

### **FINANCIAL SECTION:**

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14

### **Basic Financial Statements:**

#### Government-Wide Financial Statements:

Statement of Net Position	15
Statement of Activities	16-17

#### Fund Financial Statements:

Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23-24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26-27
Statement of Net Position - Fiduciary Funds	28
Statement of Changes in Net Position – Fiduciary Funds	29
Notes to Basic Financial Statements	30-80

## Town of Davie, Florida

### Table of Contents (continued)

---

#### Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund  
Balance – Budget and Actual:

General Fund	81-82
Community Endowment Fund	83
Community Redevelopment Agency	84
Notes to Budgetary Comparison Schedules	85
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios – Firefighters’ Pension Plan	86
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios – Police Employees’ Pension Plan	87
Schedule of Changes in Net Pension (Asset) Liability and Related Ratios – Management and General Employees’ Pension Plan	88
Schedule of Town Contributions – Firefighters’ Pension Plan	89
Schedule of Town Contributions – Police Employees’ Pension Plan	90
Schedule of Town Contributions – Management and General Employees’ Pension Plan	91
Schedule of Investment Returns – Firefighters’ Pension Plan	92
Schedule of Investment Returns – Police Employees’ Pension Plan	93
Schedule of Investment Returns – Management and General Employees’ Pension Plan	94
Schedules of Funding Progress and Employer Contributions – Other Post-Employment Benefits (OPEB)	95

#### Other Financial Information:

Combining and Individual Fund Financial Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	97
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Community Development Block Grant	98
Parks and Open Space Impact Fees	99
Fire Impact Fees	100

## Town of Davie, Florida

### Table of Contents (continued)

---

Police Impact Fees	101
Forfeitures	102
General Government Impact Fees	103
Combining Statement of Net Position – Internal Service Funds	104
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	105
Combining Statement of Cash Flows – Internal Service Funds	106-107
Combining Statement of Net Position - Fiduciary Funds	108
Combining Statement of Changes in Net Position - Fiduciary Funds	109
<b>STATISTICAL SECTION:</b>	
<b>Financial Trends:</b>	
Table 1 - Net Position by Component	110
Table 2 - Changes in Net Position	111-112
Table 3 - Governmental Activities Tax Revenues by Source	113
Table 4 - Fund Balances of Governmental Funds	114
Table 5 - Changes in Fund Balances of Governmental Funds	115-116
<b>Revenue Capacity:</b>	
Table 6 - Assessed Value and Estimated Actual Value of Taxable Property	117
Table 7 - Property Tax Rates - Direct and Overlapping Governments	118
Table 8 - Principal Property Taxpayers	119
Table 9 - Property Tax Levies and Collections	120
<b>Debt Capacity:</b>	
Table 10 - Ratios of Outstanding Debt by Type	121
Table 11 - Ratios of General Bonded Debt Outstanding	122
Table 12 - Direct and Overlapping Governmental Activity Debt	123
Table 13 - Legal Debt Margin Information	124
Table 14 - Pledged-Revenue Coverage	125

**Town of Davie, Florida**

**Table of Contents  
(continued)**

---

**Demographic and Economic Information:**

Table 15 - Demographic and Economic Statistics	126
Table 16 - Principal Employers	127

**Operating Information:**

Table 17 - Full-Time Equivalent Town Government Employees by Function/Program	128
Table 18 - Operating Indicators by Function/Program	129
Table 19 - Capital Asset Statistics by Function/Program	130

**COMPLIANCE SECTION:**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	131-132
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance	133-134
Independent Auditor's Report to Town Management	135-136
Independent Auditor's Report on Compliance with Section 218.415 Florida Statutes	137
Schedule of Expenditures of Federal Awards	138
Notes to the Schedule of Expenditures of Federal Awards	139
Schedule of Findings and Questioned Costs	140



# INTRODUCTORY SECTION





## BUDGET AND FINANCE DEPARTMENT

6591 ORANGE DRIVE • DAVIE, FLORIDA 33314-3399

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March 24, 2017

In accordance with Section 11.45, Florida Statutes and within Section 6(f), Part I of the Code of Ordinances in the Town of Davie's (the "Town") Charter, submitted herewith is the Town's Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended September 30, 2016.

The financial statements included in this report conform to the generally accepted accounting principles in the United States ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The Town is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The financial statements have been audited by Keefe McCullough. The independent auditors have issued an unmodified opinion that this report fairly presents the financial position of the Town and complies with all reporting standards noted above.

The contents of this report are aimed at compliance with GASB pronouncements, including Statement No. 34, requiring the preparation of government-wide financial statements on a full accrual basis of accounting for all funds and including Management's Discussion and Analysis. Also included are additional and enhanced Statistical Tables required by GASB Statement No. 44.

### **THE REPORTING ENTITY AND ITS SERVICES**

The Town was first incorporated in 1925 and was subsequently dissolved as a municipal corporation by the State of Florida when local residents failed to adopt necessary taxing powers. The Town was reincorporated in 1961. The Town exists as a Council-Administrator form of municipal government. Under Florida law, Davie is considered a Municipal Corporation. The Mayor is elected by all registered voters of the Town, while the four Council members are each elected only by the registered voters of the specific District they are elected to represent. The Mayor serves as chairperson of public meetings and executes certain documents authorized by charter, ordinance, or resolution. The Council appoints the Town Administrator (who is the Chief Administrative Officer) and the Town Attorney. The Town Administrator is responsible for implementing policies adopted by the Council and appoints Department Directors or Division Managers. The Department Directors and Division Managers have the primary responsibility to hire and fire employees, however, the final decision ultimately rests with the Town Administrator. The Town is organized into various Departments and Divisions that are significantly reflected in the attached Illustration 1 (page viii). The Budget and Finance Department, which has the responsibility for preparation of this report, is shown in Illustration 2 (page ix).

The activities included in our report are those over which the Town has ultimate financial accountability. Any activity for which the Town, as a "primary" government, is ultimately financially accountable is presented within this report. No activity has been excluded which would cause our financial statements to be misleading or incomplete.

The Town has a Community Redevelopment Agency (CRA), in which the main function is to assist with redevelopment in designated areas of the Town. It is financed by property tax revenues that are levied by the Town and certain other taxing authorities (i.e. Broward County, South Broward Hospital District, North Broward Hospital District and the Central Broward Water Control District) on the increased taxable values in those targeted areas that exceed a base year amount. This is called the tax increment. The CRA is a blended component unit of the Town and is therefore included within this report. Its resources are tracked from year to year and its surpluses, if any, are available for purposes approved by the CRA Board, which is comprised of the Town Council members.

The Town provides its residents and businesses with a full range of municipal services contemplated by state law or local charter. Services include police and fire, culture, recreation, community services, licensing and permitting, general administration, water and sewer utilities, public works and maintenance, development and redevelopment services, and code enforcement. Through franchise agreements, the Town also provides garbage disposal, electricity, and towing services.

## **ECONOMIC CONDITIONS AND OUTLOOK**

While part of the larger Fort Lauderdale metropolitan area, the Town has maintained much of its pioneering heritage, rustic, and rural lifestyle. Agriculture, though still present and important to the Town, is giving way to higher education facilities and research and development centers. The Town has grown to over 35.5 square miles and a population of 99,440 residents. The Town's Open Space and Recreational programs were the first of their kind in Florida and they are a source of great civic pride. With modern port facilities and a world-class airport only moments away and linked by several interstate and toll highways, the Town has proven to be a great location for individuals and businesses wishing to be part of the growing South Florida community. Only twenty minutes from downtown Miami and less than half that to Fort Lauderdale, Davie has capitalized on this central and important location.

### Fiscal Year 2016

The Town's taxable value is approximately \$ 7.7 billion. After four consecutive years of declining property values due to the economic recession, the Town's taxable value increased this year, for the fourth consecutive year, by approximately \$ 434 million or 5.97% and overall property values also showed a modest increase. During the year, we continued to see positive signs that the local economy continued to improve as the activity within our building and engineering division increased. The Town's population is approaching 100,000 residents.

## **MAJOR INITIATIVES**

In the continued effort of making maintenance of its infrastructure a priority, the Town's major capital improvements included the following expenditures during fiscal year 2016:

### General Government:

- Davie Road Widening - \$ 3.1 million
- Fire Department Equipment - \$ 1.1 million
- Technology Upgrades - \$ 751K
- Park Improvements - \$ 601K
- C-11 Pedestrian Bridge - \$ 346K
- Building Refurbishment, Town Facilities, \$ 275K
- Old Davie School Renovations - \$ 189K
- New Fire Station - \$ 162K

#### Water and Sewer:

- System III East Storage Tank & Clearwell - \$ 231K
- Water Main Replacement - \$ 198K
- Lift Station Rehabilitations - \$ 179K
- System II Treatment Rehab - \$ 163K
- SCADA System - \$ 155K
- System III Water Treatment Plant Refurbishment - \$ 125K

Additionally, the fiscal year 2016 budget included budgetary initiatives that had a significant impact on the Town's financial statements. For example, when comparing the original budget for fiscal year 2015 to the fiscal year 2016 budget, the Town increased the total number of budgeted positions from 702 to 732. The overall budgeted payroll costs increased \$ 4.1 million, or 5%. Additionally, when comparing the original budget of fiscal year 2015 to the 2016 budget, the Town's capital expenditures in the annual budget increased 8%, increasing from \$ 47.3 million to \$ 51.2 million.

### **FINANCIAL INFORMATION**

#### Internal Accounting Control

Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

#### Budgetary Control

An annual budget is adopted for all governmental funds, as well as a Capital Improvement Plan. Although the Capital Improvement Plan related funds are not inclusive in the annual budget, the Town Council approves, annually, the Capital Improvement Plan. In accordance with Town Ordinance, appropriations are legally controlled at the Department level. With the exception of projects approved within the Capital Improvement Plan, all unencumbered appropriations lapse at the end of the fiscal period. Encumbrances for projects within the Town's Capital Improvement Plan do roll forward, under which purchase orders and other commitments for the expenditure of funds are recorded in the accounting records and are utilized throughout the fiscal year.

#### Overview of Financial Activity

The accompanying financial statements reflect that the Town has continued to expand its services to meet the demands of its residential and business communities. A summary of the major financial activities is included in the Management Discussion & Analysis Section of this report.

#### Financial Policies

The Town's Financial Policies set forth the basic framework for the overall fiscal management of the Town. These policies represent a foundation, provide guidelines for evaluating both current activities and proposals for future programs, and assist the Town Council and the Town Administrator in making decisions. Some examples of these type of policies relate to the Town's budget, revenue, expenditures and fund balances (which is discussed in more detail in the next paragraph).

### Fund Balances

Previously, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for its governmental activities. GASB Statement No. 54 establishes various classifications of fund balance based on a hierarchy which details constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments and those internally imposed. Fund balances classified as restricted are those with externally enforceable limitations on use. Fund balances classified as committed can only be used for specific purposes determined by formal action of the Town Council through a resolution. Commitments can only be changed or lifted only by the Town Council through formal action. Assigned fund balances are amounts that the Town intends to use for a specific purpose but are neither restricted nor committed. The intent to utilize these funds is delegated to the Budget and Finance Director in agreement with the Town Administrator. Unassigned fund balance can be viewed as the net resources available at the end of the year.

### Retirement Programs

The Town contributed to three (3) defined benefit pension plans in accordance with the plan documents within each pension plan and one (1) defined contribution pension plan based on employee classifications created in accordance with Internal Revenue Code Section 401(a). The plans currently cover all full-time employees of the Town. Under the defined benefit pension plans, the Town and the employees make contributions. Under the defined contribution plan, the Town contributes 11.4% while the employees do not make contributions. Employer contributions for the defined benefit plans for fiscal year ended September 30, 2016 were approximately as follows: Firefighters' Pension \$ 4.8 million, Police Employees' Pension \$ 6.5 million and Management and General Employees' Pension \$ 3.0 million.

A defined benefit pension plan provides a pension benefit that pays the employee a specific amount of money, typically per month, once the employee becomes eligible for receiving the retirement benefits. Some of the factors that are used to determine the retirement benefit include number of years of service, years of vesting, salary and the multiplier. Under a defined benefit pension plan, the benefits that are paid to the participant will be the sole responsibility of the employer.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participant's benefits that may be reallocated to such participant's account.

In order to encourage employees to supplement their retirement income, a deferred compensation program is also available to all employees. Under this program, employees may voluntarily elect to defer a portion of their salary to future years. Both programs are administered by Voya under a trust agreement. The plan assets are separate and the Town does not exercise any control or fiduciary responsibility over the assets. Therefore, the assets, liabilities and transactions are not included in the Town's financial statements. Please see Notes 13 and 14 in the Notes to the Financial Statements for a detailed discussion of the retirement program.

### Financing Programs and Debt Administration

The Town currently has 15 outstanding long-term debt issues. At September 30, 2016, the principal balance outstanding totaled approximately \$ 186 million.

### General Obligation Bonds:

The Town has previously issued \$ 9.8 million General Obligation Bonds, Series 1997, 20-year amortization, due February 2017, fixed rate of 4.736% per annum. Ad valorem revenues of the General Fund are pledged to repay this bond issue.

The Town has previously issued \$ 10.0 million General Obligation Bonds, Series 1998, 20-year amortization, due March 2018, fixed rate of 4.119% per annum. Ad valorem revenues of the General Fund are pledged to repay this bond issue.

The Town previously issued \$ 7.2 million of General Obligation Refunding Bonds, Series 2008A, due July 2019, with a fixed interest rate of 3.75%. The Bonds refunded the Town's then outstanding General Obligation Bonds, Series 1989 (the "Refunded Bonds"); and paid certain costs associated with the issuance of the Bonds. Ad valorem revenues from the General Fund are pledged to repay this bond issue.

The Town previously issued \$ 1.5 million of General Obligation Refunding Bonds, Series 2008B, due July 2020, with a fixed interest rate of 4.10%. The Bonds refunded the Town's then outstanding General Obligation Bonds, Series 2000 (the "Refunded Bonds"); and paid certain costs associated with the issuance of the Bonds. Ad valorem revenues from the General Fund are pledged to repay this bond issue.

The Town previously issued \$ 12.4 million General Obligation Refunding Note, Series 2015. The purpose of this Refunding Note was to refund and defease the then outstanding General Obligation Bonds, Series 2006. The Note has a 16-year amortization, due August 2031, with a fixed rate of 2.59%. Ad valorem tax revenues from the General Fund are pledged to repay this Note issue.

The Town previously issued \$ 16.3 million Limited General Obligation Refunding Note, Series 2015. The purpose of this Refunding Note was to refund and defease the then outstanding Limited General Obligation Bonds, Series 2006. The Note has a 11-year amortization, due August 2026, with a fixed rate of 2.18%. Ad valorem tax revenues from the General Fund are pledged to repay this Note issue up to a tax limit of 0.38 mills per annum.

#### Public Improvement Bonds:

The Town previously issued \$ 10.0 million Public Improvement Revenue Bonds, Series 2004, 15-year amortization, due December 2019, bearing fixed interest rate at 3.71%. Legally available non-ad valorem revenues of the General Fund are pledged to repay this bond issue.

The Town previously issued \$ 6.0 million Public Improvement Revenue Refunding Bonds, Series 2008B, due October 2016, with a fixed interest rate at 3.59%. The Bonds refunded the Town's then outstanding Public Improvement Revenue Bonds Series, 2001 (the "Refunded Bonds"); and paid certain costs associated with the issuance of the Bonds. Legally available non-ad valorem revenues of the General Fund are pledged to repay this bond issue.

#### Community Redevelopment Agency Bonds:

Previously, the Town issued \$ 10.0 million and \$ 7.4 million Community Redevelopment Agency Bonds, Series 2013A and 2013B, respectively. The purpose of these Refunding Bonds was to refund and defease the then outstanding \$ 20.0 million Community Redevelopment Agency Bonds, Series 2010. The Series 2013 Bonds have a 12-year amortization, due December 2025, with a fixed rate of 2.47% on Series A and 2.41% on Series B. The bonds are secured by a gross pledge and lien of tax increment revenues of Davie's CRA.

#### Water and Sewer Bonds:

In August 2010, the Town issued \$ 46.2 million Water and Sewer Revenue Bonds, Series 2010, due October 2040, bearing interest between 6.062% and 6.849%. Proceeds of the bonds were used to finance a portion of acquisition and construction of the Town's water and sewer system, and pay the costs of issuance. The Bonds are payable from the pledged net revenues and contributions charges of the water and sewer system.

In October 2011, the Town issued Water and Sewer Revenue Bonds, Series 2011, in the amount of \$ 49.9 million, due October 2041, bearing interest between 2.00% and 5.00%. The Bonds are payable from the pledged net revenues and contributions charges of the water and sewer system.

In November 2012, the Town issued Water and Sewer Revenue Bonds, Series 2012, in the amount of \$ 28.2 million, due October 2042, bearing interest between 2.00% and 4.00%. The Bonds are payable from the pledged net revenues and contributions charges of the water and sewer system.

In September 2013, the Town issued \$ 14.4 million Water and Sewer Revenue Refunding Bonds, Series 2013, for the purpose of providing funds, together with other legally available funds of the Town, to refund and defease the then outstanding amount of the Town's \$ 26.3 million Water and Sewer Refunding Bonds, Series 2003. The Series 2013 Bonds have an 8-year amortization, due October 2021, with a fixed rate of 1.93% per annum. The Bonds are payable from the pledged net revenues and contributions charges of the water and sewer system.

#### State Revolving Loan:

In April 2012, the Town entered into a revolving loan agreement with the State of Florida Department of Environmental Protection Clean Water State Revolving Loan program to provide financing for the Town's Infiltration and Inflow Program and the Master Lift Station No. 8 and Force Main project. The loan is collateralized by a pledge on the revenues from the Town's Water and Sewer System, after payment of operation and maintenance expenditures and satisfaction of all senior revenue obligations. This facility is in junior position to the Water and Sewer Revenue Bonds of the Town. Through September 30, 2016, the Town borrowed \$ 4.6 million, including capitalized interest and service fee charges of \$ 17,594 and \$ 89,782, respectively. Semiannual payments are due on each September 15<sup>th</sup> and March 15<sup>th</sup>. As of September 30, 2016, the project was deemed completed; therefore the amortization schedule was finalized, requiring semiannual installments of \$ 135,959, including interest at a fixed rate of 2.30%.

#### **OTHER INFORMATION**

##### Independent Audit

In accordance with Section 11.45(3)(a) (4), Florida Statutes, and within Section 6(f), Part I of the Code of Ordinances in the Town's Charter, the Town engaged the firm of Keefe McCullough, to perform the independent audit of the Town's accounts and records. The independent auditor's report is included in the Financial section.

##### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Davie for its comprehensive annual financial report for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

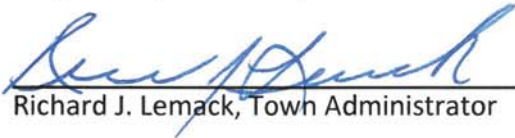


In addition, the Town also received the GFOA Award for Distinguished Budget Presentation for the Town's budget for the fiscal year ended September 30, 2016. It was the fifth consecutive year the Town received the award for the document, which serves as the Town's primary fiscal policy document.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Budget and Finance Department. We express our appreciation to all members of the Department who assisted and contributed to its preparation. We would like to express our thanks for the cooperation received from our independent auditors, Keefe McCullough, as they worked diligently with the Town. Of course, we greatly appreciate and thank the Town's Council and Town Administration for their interest and support in planning and conducting the financial operations of the Town.

Respectfully submitted,

  
Richard J. Lemack, Town Administrator

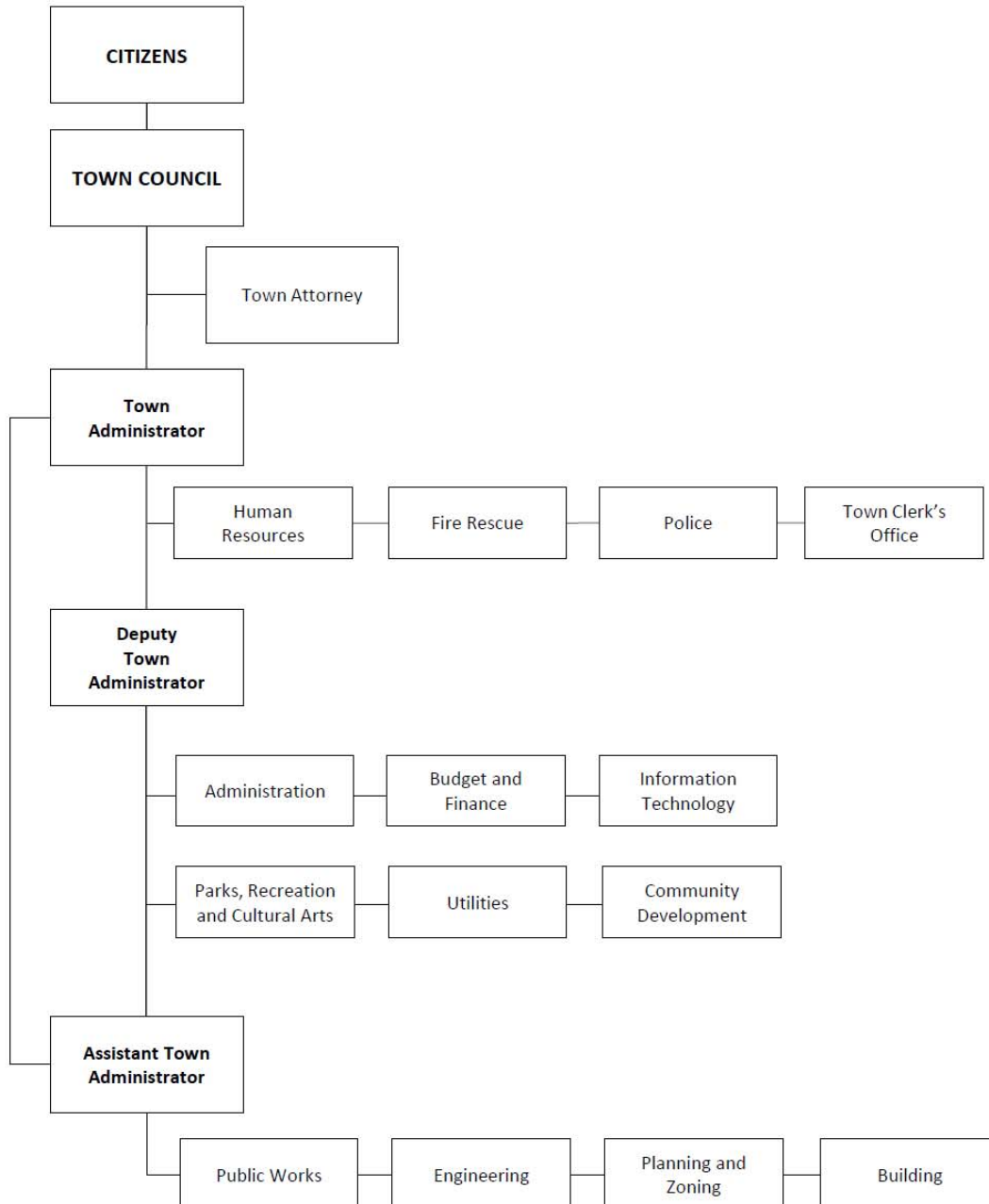
  
William W. Ackerman, Budget and Finance Director



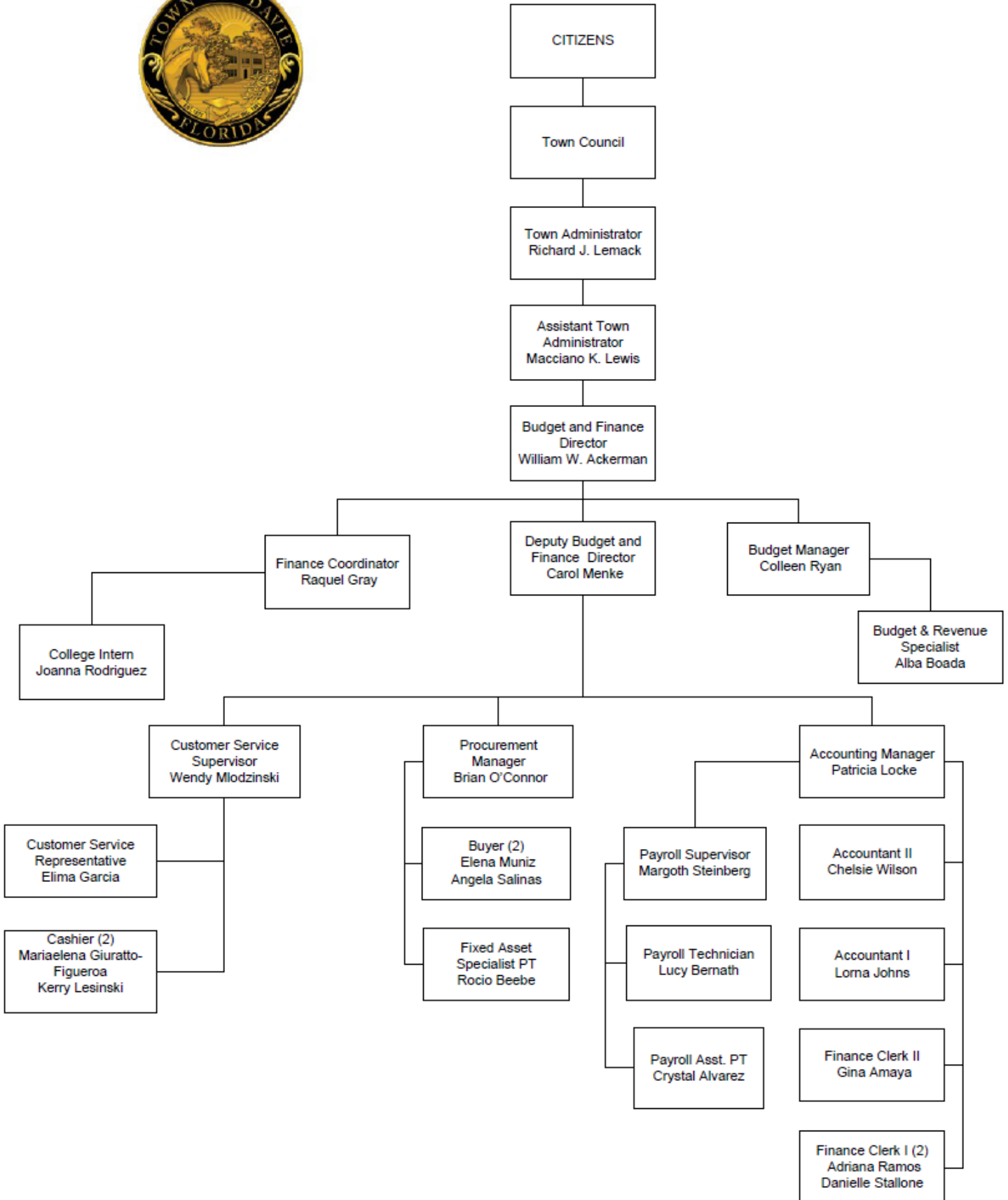
# Town of Davie, Florida

## Table of Organization FY 2016

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**Town of Davie, Florida  
Budget and Finance Department  
Organizational Chart**



# Town of Davie, Florida

## List of Principal Officials

### 2015-2016 Town Council

Judy Paul	Mayor
Marlon Luis	Vice Mayor
Bryan Caletka	Councilmember
Caryl Hattan	Councilmember
Susan Starkey	Councilmember

### Administrative Officials

Richard J. Lemack	Town Administrator
Macciano K. Lewis	Deputy Town Administrator
Phillip R. Holste	Assistant Town Administrator
William W. Ackerman	Budget and Finance Director
Julie Downey	Fire Chief
Grace Garagozzo	Human Resources Director
Nelson Martinez, Jr.	Information Technology Director
David Flaherty	Parks, Recreation and Cultural Arts Director
Patrick Lynn	Police Chief
Osdel Fernandez-Larrea	Public Works/Capital Projects Director
Evelyn Roig	Town Clerk
Donald Bayler	Utilities Director
John C. Rayson	Town Attorney
Keefe McCullough	Town Auditors



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**Town of Davie  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

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# FINANCIAL SECTION





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of the  
Town Council and Town Administrator  
Town of Davie, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Davie, Florida, (the "Town") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Davie Firefighters' Pension Plan or the Town of Davie Police Employees' Pension Plan, which together represent 80%, 79%, and 81%, respectively, of the assets, net position and additions of the fiduciary funds. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Davie Firefighters' Pension Plan or the Town of Davie Police Employees' Pension Plan is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Town of Davie Firefighters' Pension Plan or the Town of Davie Police Employees' Pension Plan were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Davie, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 14 and 86 through 95, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Davie, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

Town of Davie, Florida

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, on our consideration of the Town of Davie, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Davie, Florida's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 24, 2017

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# MANAGEMENT'S DISCUSSION AND ANALYSIS



## **Overview of the Financial Statements**

The Town of Davie's (the "Town") Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the Town's financial activities based on currently known facts, decisions, or conditions. It is intended to provide a broad overview on short-term and long-term analysis of the Town's activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34 — *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (Statement 34). As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information (RSI) provided in addition to this MD&A.

## **Understanding the Basic Financial Statements**

GASB Statement 34 represented a monumental change from the way in which government financial statements are recorded and presented. It provided for the first time a concise "entity-wide" Statement of Net Position and Statement of Activities, providing the user of the financial statements a combined overview of the Town's financial position and result of operations, eliminating interfund activities and "other people's money" such as pension funds, which can mislead users when incorporated in a combined manner. The Government-Wide Financial Statements also differentiate between Governmental and Business-Type Activities, further assisting the reader in their evaluation.

The reporting model requires the use of accrual accounting (which focuses on economic resources) at the top most level, while maintaining modified accrual accounting (which focuses on current financial resources—budgeted resources) at the individual fund level. This was an important change in governmental accounting. The impact of long-term financial decisions is accurately matched to the period in which the expense or revenue is attributed. In short, an accurate presentation of information is achieved and the impacts of long-term decisions are promptly recorded as the transactions occurred, as opposed to the traditional method of recording them when the bill is paid. A good example of this is the recording of compensated absences such as vacation time. Previously, this time was "expensed" as paid, not when earned. As a result, employees could accrue hundreds of hours in the past without that expense being attributed to the taxpayers who benefited from those employees' services. Once the employees separate from the Town it is future taxpayers who will bear the financial liability, but would not benefit from those employees' services. This is but one of many examples of "expenses" that have traditionally not been matched to the period of benefit.

Users interested in "budgetary performance" will find that information available in the required supplementary information and other financial information following the notes to the financial statements. An overview discussion of the different sections of this reporting model follows.

## **Government-Wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the Town as a whole, separating its operations between governmental and business-type activities. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenues are earned and the expenses attributed. The Town's Community Redevelopment Agency is shown as a blended component unit. Fiduciary funds, such as pension trust funds, are precluded from these Government-Wide Financial Statements because they represent money and funds legally set aside for use by the employee groups they benefit. Last year, the Town implemented the provisions of GASB No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement established standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expense/expenditures. Although Florida law requires municipalities to fund pension plans on an actuarially sound basis, it is important for the user to study the Government Wide and Fund Financial Statements (as explained in the following section) as well as the footnotes, required supplementary information, and statistical sections of this report. Also combined into the Government-Wide Financial Statements are the Internal Service Funds of the Town.

The focus of the Statement of Net Position is designed to be similar to a bottom line for the Town and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type and component unit), which are provided by the government's general tax and program revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and the local taxing efforts necessary to sustain each of those activities.

## **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The Governmental Funds presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith. The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds summarized by type (pension, investment, private purpose trusts and agency funds). While these Funds represent fiduciary responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements. While the Total column on the Business-Type Fund Financial Statements is the same as the Business-Type column on the Government-Wide Financial Statements, after adjusting for internal service funds, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (debt and others) into the Governmental Activities column (in the Government-Wide statements).



## **Analysis of the Overall Financial Position and Results of Operations**

In evaluating the financial position and short-term financial performance of the Town, two tools are particularly valuable: The Statement of Net Position and the Statement of Activities.

It is useful for the user to compare the current year with the prior year. This aids in spotting trends and other areas of concern or interest. For ease of relative comparisons, we include the percent change from one year to another (Tables 1 and 2).

### **Statement of Net Position**

Net position of the Town represents the difference between (assets, deferred outflows) and (liabilities, deferred inflows) of the Town using the economic resources measurement focus and accrual basis of accounting.

In general terms, the Town's total assets increased 1%, which includes a 10% increase in the governmental current and other assets, as well as a 3% increase in the business-type current and other assets. The overall increase in governmental activities is primarily due to increase in cash, cash equivalents and investments.

The governmental activities of the Town's capital assets decreased 3%, while the current liabilities of those activities increased 12%. The increase in current liabilities in governmental activities is primarily due to an increase in accounts payable and accrued liabilities, and other liabilities of approximately \$ 1.4 million. Total liabilities in governmental activities increased 15% which includes an overall 18% increase in the long-term liabilities due in more than one-year from the prior year. Net Investment in capital assets increased by 2% and unrestricted net position now stand at \$ 72.6 million, an approximate \$ 12.5 million increase from the previous year.

The business-type activities of the Town's capital assets decreased 4%, while the current liabilities of those activities decreased 24%. The changes under long term liabilities due in more than one-year are a direct result from liabilities related to current outstanding bonds.

Business-type activities, the Town's Water and Sewer system, had a decrease in total assets of approximately 2%, a 3% decrease in total liabilities, and a 1% decrease in net position. The decrease in total assets is primarily due to a 17% increase in the accumulated depreciation (reduction of capital assets) because fiscal year 2016 was the first full year of depreciation for the new water and wastewater plant. Some of this reduction in total assets was offset due to a slight increase in water and sewer rates. In January 2008, the Town Council approved a water and sewer rate study which included predetermined rate increases to the Town's water and sewer rates through September 2012, all of which were implemented as recommended and with increases beyond September 2012, based on Consumer Price Index compared to a set rate. This approved study allowed the Town to adequately fund operations now and in the future, as well as support the capital improvement necessary for system growth. The increased rates charged to customers have positively impacted the system.

On a total government basis, with current assets and current liabilities both increasing, the Town is able to meet its short-term obligations (the Town has approximately 10 times the current assets than current liabilities). Total net position increased by 5% for the year and the reason for the increase will be explained below under Statement of Activities.

**Town of Davie, Florida  
Management's Discussion and Analysis  
September 30, 2016**

The table below presents a summary of net position as of September 30, 2016 and 2015, derived from the Government-Wide Statement of Net Position:

**Table 1  
Net Position (in thousands)**

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>2016</u>	<u>2015</u>	<u>Change</u>
<b>Assets:</b>									
Current and other	\$ 161,242	\$ 146,071	10%	\$ 70,472	\$ 68,131	3%	\$ 231,714	\$ 214,202	8%
Capital assets, net	<u>149,516</u>	<u>154,379</u>	-3%	<u>147,055</u>	<u>153,370</u>	-4%	<u>296,571</u>	<u>307,749</u>	-4%
Total assets	<u>310,758</u>	<u>300,450</u>	3%	<u>217,527</u>	<u>221,501</u>	-2%	<u>528,285</u>	<u>521,951</u>	1%
<b>Total deferred outflows of resources:</b>									
	<u>49,318</u>	<u>12,940</u>	281%	<u>1,693</u>	<u>1,207</u>	40%	<u>51,011</u>	<u>14,147</u>	261%
<b>Liabilities:</b>									
Current	16,717	14,866	12%	5,278	6,901	-24%	21,995	21,767	1%
Long-term:									
Due within 1 year	7,176	8,053	-11%	2,947	2,937	0%	10,123	10,990	-8%
Due in more than 1 year	<u>104,535</u>	<u>88,642</u>	18%	<u>134,872</u>	<u>137,027</u>	-2%	<u>239,407</u>	<u>225,669</u>	6%
Total liabilities	<u>128,428</u>	<u>111,561</u>	15%	<u>143,097</u>	<u>146,865</u>	-3%	<u>271,525</u>	<u>258,426</u>	5%
<b>Total deferred inflows of resources:</b>									
	<u>17,570</u>	<u>2,613</u>	572%	<u>883</u>	<u>39</u>	2164%	<u>18,453</u>	<u>2,652</u>	596%
<b>Net Position:</b>									
Net investment in capital assets:	123,156	121,185	2%	10,610	16,185	-34%	133,766	137,370	-3%
Restricted for:									
Renewal and replacement and rate stabilization	-	-	-	30,227	29,297	3%	30,227	29,297	3%
Building services	6,942	6,008	16%	-	-	-	6,942	6,008	16%
Debt service	189	145	30%	1,441	1,441	0%	1,630	1,586	3%
Community redevelopment	6,513	7,984	-18%	-	-	-	6,513	7,984	-18%
Community development projects and services	256	221	16%	-	-	-	256	221	16%
Parks and recreation - parks and open space	2,143	2,016	6%	-	-	-	2,143	2,016	6%
Public safety - fire	582	250	133%	-	-	-	582	250	133%
Public safety - police	1,266	1,033	23%	-	-	-	1,266	1,033	23%
General government activities	392	218	80%	-	-	-	392	218	80%
Unrestricted	<u>72,639</u>	<u>60,156</u>	21%	<u>32,962</u>	<u>28,881</u>	14%	<u>105,601</u>	<u>89,037</u>	19%
Total net position	<u>\$ 214,078</u>	<u>\$ 199,216</u>	7%	<u>\$ 75,240</u>	<u>\$ 75,804</u>	-1%	<u>\$ 289,318</u>	<u>\$ 275,020</u>	5%

## **Statement of Activities**

Activities of the Town (Table 2) reflected a consistent balance in overall revenues when compared to the prior year and total Town expenses reflected a 6% increase. The Statement of Activities illustrates some particular areas that need to be further discussed.

The governmental activities represent the most significant activity within the Town. Program revenues increased 8% in governmental activities mainly due to the increase in general government operating and capital grants and contributions. This increase is due to several new federal grants and general government operating grants during the 2015-2016 fiscal year. The 2% decrease in general revenues in governmental activities is primarily due to the decrease in miscellaneous revenues. The majority of the miscellaneous revenues balance from the prior year is made up of the proceeds from the sale of land, which occurred during the year ended September 30, 2015.

The business-type activities, which represent the water and sewer operations and golf related activities of the Town, included a 1% decrease in program revenues. The decrease in the Town's program revenues is attributed mainly to the decrease in capital grants and contributions; which is a result of the Town's Water and Wastewater plant. The 2% increase in general revenues in business-type activities is primarily due to the income generate from the Town's investments.

The Transfers in (out) decreased by 100%. The change of this line item is due to the, previously mentioned, sale of land by the Town.

Total program expenses in governmental activities increased by 7% from the previous year with marginal fluctuations between expenses; with the most significant change occurring in public-safety police. The increase in public-safety police expenses was primarily due the recording of the current year pension activity, which is due to GASB 68 and is further discussed in Note 14.

Program expenses of business-type activities increased slightly by 2% overall. This was primarily due to the increase of depreciation expense for the year. The Town recognized additional depreciation due to the capitalization of prior years' construction in progress (Water and Wastewater Plant).

Overall, net position increased 5% for the year, with a 7% increase noted for governmental activities and a 1% decrease noted for business-type activities.

**Town of Davie, Florida  
Management's Discussion and Analysis  
September 30, 2016**

The table below presents a summary of changes in net position for the years ended September 30, 2016 and 2015, as derived from the Government-Wide Statement of Activities:

**Table 2  
Changes in Net Position (in thousands)**

	Governmental Activities			Business-Type Activities			Total		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
<b>Revenues:</b>									
Program revenues:									
Charges for services	\$ 31,447	\$ 30,155	4%	\$ 22,644	\$ 22,212	2%	\$ 54,091	\$ 52,367	3%
Operating grants and contributions	2,123	1,973	8%	-	-	-	2,123	1,973	8%
Capital grants and contributions	2,530	1,416	79%	1,990	2,702	-26%	4,520	4,118	10%
<b>Total program revenues</b>	<b>36,100</b>	<b>33,544</b>	<b>8%</b>	<b>24,634</b>	<b>24,914</b>	<b>-1%</b>	<b>60,734</b>	<b>58,458</b>	<b>4%</b>
<b>General revenues:</b>									
Ad Valorem, operating	39,354	36,771	7%	-	-	-	39,354	36,771	7%
Ad Valorem, debt service	5,312	5,615	-5%	-	-	-	5,312	5,615	-5%
Utility service taxes	8,402	8,209	2%	-	-	-	8,402	8,209	2%
Community service tax	3,384	3,881	-13%	-	-	-	3,384	3,881	-13%
Franchise fees	9,795	9,816	0%	-	-	-	9,795	9,816	0%
Intergovernmental, not restricted for specific purposes	11,999	11,535	4%	-	-	-	11,999	11,535	4%
Investment income	973	966	1%	106	19	458%	1,079	985	10%
Miscellaneous	3,843	7,942	-52%	1,536	1,586	-3%	5,379	9,528	-44%
<b>Total general revenues</b>	<b>83,062</b>	<b>84,735</b>	<b>-2%</b>	<b>1,642</b>	<b>1,605</b>	<b>2%</b>	<b>84,704</b>	<b>86,340</b>	<b>-2%</b>
<b>Total revenues</b>	<b>119,162</b>	<b>118,279</b>	<b>1%</b>	<b>26,276</b>	<b>26,519</b>	<b>-1%</b>	<b>145,438</b>	<b>144,798</b>	<b>0%</b>
<b>Program expenses:</b>									
General government	10,882	10,675	2%	-	-	-	10,882	10,675	2%
Building and engineering	4,532	4,359	4%	-	-	-	4,532	4,359	4%
Public safety - police	44,697	36,014	24%	-	-	-	44,697	36,014	24%
Public safety - fire	25,317	26,844	-6%	-	-	-	25,317	26,844	-6%
Public works	10,978	11,098	-1%	-	-	-	10,978	11,098	-1%
Parts, recreation and cultural arts	6,444	6,215	4%	-	-	-	6,444	6,215	4%
Interest	1,450	2,298	-37%	-	-	-	1,450	2,298	-37%
Water and sewer	-	-	-	26,706	26,205	2%	26,706	26,205	2%
Golf	-	-	-	134	159	-16%	134	159	-16%
<b>Total expenses</b>	<b>104,300</b>	<b>97,503</b>	<b>7%</b>	<b>26,840</b>	<b>26,364</b>	<b>2%</b>	<b>131,140</b>	<b>123,867</b>	<b>6%</b>
Transfers in (out)	-	(3,044)	-100%	-	3,044	-100%	-	-	-
<b>Change in net position</b>	<b>14,862</b>	<b>17,732</b>	<b>-16%</b>	<b>(564)</b>	<b>3,199</b>	<b>-118%</b>	<b>14,298</b>	<b>20,931</b>	<b>-32%</b>
Net position, beginning of year	199,216	181,484	10%	75,804	72,605	4%	275,020	254,089	8%
<b>Net position, end of year</b>	<b>\$ 214,078</b>	<b>\$ 199,216</b>	<b>7%</b>	<b>\$ 75,240</b>	<b>\$ 75,804</b>	<b>-1%</b>	<b>\$ 289,318</b>	<b>\$ 275,020</b>	<b>5%</b>

## **Individual Fund Performance**

### Governmental Funds Types

In the General Fund, the Town's revenues exceeded its expenditures by nearly \$ 12.3 million and the overall fund balance increased by about \$ 2.8 million. The Community Endowment Fund remained relatively consistent with the prior year, which no significant change in its fund balance. The amount available in this fund for Community Obligations now stands at approximately \$ 0.3 million.

The Community Redevelopment Agency had a decrease in their fund balance of approximately \$ 1.6 million. The amount available in the Community Redevelopment Agency now stands at approximately \$ 24.2 million, which is primarily due to a \$ 20.0 million issuance of Community Redevelopment Bonds in FY 2011, which were refunded during the year ended September 30, 2013, in which very little of the proceeds have been spent.

For the other Special Revenue Funds, the approximate amounts available are as follows: Community Development Block Grant, \$ 256K, Parks and Open Space Impact Fees, \$ 2.1 million; Fire Impact Fees, \$ 581K; Police Impact Fees, \$ 277K; Forfeitures, \$ 989K; and General Government Impact Fees \$ 392K.

The Capital Projects Fund provided projects of approximately \$ 7.1 million to the community this year, compared with approximately \$ 5.0 million in the previous year. Over \$ 3 million was spent on the various road improvement projects, from capital projects reserves, grants and contributions. Additionally, over \$ 2 million was spent on fire equipment additions, information technology, infrastructure, park improvements and a pedestrian bridge.

### Proprietary Fund Types

Enterprise Funds: The Town's Water and Sewer System experienced an operating income of \$ 2.6 million, compared to an Operating Income of \$ 2.7 million in FY 2015. The operating income resulted in a pledged revenue coverage of 1.37x, which is a decrease from FY 2015 which was 1.74x. The decrease is due primarily to an increase in total operating expenses and a FY 2015 one-time transfer into the Water and Sewer Fund related to the sale of land for over \$3 million. The minimum pledged revenue coverage requirement is 1.15x. In January 2008, the Town's Council approved a water and sewer rate study which included recommended increases to the Town's water and sewer rates through September 2012, all of which were implemented as recommended and with increases beyond September 2012, based on Consumer Price Index compared to a set rate. This Council adopted rate increase contributes to the Town's ability to maintain the coverage ratio.

The Town's Golf Fund experienced an operating loss of \$ 70K. The total net position is approximately \$ 6.1 million, of which approximately \$ 1.1 million is unrestricted.

Internal Service Funds: The Vehicle Maintenance Fund net position increased by approximately \$ 527K resulting in a net position of approximately \$ 10.8 million, of which approximately \$ 6.1 million is unrestricted. The increase is due to not spending everything that was budgeted for operations. Vehicle charge rates to departments are reviewed every two years and adjusted accordingly. When the Town built a new garage facility several years ago, it was completed utilizing funding from the unrestricted net position of the fund which was sufficient to cover all anticipated outlays without affecting working capital needs.

The Self-Insurance Fund net position decreased by approximately \$ 441K resulting in a net position of approximately \$ 7.5 million, of which the full amount is unrestricted. The decrease in the net position is due primarily to higher than anticipated claims.

The Information Technology Fund net position increased by approximately \$ 1.0 million resulting in a net position of approximately \$ 2.5 million, of which approximately \$ 1.7 million is unrestricted. This fund is accumulating enough resources to sustain its operations. This Fund has sufficient net position to accommodate for the Town's planned improvements to information technology.

The use of these funds has served to insulate recurring capital replacement needs from the volatile budgetary process. As a result, the Town's needs for vehicles and information systems component replacement and maintenance have been adequately addressed.

#### *Fiduciary Funds Types*

The Town's pension funds posted increases of approximately \$ 27.2 million to the net position of the plans. The combined fair market value of the plans' holdings is \$ 280.0 million as of September 30, 2016. The net position held for pension benefits of the various trusts, including OPEB, total approximately \$ 278.1 million.

### **Financial Analysis of the Governmental Funds**

Budget variance reporting is only included for the General Fund. Summarized below are the significant final variances accompanied by an explanation:

#### **General Fund**

- Intergovernmental, Unfavorable \$ 790K. Primarily attributed to not receiving Federal and State Grants, as planned.
- Licenses and Permits, Favorable \$ 812K. Primarily attributed to higher than budgeted building and engineering permit revenue. This is due to the development taking place in the Town.
- Charges for Services, Favorable \$ 475K. Primarily attributed to higher than budgeted revenue for the Town's contract to provide police services to Nova University. Five quarterly payments were accounted for in fiscal year 2016, instead of four quarterly payments. Additionally, there were a variety of accounts throughout the various Town Departments, in which revenue exceeded budget (i.e. ambulance transport fees and special events).
- General Government, Favorable \$ 1.6 million. The personnel services favorable variance is primarily attributed to savings associated with maintaining vacancies during the year. The operating favorable variance is due to not spending the budgeted amounts on insurance deductibles, fuel expenses and electric costs, professional services and contractual services.

- Public Safety, Favorable \$ 6.0 million. The personnel services favorable variance is primarily attributed to savings associated with keeping vacancies open during the year. The operating favorable variance is due to not spending the full budgeted amounts on legal expense, contractual, vehicle usage, fuel and training and education expenses. The capital outlay favorable variance is due to not spending budgeted grant related expenses.
- Public Works, Favorable \$ 658K. The favorable variance is primarily due to the savings associated with keeping vacancies open during the year. Additionally, savings was recognized based on the lower than anticipated actual expenses for fuel, electric and contractual maintenance.

### **Significant Capital Assets and Long-Term Debt Activity**

Debt has been issued as part of a long-term financing mechanism for some of the capital projects or significant capital outlay items. Additionally, the Town has utilized one-time revenue sources (for example General Fund Unrestricted Reserves) to also fund some capital projects.

The Town currently has fifteen (15) outstanding long-term debt issues as follows: six (6) General/Limited Obligation Bonds, two (2) Public Improvement Revenue Bonds, two (2) Community Redevelopment Bonds, four (4) Water and Sewer Revenue Bonds and a loan (1) with the State of Florida Department of Environmental Protection, Clean Water State Revolving Loan Program. Additional information related to long-term debt activity can be found under Note 9 to the financial statements.

The Town spent approximately \$ 7.6 million in governmental funds on capital assets. Of this amount, approximately \$ 3.1 million was spent on the Davie Road project, from Reserves and Grants. Nearly \$ 1.1 million were spent on Fire Department equipment from Grants and Reserves. The Town also invested nearly \$ 851K on Information Technology Infrastructure. The Community Redevelopment Agency spent approximately \$ 1.2 million on the Phase II Eastside Infrastructure.

Approximately \$ 1.4 million in new capital assets was provided for in business-type activities, in which significant portions were related to System III East Storage Tank, Water Main Replacements, Lift Station Rehabilitations and System II Treatment Unit 2 Rehabilitation.

Capital Contributions from developers in the Water and Sewer system amounted to approximately \$ 2.0 million, representing mostly contributions-in-aid of construction.

Additional information related to capital assets can be found under Note 6 to the financial statements.

### **Economic Factors and Next Year's Budget**

In the conduct of municipal government, various lawsuits, commitments, and contingencies will arise. Disclosure of these items appear in the accompanying notes to this report.

Florida has many limiting measures on residential property taxes, and all affect the Town. The first \$ 25,000 of assessed value is exempt from taxation on homestead property. Also, the second \$ 25,000 of assessed value is exempt from taxation on homestead property (excluding taxes paid to the School Board). Florida's Constitution further limits taxable values on homestead property through the Save-Our-Homes amendment. Although an increase in property values is anticipated in the future, Homestead property is limited to a maximum 3% increase in assessed value per year, or less if inflation is less, while commercial property is limited to a maximum 10% increase in assessed value per year. The Town's taxable value decreased over a four year period, fiscal year 2009 through 2012. The taxable value has increased annually starting in fiscal year 2013 and the Town is finally near fully recovered. There is no direct correlation with respect to the Town's tax base and the Town's budget as the former will likely not grow as quickly as the latter.

Additionally, the Town has a Community Redevelopment Agency that is making improvements on the east-side of the Town. This Agency encompasses an area which has most of the industrial lands within the Town. The growth in this area's tax base will benefit the component unit and not the governmental activities of the Town, restricting the Town's revenue growth potential even further until the Community Redevelopment Agency expires.

The Town's bargaining groups will continue to request for improve pay, benefits, and working conditions. Given the increasing cost of personnel, coupled with moderately increasing revenues, the Town continues to face a structural budget issue whereas the pace of expenses continues to exceed revenues. The Town has recognized this structural issue and will continue to address it and find solutions.

The Town is located within Broward County in South Florida. Davie is a desirable location for both residences and businesses. Fortunately, the "leading indicators" of growth, such as platting of parcels of lands, site plans of lands, requested land use and zoning changes, continue to increase, indicating the outlook for growth is somewhat positive. The Town is very heavily weighted towards residential properties and the mix of land use could be a problem in the future. The Town currently levies slightly more than half its legally available millage rate.

Impacting fiscal year 2008, the State Legislature required property tax revenues to be rolled back to fiscal year 2007 levels, and then required to be reduced by another 9%. This resulted in a net reduction in property tax revenues of 6% for fiscal year 2008. The Town's fiscal year 2010 and 2011 budget reflected similar operating millage rates, an increase from fiscal year 2009 to help offset the reduction in the assessed property tax values and does not recapture the loss in property tax revenue suffered from the implementation of the State Legislature requirements. The Town slightly lowered the operating millage for fiscal year 2012 and then maintained it for FY 2013. In order to offset increasing operating expenditures and address the structural budget issues, the Town increased the operating millage for FY 2014, which was kept the same for fiscal year 2015. In a symbolic gesture, the Town slightly reduced the operating millage for FY 2016.

The Town's adopted FY 2017 budget is \$ 231 million, which is approximately a \$ 14 million (or 6.5%) increase from the original adopted FY 2016 budget of \$ 217 million. The primary reason for the increase in the Town's budget relates primarily to an increase in budgeted positions and personnel costs, higher funding for capital improvement, increased focus on Information Technology Infrastructure (maintenance and personnel) and projected cost increase in employee medical and insurance claims.



### **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Town of Davie, Budget and Finance Department at 6591 Orange Drive, Davie, Florida, 33314, or call (954) 797-1050.

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# BASIC FINANCIAL STATEMENTS



**Town of Davie, Florida**  
**Statement of Net Position**  
**September 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash, cash equivalents and investments	\$ 143,776,278	\$ 31,784,002	\$ 175,560,280
Restricted cash, cash equivalents and investments	-	33,292,145	33,292,145
Receivables, net	3,306,126	2,667,279	5,973,405
Due from other governments	3,312,881	-	3,312,881
Prepaid items	3,740,632	30,719	3,771,351
Inventory	50,176	547,633	597,809
Other assets	-	990,693	990,693
Capital assets not being depreciated	62,964,123	12,019,699	74,983,822
Capital assets, net of accumulated depreciation	86,552,283	135,035,158	221,587,441
Net other post employment benefits (OPEB) asset	1,151,000	-	1,151,000
Net pension asset	5,905,242	1,159,133	7,064,375
Total assets	<u>310,758,741</u>	<u>217,526,461</u>	<u>528,285,202</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows relating to pensions	49,318,063	1,071,861	50,389,924
Deferred charge on refunding	-	621,223	621,223
Total deferred outflows of resources	<u>49,318,063</u>	<u>1,693,084</u>	<u>51,011,147</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	9,885,668	708,478	10,594,146
Insurance claims payable	2,862,117	-	2,862,117
Other liabilities	2,054,559	-	2,054,559
Unearned revenues	1,563,204	-	1,563,204
Customer deposits - payable from restricted assets	-	1,328,473	1,328,473
Accrued interest payable	352,044	3,240,222	3,592,266
Due within one year:			
Compensated absences payable	771,117	247,488	1,018,605
Bonds and notes payable	6,404,719	2,700,390	9,105,109
Due in more than one year:			
Net pension liability	53,793,647	-	53,793,647
Compensated absences payable	7,894,747	116,764	8,011,511
Bonds and notes payable	42,846,514	134,755,001	177,601,515
Total liabilities	<u>128,428,336</u>	<u>143,096,816</u>	<u>271,525,152</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows relating to pensions	17,570,273	882,980	18,453,253
Total deferred inflows of resources	<u>17,570,273</u>	<u>882,980</u>	<u>18,453,253</u>
<b>Net Position:</b>			
Net investment in capital assets	123,156,231	10,610,125	133,766,356
Restricted for:			
Renewal and replacement and rate stabilization	-	30,226,788	30,226,788
Building services	6,942,026	-	6,942,026
Debt service	189,200	1,440,500	1,629,700
Community redevelopment	6,512,850	-	6,512,850
Community development projects and services	256,287	-	256,287
Parks and recreation - parks and open space	2,142,986	-	2,142,986
Public safety - fire	581,516	-	581,516
Public safety - police	1,266,064	-	1,266,064
General government activities	392,264	-	392,264
Unrestricted	72,638,771	32,962,336	105,601,107
Total net position	<u>\$ 214,078,195</u>	<u>\$ 75,239,749</u>	<u>\$ 289,317,944</u>

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

**Town of Davie, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2016**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
Governmental activities:				
General government	\$ 10,881,782	\$ 1,965,682	\$ 831,432	\$ 1,280,660
Building and engineering	4,531,890	7,162,150	-	-
Public safety - police	44,696,828	2,758,663	1,220,827	300,750
Public safety - fire	25,317,372	18,368,211	-	17,243
Public works	10,978,597	92,732	-	931,503
Parks, recreation and cultural arts	6,443,584	1,099,474	70,488	-
Interest on long-term debt	1,450,160	-	-	-
<b>Total governmental activities</b>	<b>104,300,213</b>	<b>31,446,912</b>	<b>2,122,747</b>	<b>2,530,156</b>
Business-type activities:				
Water and sewer	26,705,805	22,584,362	-	1,989,676
Golf	133,986	59,873	-	-
<b>Total business-type activities</b>	<b>26,839,791</b>	<b>22,644,235</b>	<b>-</b>	<b>1,989,676</b>
<b>Total</b>	<b>\$ 131,140,004</b>	<b>\$ 54,091,147</b>	<b>\$ 2,122,747</b>	<b>\$ 4,519,832</b>

General revenues:

Taxes:

- Ad valorem taxes, levied for general purposes
- Ad valorem taxes, levied for debt service
- Utility service taxes
- Communications services tax
- Franchise fees on gross receipts
- Intergovernmental, not restricted for specific purposes
- Investment income
- Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

<b>Net Revenue (Expense) and Change in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (6,804,008)	\$ -	\$ (6,804,008)
2,630,260	-	2,630,260
(40,416,588)	-	(40,416,588)
(6,931,918)	-	(6,931,918)
(9,954,362)	-	(9,954,362)
(5,273,622)	-	(5,273,622)
(1,450,160)	-	(1,450,160)
(68,200,398)	-	(68,200,398)
-	(2,131,767)	(2,131,767)
-	(74,113)	(74,113)
-	(2,205,880)	(2,205,880)
(68,200,398)	(2,205,880)	(70,406,278)
39,353,933	-	39,353,933
5,312,193	-	5,312,193
8,402,373	-	8,402,373
3,384,206	-	3,384,206
9,795,497	-	9,795,497
11,998,577	-	11,998,577
973,382	105,886	1,079,268
3,842,705	1,535,691	5,378,396
83,062,866	1,641,577	84,704,443
14,862,468	(564,303)	14,298,165
199,215,727	75,804,052	275,019,779
\$ 214,078,195	\$ 75,239,749	\$ 289,317,944

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

**Town of Davie, Florida**  
**Balance Sheet - Governmental Funds**  
**September 30, 2016**

	<u>General</u>	<u>Community Endowment</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Cash, cash equivalents and investments	\$ 61,898,590	\$ 271,733	\$ 24,587,674	\$ 34,235,923	\$ 5,529,121	\$ 126,523,041
Receivables:						
Property taxes, net	162,187	-	-	-	-	162,187
Utility and franchise taxes, net	2,250,141	-	-	-	-	2,250,141
Other	618,541	-	42,395	-	-	660,936
Due from other governments	2,759,335	-	-	468,521	85,025	3,312,881
Prepaid items	4,487	-	79	-	-	4,566
<b>Total assets</b>	<b><u>\$ 67,693,281</u></b>	<b><u>\$ 271,733</u></b>	<b><u>\$ 24,630,148</u></b>	<b><u>\$ 34,704,444</u></b>	<b><u>\$ 5,614,146</u></b>	<b><u>\$ 132,913,752</u></b>
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 7,201,606	\$ -	\$ 400,405	\$ 1,185,967	\$ 232,023	\$ 9,020,001
Other liabilities	2,037,010	500	17,049	-	-	2,054,559
Unearned revenues	830,047	-	-	-	733,157	1,563,204
<b>Total liabilities</b>	<b><u>10,068,663</u></b>	<b><u>500</u></b>	<b><u>417,454</u></b>	<b><u>1,185,967</u></b>	<b><u>965,180</u></b>	<b><u>12,637,764</u></b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - intergovernmental	807,164	-	-	433,604	9,849	1,250,617
<b>Total deferred inflows of resources</b>	<b><u>807,164</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>433,604</u></b>	<b><u>9,849</u></b>	<b><u>1,250,617</u></b>
<b>Fund Balances:</b>						
Nonspendable:						
Prepaid expenditures	4,487	-	79	-	-	4,566
Restricted for:						
Building services	6,942,026	-	-	-	-	6,942,026
Debt service	189,200	-	-	-	-	189,200
Capital projects	-	-	-	5,191,214	-	5,191,214
Community redevelopment	-	-	24,212,615	-	-	24,212,615
Community development projects and services	-	-	-	-	256,287	256,287
Parks and recreation - parks and open space	-	-	-	-	2,142,986	2,142,986
Public safety - fire	-	-	-	-	581,516	581,516
Public safety - police	-	-	-	-	1,266,064	1,266,064
General government activities	-	-	-	-	392,264	392,264
Committed to:						
Hurricane/emergency and disaster recovery operating reserves	29,960,865	-	-	-	-	29,960,865
Community obligations	-	271,233	-	-	-	271,233
Capital projects	-	-	-	27,893,659	-	27,893,659
Wetland mitigation	315,514	-	-	-	-	315,514
Tree preservation	166,018	-	-	-	-	166,018
Assigned to:						
Subsequent year's expenditures	3,478,824	-	-	-	-	3,478,824
Engineering services	2,402,014	-	-	-	-	2,402,014
Unassigned	13,358,506	-	-	-	-	13,358,506
<b>Total fund balances</b>	<b><u>56,817,454</u></b>	<b><u>271,233</u></b>	<b><u>24,212,694</u></b>	<b><u>33,084,873</u></b>	<b><u>4,639,117</u></b>	<b><u>119,025,371</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 67,693,281</u></b>	<b><u>\$ 271,733</u></b>	<b><u>\$ 24,630,148</u></b>	<b><u>\$ 34,704,444</u></b>	<b><u>\$ 5,614,146</u></b>	<b><u>\$ 132,913,752</u></b>

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



**Town of Davie, Florida**  
**Reconciliation of the Balance Sheet - Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2016**

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Fund balances - total governmental funds \$ 119,025,371

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

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

Cost of capital assets is	\$ 337,541,858	
Less accumulated depreciation	<u>(188,025,452)</u>	149,516,406

Accrued interest payable not reported in the governmental funds (352,044)

Intergovernmental revenues are considered deferred inflows of resources in the fund financial statements due to availability of funds; under full accrual accounting they are considered revenues. 1,250,617

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Net pension liability	(53,793,647)	
Bonds and notes payable	(49,251,233)	
Compensated absences	<u>(8,665,864)</u>	(111,710,744)

Other post employment benefits (OPEB) asset, is not an available resource and, therefore, is not reported in the government funds. 1,151,000

Net pension asset is not an available resource and, therefore, is not reported in the governmental funds. 5,905,242

Certain funds related to pension assets and liabilities are not reported in the governmental funds:

Prepaid pension contributions	3,402,088	
Deferred outflows relating to pensions	49,318,063	
Deferred inflows relating to pensions	<u>(17,570,273)</u>	35,149,878

Internal services funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities, other than capital assets and long-term liabilities already included above. 14,142,469

Net position of governmental activities \$ 214,078,195

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

**Town of Davie, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended September 30, 2016**

	<u>General</u>	<u>Community Endowment</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Ad valorem taxes	\$ 42,952,158	\$ -	\$ 1,713,968	\$ -	\$ -	\$ 44,666,126
Utility service taxes	8,402,373	-	-	-	-	8,402,373
Franchise fees	9,695,462	100,035	-	-	-	9,795,497
Intergovernmental	11,567,206	-	-	609,540	628,874	12,805,620
Communication service tax	3,384,206	-	-	-	-	3,384,206
Licenses and permits	7,722,855	-	-	-	-	7,722,855
Charges for services	13,421,845	-	-	-	988,348	14,410,193
Fire rescue assessments	10,426,283	-	-	-	-	10,426,283
Fines and forfeitures	1,088,788	-	-	-	300,750	1,389,538
Investment income	822,054	31,054	117,241	-	3,033	973,382
Miscellaneous	4,237,485	21,790	17	-	-	4,259,292
	<u>113,720,715</u>	<u>152,879</u>	<u>1,831,226</u>	<u>609,540</u>	<u>1,921,005</u>	<u>118,235,365</u>
Total revenues						
<b>Expenditures:</b>						
General government:						
General services department:						
Personnel services	5,631,861	-	240,365	-	86,838	5,959,064
Operating	3,100,068	146,659	1,176,930	-	158,513	4,582,170
Capital outlay	215,932	-	1,646,214	-	363,672	2,225,818
	<u>8,947,861</u>	<u>146,659</u>	<u>3,063,509</u>	<u>-</u>	<u>609,023</u>	<u>12,767,052</u>
Building and engineering division:						
Personnel services	3,267,589	-	-	-	-	3,267,589
Operating	1,121,495	-	-	-	-	1,121,495
Capital outlay	64,920	-	-	-	-	64,920
	<u>4,454,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,454,004</u>
Total general government	<u>13,401,865</u>	<u>146,659</u>	<u>3,063,509</u>	<u>-</u>	<u>609,023</u>	<u>17,221,056</u>
Public safety:						
Police department:						
Personnel services	35,422,388	-	-	-	-	35,422,388
Operating	6,256,201	-	-	-	137,154	6,393,355
Capital outlay	402,711	-	-	-	23,996	426,707
	<u>42,081,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,150</u>	<u>42,242,450</u>
Fire department:						
Personnel services	24,089,236	-	-	-	-	24,089,236
Operating	2,868,165	-	-	-	-	2,868,165
Capital outlay	55,766	-	-	-	26,713	82,479
	<u>27,013,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,713</u>	<u>27,039,880</u>
Total public safety	<u>69,094,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,863</u>	<u>69,282,330</u>

**Town of Davie, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended September 30, 2016**  
**(continued)**

	<u>General Fund</u>	<u>Community Endowment</u>	<u>Community Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures (continued):</b>						
Public works:						
Personnel services	4,275,400	-	-	-	-	4,275,400
Operating	3,220,975	-	-	-	-	3,220,975
Total public works	<u>7,496,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,496,375</u>
Parks, recreation and cultural arts:						
Personnel services	2,655,457	-	-	-	-	2,655,457
Operating	1,607,939	-	-	-	-	1,607,939
Capital outlay	47,271	-	-	-	52,916	100,187
Total parks, recreation and cultural arts	<u>4,310,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,916</u>	<u>4,363,583</u>
Non-departmental:						
Operating	241,219	-	-	-	-	241,219
Total non-departmental	<u>241,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,219</u>
Debt service:						
Principal	5,796,336	-	1,307,449	-	-	7,103,785
Interest and other fiscal charges	1,097,799	-	378,230	-	-	1,476,029
Total debt service	<u>6,894,135</u>	<u>-</u>	<u>1,685,679</u>	<u>-</u>	<u>-</u>	<u>8,579,814</u>
Capital outlay	-	-	-	7,159,809	-	7,159,809
Total expenditures	<u>101,438,728</u>	<u>146,659</u>	<u>4,749,188</u>	<u>7,159,809</u>	<u>849,802</u>	<u>114,344,186</u>
Excess (deficiency) of revenues over expenditures	<u>12,281,987</u>	<u>6,220</u>	<u>(2,917,962)</u>	<u>(6,550,269)</u>	<u>1,071,203</u>	<u>3,891,179</u>
<b>Other Financing Sources (Uses):</b>						
Sale of capital assets	-	-	-	4,965,000	-	4,965,000
Transfers in	-	-	1,339,607	8,111,745	-	9,451,352
Transfers out	(9,512,001)	-	-	-	(170,690)	(9,682,691)
Total other financing sources (uses)	<u>(9,512,001)</u>	<u>-</u>	<u>1,339,607</u>	<u>13,076,745</u>	<u>(170,690)</u>	<u>4,733,661</u>
Net change in fund balances	2,769,986	6,220	(1,578,355)	6,526,476	900,513	8,624,840
<b>Fund Balances, beginning of year</b>	<u>54,047,468</u>	<u>265,013</u>	<u>25,791,049</u>	<u>26,558,397</u>	<u>3,738,604</u>	<u>110,400,531</u>
<b>Fund Balances, end of year</b>	<u>\$ 56,817,454</u>	<u>\$ 271,233</u>	<u>\$ 24,212,694</u>	<u>\$ 33,084,873</u>	<u>\$ 4,639,117</u>	<u>\$ 119,025,371</u>

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

**Town of Davie, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2016**

---

Net change in fund balances - total governmental funds		\$	8,624,840
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized net capital outlays in the current period:			
Expenditures for capital assets, net	\$	7,598,468	
Less: net book value of disposed capital assets		(5,000,000)	
Less: current year depreciation		<u>(7,806,754)</u>	(5,208,286)
Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently recognized in the governmental fund financial statements as they become available. The net difference is recorded as a reconciling item.			
			962,316
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
			7,103,785
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 governmental funds:			
Change in OPEB obligation (asset)		58,000	
Change in net pension asset		2,393,132	
Change in net pension liability		(22,199,537)	
Change in prepaid contributions		556,511	
Change in accrued interest payable		25,869	
Change in compensated absences		<u>79,230</u>	(19,086,795)
Certain changes related to pension assets and liabilities are not reported in the net change in the governmental funds:			
Change in deferred outflows relating to pensions		36,378,227	
Change in deferred inflows relating to pensions		<u>(14,957,303)</u>	21,420,924
Internal service funds are used by management to charge the cost of certain activities to individual funds. The allocated change in net position of the internal service funds is reported with governmental activities.			
			<u>1,045,684</u>
Change in net position of governmental activities		\$	<u><u>14,862,468</u></u>

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

**Town of Davie, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2016**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer (Major Fund)</b>	<b>Golf (Nonmajor Fund)</b>	<b>Total</b>	
<b>Assets:</b>				
Current assets:				
Cash, cash equivalents and investments	\$ 29,443,517	\$ 1,112,433	\$ 30,555,950	\$ 18,481,289
Restricted cash, cash equivalents and investments	33,292,145	-	33,292,145	-
Receivables, net of allowance for uncollectibles, including restricted of \$ 93,052	2,658,940	8,339	2,667,279	232,862
Prepaid items	30,719	-	30,719	333,978
Inventories	547,633	-	547,633	50,176
Total current assets	<u>65,972,954</u>	<u>1,120,772</u>	<u>67,093,726</u>	<u>19,098,305</u>
<b>Noncurrent assets:</b>				
Other assets	990,693	-	990,693	-
Net pension asset	1,159,133	-	1,159,133	-
Capital assets:				
Land	7,331,847	4,557,852	11,889,699	-
Construction in progress	130,000	-	130,000	-
Buildings and improvements	123,526,100	596,227	124,122,327	1,975,941
Infrastructure	22,778,232	-	22,778,232	-
Machinery, equipment and vehicles	40,288,182	81,681	40,369,863	18,337,780
Less accumulated depreciation	<u>(51,962,013)</u>	<u>(273,251)</u>	<u>(52,235,264)</u>	<u>(14,870,886)</u>
Net capital assets	<u>142,092,348</u>	<u>4,962,509</u>	<u>147,054,857</u>	<u>5,442,835</u>
Total noncurrent assets	<u>144,242,174</u>	<u>4,962,509</u>	<u>149,204,683</u>	<u>5,442,835</u>
Total assets	<u>210,215,128</u>	<u>6,083,281</u>	<u>216,298,409</u>	<u>24,541,140</u>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows relating to pensions	1,071,861	-	1,071,861	-
Deferred charge on refunding	621,223	-	621,223	-
Total deferred outflows of resources	<u>1,693,084</u>	<u>-</u>	<u>1,693,084</u>	<u>-</u>

**Town of Davie, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2016**  
**(continued)**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water and Sewer (Major Fund)</u>	<u>Golf (Nonmajor Fund)</u>	<u>Total</u>	
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	686,646	21,832	708,478	865,667
Compensated absences	247,488	-	247,488	-
Insurance claims payable	-	-	-	2,862,117
Accrued interest payable	3,240,222	-	3,240,222	-
Bonds and notes payable, current	2,700,390	-	2,700,390	-
Total current liabilities	<u>6,874,746</u>	<u>21,832</u>	<u>6,896,578</u>	<u>3,727,784</u>
<b>Noncurrent liabilities:</b>				
Customer deposits - payable from restricted assets	1,328,473	-	1,328,473	-
Compensated absences	116,764	-	116,764	-
Bonds and notes payable	134,755,001	-	134,755,001	-
Total noncurrent liabilities	<u>136,200,238</u>	<u>-</u>	<u>136,200,238</u>	<u>-</u>
Total liabilities	<u>143,074,984</u>	<u>21,832</u>	<u>143,096,816</u>	<u>3,727,784</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows relating to pensions	882,980	-	882,980	-
Total deferred inflows of resources	<u>882,980</u>	<u>-</u>	<u>882,980</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	5,647,616	4,962,509	10,610,125	5,442,835
Restricted for renewal and replacement and rate stabilization	30,226,788	-	30,226,788	-
Restricted for debt service	1,440,500	-	1,440,500	-
Unrestricted	30,635,344	1,098,940	31,734,284	15,370,521
Total net position	<u>\$ 67,950,248</u>	<u>\$ 6,061,449</u>	<u>\$ 74,011,697</u>	<u>\$ 20,813,356</u>

Explanation of difference between proprietary funds statement of net position and the government-wide statement of net position:

Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The portion attributable to business-type activities is reflected here and the residual assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position.

	<u>1,228,052</u>
Total net position - government-wide statement of net position	<u>\$ 75,239,749</u>

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

**Town of Davie, Florida**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	Enterprise Funds			Internal Service Funds
	Water and Sewer (Major Fund)	Golf (Nonmajor Fund)	Total	
<b>Operating revenues:</b>				
Charges for services	\$ 22,584,362	\$ 59,873	\$ 22,644,235	\$ 21,820,552
<b>Operating expenses:</b>				
Personnel services	4,482,465	-	4,482,465	1,595,862
Professional fees	734,753	558	735,311	-
Utilities	1,482,614	-	1,482,614	-
Supplies and materials	820,631	-	820,631	-
Maintenance	1,152,654	29,549	1,182,203	3,110,994
Insurance	346,883	-	346,883	3,331,763
Claims and other fees	-	-	-	10,171,201
Administration	2,204,410	-	2,204,410	1,492,762
Other	1,163,042	16,350	1,179,392	-
Depreciation and amortization	7,609,709	87,529	7,697,238	1,395,618
Total operating expenses	19,997,161	133,986	20,131,147	21,098,200
Operating income (loss)	2,587,201	(74,113)	2,513,088	722,352
<b>Nonoperating revenues (expenses):</b>				
Federal bond subsidies	1,003,805	-	1,003,805	-
Other income	527,886	4,000	531,886	140,636
Investment income	105,886	-	105,886	-
Interest expense	(6,757,287)	-	(6,757,287)	-
Total nonoperating revenues (expenses)	(5,119,710)	4,000	(5,115,710)	140,636
Income (loss) before contributions and transfers	(2,532,509)	(70,113)	(2,602,622)	862,988
<b>Contributions and transfers:</b>				
Capital contributions	1,989,676	-	1,989,676	-
Transfers from other funds	-	-	-	254,735
Transfers to other funds	(23,396)	-	(23,396)	-
Total contributions and transfers	1,966,280	-	1,966,280	254,735
Change in net position	(566,229)	(70,113)	(636,342)	1,117,723
<b>Net position, beginning of year</b>	68,516,477	6,131,562	74,648,039	19,695,633
<b>Net position, end of year</b>	\$ 67,950,248	\$ 6,061,449	\$ 74,011,697	\$ 20,813,356

Explanation of difference between proprietary funds statement of revenues, expenses and changes in net position and the government-wide statement of activities:

Change in net position - proprietary funds financial statements	\$ (636,342)
Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance and insurance, to individual funds. The portion attributable to business-type activities is reflected here.	72,039
Change in net position - government-wide statement of activities	\$ (564,303)

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

**Town of Davie, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water and Sewer (Major Fund)</u>	<u>Golf (Nonmajor Fund)</u>	<u>Total</u>	
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 22,603,570	\$ 60,175	\$ 22,663,745	\$ -
Receipts from interfund charges	-	-	-	21,720,106
Payments to suppliers and service providers	(9,605,103)	(65,363)	(9,670,466)	(17,799,778)
Payments to employees	(4,727,775)	-	(4,727,775)	(1,572,139)
Other receipts	527,886	4,000	531,886	140,636
	<u>8,798,578</u>	<u>(1,188)</u>	<u>8,797,390</u>	<u>2,488,825</u>
<b>Net cash provided by (used in) operating activities</b>				
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers from other funds	-	-	-	254,735
Transfers to other funds	(23,396)	-	(23,396)	-
	<u>(23,396)</u>	<u>-</u>	<u>(23,396)</u>	<u>254,735</u>
<b>Net cash provided by (used in) noncapital financing activities</b>				
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from capital debt	415,681	-	415,681	-
Proceeds from disposition of capital assets	15,268	-	15,268	29,041
Acquisition and construction of capital assets, net	(1,193,828)	(162,696)	(1,356,524)	(1,770,509)
Principal retirements on debt	(2,596,944)	-	(2,596,944)	-
Interest paid on capital debt	(6,677,961)	-	(6,677,961)	-
Federal bond subsidies	1,003,805	-	1,003,805	-
Capital contributed by developers	1,989,676	-	1,989,676	-
	<u>(7,044,303)</u>	<u>(162,696)</u>	<u>(7,206,999)</u>	<u>(1,741,468)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>				
<b>Cash Flows from Investing Activities:</b>				
Investment income	105,886	-	105,886	-
	<u>105,886</u>	<u>-</u>	<u>105,886</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>				
	<u>105,886</u>	<u>-</u>	<u>105,886</u>	<u>-</u>
<b>Net increase (decrease) in cash, cash equivalents and investments</b>				
	<u>1,836,765</u>	<u>(163,884)</u>	<u>1,672,881</u>	<u>1,002,092</u>



**Town of Davie, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2016**  
**(continued)**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer (Major Fund)</b>	<b>Golf (Nonmajor Fund)</b>	<b>Total</b>	
Cash, cash equivalents and investments, beginning of year	60,898,897	1,276,317	62,175,214	17,479,197
Cash, cash equivalents and investments, end of year	\$ 62,735,662	\$ 1,112,433	\$ 63,848,095	\$ 18,481,289
Cash, cash equivalents and investments per Statement of Net Position:				
Unrestricted	\$ 29,443,517	\$ 1,112,433	\$ 30,555,950	\$ 18,481,289
Restricted	33,292,145	-	33,292,145	-
	\$ 62,735,662	\$ 1,112,433	\$ 63,848,095	\$ 18,481,289
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 2,587,201	\$ (74,113)	\$ 2,513,088	\$ 722,352
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Other operating revenues	527,886	4,000	531,886	140,636
Depreciation and amortization	7,609,709	87,529	7,697,238	1,395,618
Provision for bad debts	460,737	-	460,737	-
(Increase) decrease in assets:				
Receivables, net	(530,954)	302	(530,652)	(100,446)
Inventories	(84,750)	-	(84,750)	71
Prepaid items	7,996	-	7,996	(47,539)
Net pension asset	(490,160)	-	(490,160)	-
Deferred outflows relating to pensions	(610,216)	-	(610,216)	-
Increase (decrease) in liabilities:				
Accounts payable, accrued liabilities and compensated absences	(1,612,350)	(18,906)	(1,631,256)	139,090
Insurance claims payable	-	-	-	239,043
Customer deposits	89,425	-	89,425	-
Deferred inflows related to pensions	844,054	-	844,054	-
Total adjustments	6,211,377	72,925	6,284,302	1,766,473
Net cash provided by (used in) operating activities	\$ 8,798,578	\$ (1,188)	\$ 8,797,390	\$ 2,488,825

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

**Town of Davie, Florida**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2016**

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**Assets:**

Cash and cash equivalents	\$ 3,816,592
Investments, at fair value:	
Equity securities	81,658,057
Domestic equity funds	57,167,765
Real estate funds	30,753,104
International equity funds	24,639,429
Fixed income funds	22,447,690
United States agency securities	21,800,551
United States treasuries	10,421,357
Mortgage-backed securities	12,057,529
Corporate bonds/debt securities	11,175,445
DROP mutual funds	3,725,322
Receivables:	
Interest and dividends	181,306
Contributions from members	92,746
Contributions from the State of Florida	919,987
Securities sold	645,390
Prepaid expenses	<u>475,742</u>
Total assets	<u>281,978,012</u>

**Liabilities:**

Accounts payable	140,466
Payable for securities purchased	319,934
Prepaid contributions	<u>3,402,088</u>
Total liabilities	<u>3,862,488</u>
Net position restricted for pensions	276,151,591
Net position restricted for other post-employment benefits	<u>1,963,933</u>
Total net position	<u>\$ 278,115,524</u>

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

**Town of Davie, Florida**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2016**

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**Additions:**

Contributions:		
Employer	\$	12,516,486
Plan members		2,879,268
Buy back		365,598
DROP account		221,440
State of Florida		1,778,736

Total contributions		<u>17,761,528</u>
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Investment income:

Net appreciation (depreciation) in fair value of investments		18,845,166
Interest and dividends		5,164,625

Total investment income		24,009,791
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Less:

Investment expenses		<u>786,386</u>
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Net investment income		<u>23,223,405</u>
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Total additions		<u>40,984,933</u>
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**Deductions:**

Benefits paid		13,234,310
Refunds of contributions		104,487
Administrative expenses		441,870

Total deductions		<u>13,780,667</u>
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Change in net position		27,204,266
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<b>Net Position, beginning of year</b>		<u>250,911,258</u>
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<b>Net Position, end of year</b>	\$	<u><u>278,115,524</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS



## **Note 1 - Summary of Significant Accounting Policies**

### **A. Reporting Entity**

The Town was first incorporated in 1925 and was subsequently dissolved as a municipal corporation by the State of Florida when local residents failed to adopt necessary taxing powers. The Town was reincorporated in 1961, as authorized by Special Acts – Chapter 61-2056 under the Laws of Florida, and exists as a Council-Administrator form of municipal government. All registered voters elect the Mayor and four Council members; each of the four Council members represents a specific district. The Mayor serves as chairperson of public meetings and executes certain documents authorized by charter, ordinance, or resolution. Each elected official serves a three-year term of office. Each year, the Council elects a Vice Mayor who serves in the capacity of the Mayor when the Mayor is unable to perform his or her duties.

The Town provides its residents and businesses with the full range of municipal services contemplated by state law or local charter. Included are police and fire services, culture, recreation, community services, licensing and permitting, general administration, water and sewer utilities, public works and maintenance, and development services and code enforcement. Through franchise agreements, the Town also provides garbage disposal, cable television, electricity, towing, and telephone and telegraph services.

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the Town and its component units (entities for which the Town is considered financially accountable). Blended component units, while legally separate entities, are, in substance, part of the primary government's operations. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are required to be reported in a separate column from the government. The Town does not have discretely presented component units to report.

Blended Component Unit - The Town of Davie Community Redevelopment Agency ("CRA"), although an entity legally separate from the Town, is governed by the Town's Council. In December 1988, Ordinance No. 88-75 created the Town of Davie Community Redevelopment Agency, pursuant to Sec. 163.330 et. seq., Florida Statutes. The CRA's own seven member board, appointed by the Town Council, serves in the capacity of an advisory board since the CRA's annual budget, contracts, grants and all other actions must be authorized directly by resolutions of the Town Council. In addition, the Town has issued bonds to finance CRA projects and is financially responsible for the CRA. Therefore, for financial reporting purposes, the CRA is reported as if it were part of the Town's operations and included within the Town's reporting entity as a special revenue fund. The CRA is the Town's only component unit.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Note 1 - Summary of Significant Accounting Policies (continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund (enterprise and internal service funds) and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

All governmental fund financial statements are reported using the modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers revenue to be available if it is collected within sixty days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that debt service on general obligation long-term debt, if any, is recognized when due. Expenditures related to pension and other post-employment benefits are recognized when the Town has made a decision to fund those obligations with current available resources. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise fees, utility taxes, licenses, and investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are considered measurable and available when cash is received by the government. Revenue received in advance of fiscal year to which they apply is presented as unearned on the balance sheet.



**Note 1 - Summary of Significant Accounting Policies (continued)**

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the Town's governmental activities, financial statements of internal service funds are consolidated mainly into the governmental column when presented at the government-wide level.

The Town'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 and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

**Governmental Funds:** The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net position. The following is a description of the governmental funds of the Town:

***General Fund (a major fund)***

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

***Community Endowment Special Revenue Fund (a major fund)***

The *Community Endowment Fund* was established in a prior fiscal year with a fund transfer from a terminated General Employees' Pension Plan. The funds are to be applied to unfunded liabilities; to other liabilities of the Town as may from time to time need funding; to projects or programs that need capital creation that will be repaid over time; or to projects or programs that are in the community chest of charities or goodwill and which have one-time needs.

***Community Redevelopment Agency Special Revenue Fund (a major fund)***

The *Community Redevelopment Agency Fund* ("CRA") is used to account for the activities of the Town's Community Redevelopment Agency, a blended component unit of the Town. The Town presents the Community Redevelopment Agency Fund as a major fund. The annual audit of the Town included an evaluation of the CRA in light of the applicable requirements of Section 163.387, Florida Statutes. Per Town's management, the year end fund balance of \$ 24,245,589 has been restricted for specific redevelopment projects pursuant to the community redevelopment plan.

***Capital Projects Fund (a major fund)***

The *Capital Projects Fund* is used to account for the cost of acquiring, constructing, and placing into service those capital improvements which are associated with activities in the governmental funds and are financed by long-term debt issues which are repaid from recurring operating revenues and assessments from the General Fund. Improvements made from resources provided by this fund are approved in the Town's ten-year capital program and generally have no regard for fiscal periods.

**Note 1 - Summary of Significant Accounting Policies (continued)**

***Community Development Block Grant Special Revenue Fund (a non-major fund)***

The *Community Development Block Grant Fund* is mainly used to account for the activities of the Town's grants received from the United States Department of Housing and Urban Development related to Community Development Block Grant (CDBG) funds.

***State Housing Initiative Partnership (SHIP) Fund (a non-major fund)***

The *State Housing Initiative Partnership (SHIP) Fund* accounts for funds provided from the State Housing Initiative Partnership (SHIP) Act, for the production, acquisition and rehabilitation of affordable housing for low and moderate income households.

***Parks and Open Space Impact Fees Special Revenue Fund (a non-major fund)***

The *Parks and Open Space Impact Fees Fund* is used to account for the activities of the Town's impact fees received for its parks and recreational facilities

***Fire Impact Fees Special Revenue Fund (a non-major fund)***

The *Fire Impact Fees Fund* is used to account for the activities of the Town's impact fees relating to public safety - fire department.

***Police Impact Fees Special Revenue Fund (a non-major fund)***

The *Police Impact Fees Fund* is used to account for the activities of the Town's impact fees relating to public safety - police department.

***Forfeitures Special Revenue Fund (a non-major fund)***

The *Forfeitures Fund* is used to account for the revenue and expenditures from State and Federal forfeitures that the Town receives from various law enforcement agencies.

***General Government Impact Fees Special Revenue Fund (a non-major fund)***

The *General Government Impact Fees Fund* is used to account for the activities of the Town's impact fees relating to its general government departments.

**Proprietary Funds:** Proprietary Funds include Enterprise and Internal Service Funds. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Internal Service Funds are used to account for the financing of goods or services provided by one Town department to another Town department on a cost reimbursement basis and to accumulate working capital for the renewal and replacement of assets in those funds. The following is a description of the proprietary funds of the Town:

**Note 1 - Summary of Significant Accounting Policies (continued)**

***Water and Sewer Enterprise Fund (a major fund)***

The *Water and Sewer Fund* is used to account for the operations of the water and sewer utility system. The cost of operating the water and sewer system is recovered almost entirely by user charges. Tax dollars are not permanently used in this fund. The acquisition, maintenance, and improvement of the physical plant facilities are financed from existing cash resources, issuance of revenue bonds and state or federal grants.

***Golf Enterprise Fund (a non-major fund)***

The *Golf Fund* is comprised of two primary functions: golf maintenance and golf operations. The maintenance and daily operations are being managed by a contracted management company which pays the Town revenue on a quarterly basis, based on gross revenues received. Any capital improvements are financed by the Town from existing cash resources or grants. Tax dollars are not permanently used in this fund.

***Internal Service Fund for Vehicle Maintenance (a non-major fund)***

The *Internal Service Fund for Vehicle Maintenance* is used to accumulate the cost of operating a central garage facility for vehicle and equipment maintenance. The cost allocation utilized provides for capital accumulation for the purpose of replacement vehicles. Costs of operating vehicles (replacement reserve, insurance reserve, maintenance, etc.) are established as a monthly rental rate per class of vehicle and the user department is charged for each vehicle it uses.

***Internal Service Fund for Self-Insurance (a non-major fund)***

The *Internal Service Fund for Self-Insurance* was established to account for and finance the Town's insured and uninsured risks of loss.

***Internal Service Fund for Information Technology (a non-major fund)***

The *Internal Service Fund for Information Technology* is used to accumulate the costs associated with the acquisition and maintenance of information systems equipment. The cost allocation utilized provides for capital accumulation for the purpose of replacing and maintaining the Town's information systems.

**Fiduciary Funds:** Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Town's programs. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the Town:

***Firefighters' Pension***

The *Firefighters' Pension* is maintained solely for the retirement benefit of the firefighters employed by the Town.

***Police Employees' Pension***

The *Police Employees' Pension* is maintained solely for the retirement benefit of the sworn police officers employed by the Town.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Management and General Employees' Pension**

The *Management and General Employees' Pension* is maintained solely for the retirement benefit of employees that are not represented under any other deferred benefit pension plan.

**OPEB Trust**

The *OPEB Trust* is maintained solely for the benefit of retired employees of the Town to provide specified post-employment health care benefits for participants.

**D. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds with the exception of the Capital Projects Fund.

Per the Town's charter, interdepartmental budget transfers \$ 5,000 and under may be approved by the Town Administrator and carried out by the Budget and Finance Department. Budget transfers exceeding \$ 5,000, budget transfers between departments in the same fund and all budget amendments require the approval by the Town Council. The Town Administrator may approve some interdepartmental transfers over \$ 5,000, if the Town Council has delegated such authority for the fiscal year and so long as the net change in a department's total appropriation is zero. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

**E. Cash and Cash Equivalents**

The Town's "cash and cash equivalents" are considered to be cash on hand, demand deposits, certificates of deposits and deposits held with the State Board of Administration ("SBA") Investment pool. For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**F. Investments**

Investments are carried at estimated fair value. Unrealized gains and losses in fair value are recognized.

**G. Receivables and Payables**

Activity 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 noncurrent portion of interfund loans). Any remaining balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**Note 1- Summary of Significant Accounting Policies (continued)**

The Town recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

**H. Inventories and Prepaid Items**

Inventories are valued at cost (first-in, first-out method). The inventory in the Internal Service Fund for Vehicle Maintenance consisted of fuel accounted for on the consumption method.

Expenditures for insurance and other administrative expenses extending over more than one accounting period are accounted for as prepaid items and allocated between accounting periods.

**I. Restricted Assets**

Certain proceeds of the Town's proprietary fund revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the statement of net position because the funds are segregated and their use is limited by applicable bond covenants and other similar arrangements. The Town is required to maintain rate stabilization resources towards the funding of operating expenses and renewal and replacement resources for unexpected contingencies or to fund asset renewals or replacements.

**J. Capital Assets**

Property, plant, and equipment purchased or acquired at a minimum cost of \$ 1,500 is carried at historical cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their estimated fair market value at the date of transfer. Interest expense is capitalized in the enterprise funds during the time a project is under construction and begins upon the issuance of bonds to finance the construction of a capital asset. Capitalization begins when expenditure is made by a payment to a vendor from the bond proceeds. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Infrastructure	15-40 years
Buildings and improvements	15-30 years
Machinery, equipment and vehicles	5-20 years

Upon disposal of property, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposal reported currently. Expenditures for maintenance, repairs, and minor renewals and betterments are charged as incurred. Renewals and betterments of a major character are capitalized. In the fund financial statements, acquisition of capital assets is recorded as expenditure and no depreciation is recorded.

**K. Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

**Note 1 - Summary of Significant Accounting Policies (continued)**

In general, the Town has two items that qualifies for reporting in this category. The first is the deferred charge on refunding reported in the water and sewer fund – statement of net position and the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred outflows relating to the pension plans and discussed in further detail in Note 14.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In general, the Town has two items that qualifies for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred inflows relating to the pension plans and discussed in further detail in Note 14.

**L. Long-Term Obligations**

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**M. Compensated Absences**

It is the Town's policy to permit full-time employees to accumulate limited amounts of earned vacation leave and earned sick leave. Upon separation from service, employees receive payment for all unused vacation time and, subject to length of service, 50% of all unused sick leave.

Accumulated compensated absences are recorded in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences have been recorded in the governmental funds only if they have matured, (e.g., resulting from employee resignations and retirements).

**N. Net Position and Fund Balance**

Net position in the government-wide and proprietary funds is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets plus unspent bond proceeds.

**Note 1 - Summary of Significant Accounting Policies (continued)**

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

For fund balance disclosures, please refer to Note 10.

**O. Pension Plans**

As of year-end, the Town sponsors four pension plans: three defined benefit plans and a Money Purchase Plan, covering substantially all of its full-time employees. The Town also had an Other Post-Employment Benefits (OPEB) trust plan maintained for the health care benefit of retired employees. The investments of the pension plans and OPEB trust are all carried at fair value.

**P. Unearned Revenues**

Inflows that do not meet the criteria for revenue recognition, such as business tax receipts collected in advance, are recorded as unearned revenues in the governmental funds and the government-wide financial statements.

**Q. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

**R. Subsequent events**

Subsequent events are evaluated by management through March 24, 2017, the date the financial statements were available for issuance.

**Note 2 - Deposits and Investments**

As required by Florida Statutes, the Town Council has adopted a written investment policy, which may, from time to time, be amended by the Town Council. Under the current policy, Town officials are generally authorized to invest funds in the Florida Local Government Surplus Funds Trusts (SBA Pools), United States Government Securities and Agencies, commercial paper, corporate bonds and notes, Florida Municipal Investment Trust Funds, mortgage-back securities, Florida bank certificates of deposit, repurchase agreements, and money market mutual funds. The Community Endowment Special Revenue Fund is authorized to invest in corporate equity securities in addition to the previously listed investments.

**Note 2 - Deposits and Investments (continued)**

The Town’s investment policy does not apply to funds not under the direct control of the Town; such as, the deferred contribution plan, deferred benefit plans (Firefighters, Police, Management and General), and the OPEB trust fund. The defined benefit pension plans’ investment policy is determined by their respective Boards of Trustees and invests in authorized securities as summarized in the table below.

As of September 30, 2016, the Town had the following deposits and investments:

Investment Type	Carrying Amount (Fair Value)		
	Primary Government	Fiduciary Funds	Total
MSIF Trust - Core Plus Fixed Income Portfolio	\$ 124,462	\$ -	\$ 124,462
Florida Municipal Investment Trust Funds	5,231,786	56,543,853	61,775,639
United States treasuries	32,517,525	10,421,357	42,938,882
United States agency securities	34,836,936	21,800,551	56,637,487
Mortgage-backed securities	-	12,057,529	12,057,529
Corporate bonds/debt securities	12,040,850	11,175,445	23,216,295
Commercial paper	3,459,885	-	3,459,885
Equity securities	139,206	81,658,057	81,797,263
Domestic equity funds	-	28,668,765	28,668,765
International equity funds	-	19,042,266	19,042,266
Real estate funds	-	30,753,104	30,753,104
State Board of Administration - Florida PRIME	2,851,980	-	2,851,980
DROP mutual funds	-	3,725,322	3,725,322
Plus: Cash and money market funds	<u>117,649,795</u>	<u>3,816,592</u>	<u>121,466,387</u>
	<u>\$ 208,852,425</u>	<u>\$ 279,662,841</u>	<u>\$ 488,515,266</u>

**Deposits:** The Town's cash balances were entirely covered by Federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. As of September 30, 2016, the carrying amount of the Town’s deposits was \$ 116,246,332, with a bank balance of \$ 119,686,133.

**Investments:**

**Interest rate risk:** Interest rate risk exists when there is a possibility that changes in interest rate could adversely affect the fair value of the investments. Generally, the longer the time to maturity, the greater the exposure is to interest rate risk. The Town limits their risk by limiting investment maturities to a maximum of five years, for the investments held by the primary government. As a means of limiting its exposure to interest rate risk, fiduciary funds diversify investments by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.



**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 2 - Deposits and Investments (continued)**

The table below summarizes the Town's Primary Government Investment Funds scheduled maturities (in years) of the investments held as of September 30, 2016:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
United States treasuries	\$ 32,517,525	\$ 4,935,645	\$ 27,581,880	\$ -	\$ -
United States agency securities	34,836,936	6,558,031	28,278,905	-	-
Corporate bonds/debt securities	12,040,850	3,312,770	8,728,080	-	-
Commercial paper	3,459,885	3,459,885	-	-	-
	<u>\$ 82,855,196</u>	<u>\$ 18,266,331</u>	<u>\$ 64,588,865</u>	<u>\$ -</u>	<u>\$ -</u>

The table below summarizes the Town's Fiduciary Investment Funds scheduled maturities (in years) of the investments held as of September 30, 2016:

Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
United States treasuries	\$ 10,421,357	\$ -	\$ -	\$ 7,309,121	\$ 3,112,236
United States agency securities	21,800,551	1,367,622	4,798,707	13,864,078	1,770,144
Corporate bonds/debt securities	11,175,445	-	1,339,940	9,835,505	-
Mortgage-backed securities	12,057,529	-	12,057,529	-	-
	<u>\$ 55,454,882</u>	<u>\$ 1,367,622</u>	<u>\$ 18,196,176</u>	<u>\$ 31,008,704</u>	<u>\$ 4,882,380</u>

**Credit risk:** Credit risk exists when there is a possibility the debt issuer may be unable to fulfill its obligations. The Town controls this risk by investing primarily in U.S. Government backed securities, and setting minimum credit ratings for other securities, rated by a Nationally Recognized Statistical Rating Organization ("NRSRO"). The fiduciary funds investment policy utilizes portfolio diversification in order to control this risk. The SBA Florida, PRIME has a credit rating by Standard & Poor's ("S&P") of AAAM, while the money market mutual funds are not rated.

The NRSRO ratings for the Town's investments, including those held in pension trust funds as of September 30, 2016, are summarized below.

Investment Type	NRSRO Rating	Fair Value	Primary Government	Fiduciary Funds	
				Police	Fire
United States agency securities	AAA/Aaa	\$ 834,977	\$ 834,977	\$ -	\$ -
Corporate bonds/debt securities	AAA/Aaa	441,534	441,534	-	-
United States agency securities	AA+	32,579,941	32,579,941	-	-
United States treasuries	AA+	32,517,525	32,517,525	-	-
Corporate bonds/debt securities	AA+	3,659,847	3,659,847	-	-
United States agency securities	AA	11,173,648	-	11,173,648	-
United States treasuries	AA	7,309,121	-	7,309,121	-
Corporate bonds/debt securities	AA	907,971	907,971	-	-
Corporate bonds/debt securities	AA-	5,497,252	5,497,252	-	-
Corporate bonds/debt securities	A	537,065	-	-	537,065
Corporate bonds/debt securities	A-	603,044	-	-	603,044
Mortgage-backed securities	A-AA	12,057,529	-	12,057,529	-
Corporate bonds/debt securities	A-AAA	8,235,665	-	8,235,665	-
United States agency securities	A-1+	1,422,018	1,422,018	-	-
Commercial paper	A-1+	496,645	496,645	-	-
Commercial paper	A-1	2,963,240	2,963,240	-	-
Corporate bonds/debt securities	BBB+	1,106,938	-	-	1,106,938
Corporate bonds/debt securities	BBB	692,733	-	-	692,733
United States treasuries	N/A	3,112,236	-	-	3,112,236
United States agency securities	N/A	10,626,903	-	-	10,626,903
Corporate bonds/debt securities	Not Rated	1,534,246	1,534,246	-	-
Total debt type investments		<u>\$ 138,310,078</u>	<u>\$ 82,855,196</u>	<u>\$ 38,775,963</u>	<u>\$ 16,678,919</u>

**Note 2 - Deposits and Investments (continued)**

**Concentration risk:** The Town’s and fiduciary funds policy is to maintain a diversified portfolio to minimize the risk of loss resulting from concentration of assets in a specific issuer. Specific limits have been established which limit the percentage of portfolio assets that can be invested with a specific issuer. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the percentage is 5% or more in any one issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investments pools, or other pooled investments are excluded from this requirement. There were no individual investments that represent 5% or more in any one issuer at September 30, 2016.

**Custodial credit risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town and fiduciary funds would not recover the value of its investment or collateral securities that are in the possession of an outside party. The investment policy of the Town and fiduciary funds minimizes this risk by establishing minimum standards for institutions and dealers used by the Town. Consistent with the Town’s and Plans’ investment policy, the investments are held by custodial banks/institutions in the Town’s and Plans’ name, as applicable.

**Foreign currency risk:** Foreign currency risk is the risk that fluctuations in the currency exchange rate may materially affect transactions conducted in currencies other than U.S Dollars and the carrying value of foreign investments. The Town’s and Fiduciary Funds’ investments are not subject to foreign currency risk.

**Florida Municipal Investment Trust Funds:** The Town manages its Defined Benefit Pension Plan investments for its management and general employees and the OPEB trust with the Florida Municipal Pension Trust Fund (“FMPTF”). The FMPTF is managed through the Florida Municipal Investment Trust (“FMIvT”), a Local Government Investment Pool. The Town also has investments of the primary government with the FMIvT. Required disclosures are as follows:

<u>Credit Risk:</u>	<u>Fitch Rating</u>	<u>Amount</u>
<u>Fixed Income Funds:</u>		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	\$ 8,888,247
FMIvT 0-2 Year High Quality Bond Fund	AAAf/S1	56,981
FMIvT 1-3 Year High Quality Bond Fund	AAAf/S2	5,174,805
FMIvT Core Plus Fixed Income Fund	Not rated	13,559,443
<u>Equity Portfolios:</u>		
FMIvT High Quality Growth Portfolio	Not rated	4,333,043
FMIvT Large Cap Diversified Value Portfolio	Not rated	4,675,124
FMIvT Russell 1000 Enhanced Index Portfolio	Not rated	13,046,320
FMIvT Diversified Small Cap Equity Portfolio	Not rated	6,444,513
FMIvT International Equity Portfolio	Not rated	5,597,163
		<u>\$ 61,775,639</u>

Interest Rate Risk (In Years):

<u>Fixed Income Funds:</u>	<u>Duration</u>	<u>WAM</u>
FMIvT Broad Market High Quality Bond Fund	4.45	5.90
FMIvT 0-2 Year High Quality Bond Fund	0.62	0.80
FMIvT 1-3 Year High Quality Bond Fund	1.30	1.40
FMIvT Core Plus Fixed Income Fund	2.04	6.84

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 2 - Deposits and Investments (continued)**

**Fair Value Hierarchy:** GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investment at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 - investments reflect prices that are based on a similar observable assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fair values of investments held by the Town's Primary Government Investment Funds are classified at September 30, 2016 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
MSIF Trust-Core Plus Fixed Income Portfolio	\$ 124,462	\$ 124,462	\$ -	\$ -	\$ -
Florida Municipal Investment Trust Funds	5,231,786	-	5,231,786	-	-
United States treasuries	32,517,525	32,517,525	-	-	-
United States agency securities	34,836,936	34,836,936	-	-	-
Corporate bonds/debt securities	12,040,850	12,040,850	-	-	-
Commercial paper	3,459,885	3,459,885	-	-	-
Equity securities	139,206	139,206	-	-	-
<b>Total investments measured at fair value</b>	<b>88,350,650</b>	<b>\$ 83,118,864</b>	<b>\$ 5,231,786</b>	<b>\$ -</b>	<b>\$ -</b>
Investments measured at amortized cost:					
Florida PRIME	2,851,980				
Money market funds and other deposits	117,649,795				
<b>Total</b>	<b>\$ 208,852,425</b>				

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 2 - Deposits and Investments (continued)**

Fair values of investments held by the Town's Fiduciary Investment Funds are classified at September 30, 2016 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Florida Municipal Investment Trust Funds	\$ 56,543,853	\$ -	\$ 42,984,410	\$ 13,559,443	\$ -
United States treasuries	10,421,357	7,309,121	3,112,236	-	-
United States agency securities	21,800,551	-	21,800,551	-	-
Mortgage-backed securities	12,057,529	-	12,057,529	-	-
Corporate bonds/debt securities	11,175,445	-	11,175,445	-	-
Equity securities	81,658,057	39,625,817	-	-	42,032,240
Domestic equity funds	28,668,765	-	28,668,765	-	-
International equity funds	19,042,266	7,611,334	11,430,932	-	-
Real estate funds	30,753,104	-	-	4,828,843	25,924,261
DROP mutual funds	3,725,322	-	-	-	3,725,322
Total investments measured at fair value	\$ 275,846,249	\$ <u>54,546,272</u>	\$ <u>131,229,868</u>	\$ <u>18,388,286</u>	\$ <u>71,681,823</u>
Money market funds and other deposits	<u>3,816,592</u>				
Total	\$ <u>279,662,841</u>				

Additional information for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the table below as of September 30, 2016.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity securities (1)	\$ 42,032,240	\$ -	Monthly	Monthly
Real estate funds (2)	25,924,261	-	Monthly; Quarterly	Monthly; Quarterly
DROP mutual funds (3)	<u>3,725,322</u>	<u>-</u>	Daily	Daily
	\$ <u>71,681,823</u>	\$ <u>-</u>		

(1) Equity securities consist of comingled investment vehicles which invest primarily in publicly traded equity securities. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

(2) Real estate funds hold investments in comingled funds. Limited partner interests in comingled funds are valued using the net asset value of the partnership, provided by the general partner. The most significant input into the net asset value of such entity is the fair value of its investment holdings. These holdings are valued by the general partners on a continuous basis, audited annually and periodically appraised by an independent third party as directed by the governing document for each comingled fund investment. The valuation assumptions use both market and property specific input.

(3) DROP mutual funds consist of comingled investment vehicles which invest primarily in publicly traded mutual funds. The funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

**Note 2 - Deposits and Investments (continued)**

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Note 3 - Property Taxes**

The Town's property tax is levied and becomes a lien on real and personal property on October 1 of each year based on the assessed value listed as of the prior January 1. The Broward County Property Appraiser establishes assessed values. Broward County mails tax bills for the Town as the collection agent on or about October 1 of each year and is payable beginning November 1, with discounts of one to four percent if paid before March 1 of the following calendar year. All unpaid taxes on real and personal property become delinquent on April 1.

At September 30, uncollected current year amounts are classified as delinquent taxes receivable in the General Fund and offset by an allowance for uncollectible accounts. Delinquent taxes collected in subsequent periods are recognized as revenue in the General Fund during the fiscal year in which they are received.

The Town levied a total rate of 5.7976 per \$ 1,000 of assessed valuation for the fiscal year commencing October 1, 2015.

**Note 4 - Receivables**

Receivables at September 30, 2016 for the Town's major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	General Fund	Community Redevelopment Agency	Capital Projects	Nonmajor Governmental Funds	Total
Governmental funds:					
Accounts receivable	\$ 618,541	\$ 42,395	\$ -	\$ -	\$ 660,936
Property taxes and assessments	162,187	-	-	-	162,187
Utility taxes and franchise fees	2,250,141	-	-	-	2,250,141
Intergovernmental	<u>2,759,335</u>	<u>-</u>	<u>468,521</u>	<u>85,025</u>	<u>3,312,881</u>
Gross receivables	5,790,204	42,395	468,521	85,025	6,386,145
Less: allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 5,790,204</u>	<u>\$ 42,395</u>	<u>\$ 468,521</u>	<u>\$ 85,025</u>	<u>\$ 6,386,145</u>

Receivables at September 30, 2016 for the Town's Water and Sewer Fund, Golf Fund and Internal Service Funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	Water and Sewer Fund	Golf Fund	Internal Service Funds
Accounts receivable	\$ <u>6,865,622</u>	\$ <u>8,339</u>	\$ <u>232,862</u>
Less: allowance for uncollectible	<u>(4,206,682)</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 2,658,940</u>	<u>\$ 8,339</u>	<u>\$ 232,862</u>

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 5 - Interfund Transactions**

A summary of interfund transfers for the year ended September 30, 2016 is as follows:

Transfers	In	Out
<b>Governmental Funds:</b>		
General Fund	\$ -	\$ 9,512,001
Community Redevelopment Agency Fund	1,339,607	-
Capital Projects Fund	8,111,745	-
Police Impact Fees Fund	-	170,690
<b>Proprietary Funds:</b>		
Water and Sewer Fund	-	23,396
Vehicle Maintenance Fund	254,735	-
<b>Total</b>	<b>\$ 9,706,087</b>	<b>\$ 9,706,087</b>

Transfers were used to move funds from the General Fund to the Capital Projects Fund to fund certain capital improvement projects. Additionally, funds were transferred from the General Fund to the Community Redevelopment Agency Fund related to tax increment funding. Monies were also transferred from the General Fund, the Police Impact Fees Fund and the Water and Sewer Fund to the Vehicle Maintenance Fund, as the Town purchased vehicles during the year.

**Note 6 - Capital Assets**

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions and Transfers	Retirements and Transfers	Balance September 30, 2016
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 65,825,399	\$ -	\$ (5,000,000)	\$ 60,825,399
Construction in progress	618,887	1,519,837	-	2,138,724
Total capital assets, not being depreciated	66,444,286	1,519,837	(5,000,000)	62,964,123
Capital assets, being depreciated:				
Infrastructure	132,802,323	2,225,904	-	135,028,227
Buildings and improvements	81,989,154	974,176	-	82,963,330
Machinery, equipment and vehicles	52,228,239	4,649,060	(291,121)	56,586,178
Total capital assets, being depreciated	267,019,716	7,849,140	(291,121)	274,577,735
Less accumulated depreciation for:				
Infrastructure	83,663,460	3,192,386	-	86,855,846
Buildings and improvements	50,258,909	2,960,248	-	53,219,157
Machinery, equipment and vehicles	45,162,791	3,049,738	(262,080)	47,950,449
Total accumulated depreciation	179,085,160	9,202,372	(262,080)	188,025,452
Total capital assets, being depreciated, net	87,934,556	(1,353,232)	(29,041)	86,552,283
Governmental activities capital assets, net	<b>\$ 154,378,842</b>	<b>\$ 166,605</b>	<b>\$ (5,029,041)</b>	<b>\$ 149,516,406</b>

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 6 - Capital Assets (continued)**

	Balance October 1, 2015	Additions and Transfers	Retirements and Transfers	Balance September 30, 2016
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 11,889,699	\$ -	\$ -	\$ 11,889,699
Construction in progress	-	130,000	-	130,000
Total capital assets, not being depreciated	<u>11,889,699</u>	<u>130,000</u>	<u>-</u>	<u>12,019,699</u>
Capital assets, being depreciated:				
Infrastructure	22,472,025	371,632	(65,425)	22,778,232
Building and improvements	123,932,869	189,458	-	124,122,327
Machinery, equipment and vehicles	39,747,082	665,434	(42,653)	40,369,863
Total capital assets, being depreciated	<u>186,151,976</u>	<u>1,226,524</u>	<u>(108,078)</u>	<u>187,270,422</u>
Less accumulated depreciation for:				
Infrastructure	13,719,431	924,805	(50,157)	14,594,079
Buildings and improvements	19,898,196	5,084,857	-	24,983,053
Machinery, equipment and vehicles	11,053,796	1,646,989	(42,653)	12,658,132
Total accumulated depreciation	<u>44,671,423</u>	<u>7,656,651</u>	<u>(92,810)</u>	<u>52,235,264</u>
Total capital assets, being depreciated, net	<u>141,480,553</u>	<u>(6,430,127)</u>	<u>(15,268)</u>	<u>135,035,158</u>
Business-type activities capital assets, net	<u>\$ 153,370,252</u>	<u>\$ (6,300,127)</u>	<u>\$ (15,268)</u>	<u>\$ 147,054,857</u>

Depreciation was charged to functions/programs as follows:

**Governmental activities:**

General government	\$ 200,410
Building and engineering	220,597
Public safety - police	874,026
Public safety - fire	1,008,103
Public works	3,535,200
Parks, recreation and cultural arts	1,968,418
Subtotal	<u>7,806,754</u>

Capital assets held by the government's  
internal service funds are charged to the  
various functions based on their usage  
of the assets

1,395,618

Total depreciation expense \$ 9,202,372

**Business type - activities:**

Water and sewer	\$ 7,569,122
Golf	87,529

Total depreciation expense  
Business type - activities \$ 7,656,651

**Note 7 - Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities reported by the governmental and proprietary funds at September 30, 2016 were as follows:

**Governmental Funds:**

	General Fund	Community Redevelopment Agency	Capital Projects	Non-major Governmental Funds	Total
Vendors, including contractors	\$ 2,967,435	\$ 395,111	\$ 1,185,967	\$ 34,314	\$ 4,582,827
Payroll, taxes and benefits	3,982,303	5,294	-	1,784	3,989,381
Other	251,868	-	-	195,925	447,793
	<u>\$ 7,201,606</u>	<u>\$ 400,405</u>	<u>\$ 1,185,967</u>	<u>\$ 232,023</u>	<u>\$ 9,020,001</u>

**Proprietary Funds:**

	Water and Sewer	Golf	Internal Service Funds	Total
Vendors, including contractors	\$ 577,280	\$ 21,832	\$ 727,664	\$ 1,326,776
Payroll, taxes and benefits	109,366	-	138,003	247,369
	<u>\$ 686,646</u>	<u>\$ 21,832</u>	<u>\$ 865,667</u>	<u>\$ 1,574,145</u>

**Note 8 - Restricted Assets**

At September 30, 2016, the Town had \$ 33,292,145 in restricted cash, cash equivalents and investments in the Water and Sewer Fund. This balance is composed of the following items:

Restriction	
Capital replacement	\$ 14,200,975
Renewal and replacement	13,226,621
Rate stabilization	2,706,140
Debt service reserve	1,440,500
Customer deposits	1,328,473
Unspent bond proceeds	<u>389,436</u>
Total	<u>\$ 33,292,145</u>

**Capital replacement** - Previously the Town hired consultants to perform a rate study and determined that the Town should commence a capital replacement reserve to be funded with an annual deposit of 7.5% of total operating revenues of the facilities. This account was established to provide an additional mechanism to fund the costs of renewals, replacements, betterments and upgrades to the water and sewer system. The Town anticipates that it will continue to make deposits in the same approximate amount in future years in order to maintain the system.

**Renewal and replacement** – In accordance with the Town’s water and sewer indentures, the Town was required to establish a renewal and replacement account for its water and sewer plants. The funds may be used only for certain water and sewer system capital improvements and may be withdrawn and used anytime for this purpose. Since such withdrawn funds represent previously collected revenues (and income earned thereon), the amount of withdrawn funds need not be replaced or returned to the renewal and replacement account.



**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 8 - Restricted Assets (continued)**

**Rate stabilization** – In accordance with the Town’s water and sewer indentures, the Town was required to establish a rate stabilization fund with an initial amount of \$ 750,000, currently at \$ 2,706,140.

**Debt service reserve** – As described in Note 9, the Town was required to establish a debt service reserve fund equating to 10% of the gross proceeds of the 2013 issuance.

**Customer deposits** – Amount represents the total amount of customer deposits held by the Town at September 30, 2016.

**Unspent bond proceeds** – Amount represents remaining project funds related to the Water and Sewer Revenue Bonds, Series 2012 at September 30, 2016.

**Note 9 - Long-Term Liabilities**

**Governmental Activities:** The following is a summary of changes in the long-term liabilities for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due Within One Year
General Obligation Refunding Bonds, Series 2008A	\$ 2,690,000	\$ -	\$ 635,000	\$ 2,055,000	\$ 660,000
General Obligation Bonds, Series 1997	1,135,208	-	747,815	387,393	387,393
General Obligation Bonds, Series 1998	2,782,272	-	860,947	1,921,325	926,441
General Obligation Refunding Bonds, Series 2008B	665,750	-	122,650	543,100	127,700
Public Improvement Revenue Refunding Bonds, Series 2008B	935,000	-	740,000	195,000	195,000
Public Improvement Revenue Bonds, Series 2004	3,930,657	-	729,924	3,200,733	757,004
Community Redevelopment Bonds, Series 2013 A	8,906,656	-	751,080	8,155,576	770,594
Community Redevelopment Bonds, Series 2013 B	6,584,475	-	556,369	6,028,106	570,587
General Obligation Refunding Note, Series 2015	12,465,000	-	635,000	11,830,000	655,000
Limited General Obligation Refunding Note, Series 2015	16,260,000	-	1,325,000	14,935,000	1,355,000
	<u>56,355,018</u>	<u>-</u>	<u>7,103,785</u>	<u>49,251,233</u>	<u>6,404,719</u>
Insurance claims payable	2,623,074	10,113,971	9,874,928	2,862,117	2,862,117
Compensated absences	8,745,094	5,511,986	5,591,216	8,665,864	771,117
	<u>11,368,168</u>	<u>15,625,957</u>	<u>15,466,144</u>	<u>11,527,981</u>	<u>3,633,234</u>
Total	<u>\$ 67,723,186</u>	<u>\$ 15,625,957</u>	<u>\$ 22,569,929</u>	<u>\$ 60,779,214</u>	<u>\$ 10,037,953</u>

For governmental activities, compensated absences are generally liquidated by the General Fund. The entire claims liability is reported in the Self-Insurance Internal Service Fund and will be liquidated by that fund.

\$ 7,250,000 General Obligation Refunding Bonds, Series 2008A - Previously, the Town issued \$ 7,250,000 of General Obligation Refunding Bonds, Series 2008A, maturing July 1, 2019, with a fixed interest rate of 3.75%. The Bonds refunded the Town's then outstanding General Obligation Bonds, Series 1989, and paid for certain costs associated with the issuance of the Bonds. The original Bonds were issued in connection with the creation of a program for open space for the preservation of passive recreational areas and other similar activities. Interest is paid semiannually on each July 1 and January 1. Principal on the Bonds is paid annually commencing July 2008 through July 2019. Ad valorem tax revenues from the General Fund are pledged to repay this Bond issue.

**Note 9 - Long-Term Liabilities (continued)**

Annual debt service requirements to maturity for the General Obligation Bonds, Series 2008A are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 660,000	\$ 77,062	\$ 737,062
2018	685,000	52,312	737,312
2019	710,000	26,625	736,625
Total	\$ <u>2,055,000</u>	\$ <u>155,999</u>	\$ <u>2,210,999</u>

\$ 9,800,000 General Obligation Bonds, Series 1997 – Previously, the Town issued \$ 9,800,000 of General Obligation Bonds, Series 1997, maturing February 1, 2017, with a fixed interest rate of 4.736%. The Bonds were issued in connection with the acquisition, construction, and furnishing of a police, fire, emergency medical services, and Town Hall Annex Facility and for paying the costs of the issuance of the Bonds. Interest and principal payments are paid quarterly commencing February 1997 through February 2017. Ad valorem tax revenues from the General Fund are pledged to repay this Bond issue.

Annual debt service requirements to maturity for the General Obligation Bonds, Series 1997 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ <u>387,393</u>	\$ <u>7,046</u>	\$ <u>394,439</u>

\$ 10,000,000 General Obligation Bonds, Series 1998 - Previously, the Town issued \$ 10,000,000 of General Obligation Bonds, Series 1998, maturing March 1, 2018, with a fixed interest rate of 4.119%. The Bonds were issued in connection with various recreational projects and for paying the costs of the issuance of the Bonds. Interest is paid quarterly; principal is paid annually commencing March 2000 through March 2018. Ad valorem tax revenues from the General Fund are pledged to repay this Bond issue.

Annual debt service requirements to maturity for the General Obligation Bonds, Series 1998 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 926,441	\$ 60,059	\$ 986,500
2018	994,884	20,490	1,015,374
Total	\$ <u>1,921,325</u>	\$ <u>80,549</u>	\$ <u>2,001,874</u>

\$ 1,541,250 General Obligation Refunding Bonds, Series 2008B - Previously, the Town issued \$ 1,541,250 of General Obligation Refunding Bonds, Series 2008B maturing July 1, 2020, with a fixed interest rate of 4.10%. The Bonds refunded the Town's then outstanding General Obligation Bonds, Series 2000, and paid certain costs associated with the issuance of the Bonds. The original bonds were issued in connection with various recreational projects. Interest is paid semiannually on each July 1 and January 1. Principal on the Bonds is paid annually commencing July 2008 through July 2020. Ad valorem tax revenues of the General Fund are pledged to repay this Bond issue.

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 9 - Long-Term Liabilities (continued)**

Annual debt service requirements to maturity for the General Obligation Refunding Bonds, Series 2008B are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 127,700	\$ 22,267	\$ 149,967
2018	132,950	17,031	149,981
2019	138,400	11,580	149,980
2020	144,050	5,906	149,956
Total	\$ <u>543,100</u>	\$ <u>56,784</u>	\$ <u>599,884</u>

\$ 6,010,000 Public Improvement Revenue Refunding Bonds, Series 2008B - Previously, the Town issued \$ 6,010,000 of Public Improvement Revenue Refunding Bonds, Series 2008B, maturing October 1, 2016, with a fixed interest rate of 3.59%. The Bonds refunded the Town's then outstanding Public Improvement Revenue Bonds, Series 2001, and paid certain costs associated with the issuance of the Bonds. Interest and principal payments are paid quarterly commencing October 2008 through October 2016. Legally available non-ad valorem revenues of the General Fund are pledged to repay this Bond issue.

Annual debt service requirements to maturity for the Public Improvement Revenue Refunding Bonds, Series 2008B are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ <u>195,000</u>	\$ <u>1,750</u>	\$ <u>196,750</u>

\$ 10,000,000 Public Improvement Revenue Bonds, Series 2004 - Previously, the Town issued \$ 10,000,000 of Public Improvement Revenue Bonds, Series 2004, maturing December 1, 2019, with a fixed interest rate of 3.71%. The Bonds were issued in connection with financing and reimbursing the costs of acquisition, construction, and equipping of certain capital improvements and for paying the costs of the issuance of the Bonds. Interest is paid semiannually on each December 1 and June 1. Principal on the Bonds is paid annually commencing December 2012 through December 2019. Legally available non-ad valorem revenues of the General Fund are pledged to repay this Bond issue.

Annual debt service requirements to maturity for the Public Improvement Revenue Bonds, Series 2004 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 757,004	\$ 104,705	\$ 861,709
2018	785,089	76,099	861,188
2019	814,216	46,432	860,648
2020	844,424	15,664	860,088
Total	\$ <u>3,200,733</u>	\$ <u>242,900</u>	\$ <u>3,443,633</u>

**Note 9 - Long-Term Liabilities (continued)**

Community Redevelopment Agency ("CRA") Bonds - The CRA previously issued \$ 20,000,000 Community Redevelopment Bonds, Series 2010, to make various infrastructure improvements, including drainage, road, and water and sewer improvements, and to acquire land for redevelopment purposes. On August 28, 2013 and September 28, 2013, the CRA issued Community Redevelopment Bonds, Series 2013A and 2013B, amounting to \$ 10,000,000 and \$ 7,394,769, respectively, to currently refund the then outstanding Series 2010 Bonds. The 2013A and 2013B Bonds bear interest at the fixed rate of 2.47% and 2.43%, respectively. Principal and interest on both series is payable semiannually on each June 10 and December 10 through maturity in December 2025. The Bonds are secured by a pledge and lien on tax increment revenues of the Town's CRA. In addition, the Town covenants to annually budget and appropriate legally available non ad valorem revenues to cover any shortfall in tax increment revenue of the CRA to pay for scheduled principal and interest.

Annual debt service requirements to maturity for the Community Redevelopment Agency Bonds, Series 2013A are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 770,594	\$ 199,462	\$ 970,056
2018	790,011	180,045	970,056
2019	809,920	160,136	970,056
2020	829,961	140,095	970,056
2021	851,244	118,812	970,056
2022-2026	<u>4,103,846</u>	<u>261,402</u>	<u>4,365,248</u>
Total	<u>\$ 8,155,576</u>	<u>\$ 1,059,952</u>	<u>\$ 9,215,528</u>

Annual debt service requirements to maturity for the Community Redevelopment Agency Bonds, Series 2013B are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 570,587	\$ 145,037	\$ 715,624
2018	584,732	130,892	715,624
2019	599,227	116,397	715,624
2020	613,813	101,811	715,624
2021	629,296	86,328	715,624
2022-2026	<u>3,030,451</u>	<u>189,855</u>	<u>3,220,306</u>
Total	<u>\$ 6,028,106</u>	<u>\$ 770,320</u>	<u>\$ 6,798,426</u>

\$ 12,465,000 General Obligation Refunding Note, Series 2015 - Previously, the Town issued \$ 12,465,000 of a General Obligation Refunding Note, Series 2015, maturing August 1, 2031, with a fixed interest rate of 2.59%, to refund the then outstanding General Obligation Bonds, Series 2006. The entire proceeds of the 2015 Note were applied to refund the principal balance of the 2006 Bonds; therefore, no proceeds were received by the issuer. The original bonds were issued in connection with constructing and furnishing fire and rescue facilities, and the procurement of certain equipment and technology, including the improvement of emergency management and terrorism preparedness. Interest is paid semiannually on each February 1 and August 1. Principal on the Note is paid annually commencing August 2016 through August 2031. Ad valorem tax revenues from the General Fund are pledged to repay this Note issue.

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 9 - Long-Term Liabilities (continued)**

Annual debt service requirements to maturity for the General Obligation Refunding Note, Series 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 655,000	\$ 306,397	\$ 961,397
2018	675,000	289,433	964,433
2019	690,000	271,950	961,950
2020	710,000	254,079	964,079
2021	725,000	235,690	960,690
2022-2026	3,920,000	886,816	4,806,816
2027-2031	4,455,000	352,111	4,807,111
Total	<u>\$ 11,830,000</u>	<u>\$ 2,596,476</u>	<u>\$ 14,426,476</u>

\$ 16,260,000 Limited General Obligation Refunding Note, Series 2015 – Previously, the Town issued \$ 16,260,000 of a Limited General Obligation Refunding Note, Series 2015, maturing August 1, 2026, with a fixed interest rate of 2.18%, to refund the then outstanding Limited General Obligation Bonds, Series 2006. The entire proceeds of the 2015 Note were applied to refund the principal balance of the 2006 Bonds; therefore, no proceeds were received by the issuer. The original bonds were issued in connection with acquiring land to protect the quality of water bodies, preserving and improving wildlife habitat and parks, and constructing and improving recreational areas. Interest is paid semiannually on each February 1 and August 1. Principal on the Note is paid annually commencing August 2016 through August 2026. Ad valorem tax revenues from the General Fund are pledged to repay this Note issue up to a tax limit of 0.38 mills per annum.

Annual debt service requirements to maturity for the Limited General Obligation Refunding Note, Series 2015 are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,355,000	\$ 325,583	\$ 1,680,583
2018	1,380,000	296,044	1,676,044
2019	1,415,000	265,960	1,680,960
2020	1,440,000	235,113	1,675,113
2021	1,475,000	203,721	1,678,721
2022-2026	7,870,000	522,001	8,392,001
Total	<u>\$ 14,935,000</u>	<u>\$ 1,848,422</u>	<u>\$ 16,783,422</u>

The aggregate annual debt service to maturity for the governmental activities debt is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,404,719	\$ 1,249,368	\$ 7,654,087
2018	6,027,666	1,062,346	7,090,012
2019	5,176,763	899,080	6,075,843
2020	4,582,248	752,668	5,334,916
2021	3,680,540	644,551	4,325,091
2022-2026	18,924,297	1,860,074	20,784,371
2027-2031	4,455,000	352,111	4,807,111
Total	<u>\$ 49,251,233</u>	<u>\$ 6,820,198</u>	<u>\$ 56,071,431</u>

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**Note 9 - Long-Term Liabilities (continued)**

**Business - Type Activities:** The following is a summary of changes in the long-term liabilities for the year ended September 30, 2016:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Due Within One Year
Bonds Payable:					
Water and Sewer Revenue Bonds, Series 2010	\$ 46,245,000	\$ -	\$ -	\$ 46,245,000	\$ -
Water and Sewer Revenue Bonds, Series 2011	48,760,000	-	490,000	48,270,000	505,000
Water and Sewer Revenue Bonds, Series 2012	28,010,000	-	185,000	27,825,000	195,000
Water and Sewer Revenue Refunding Bonds, Series 2013	12,670,000	-	1,785,000	10,885,000	1,815,000
State Revolving Fund Loan Program	3,529,405	415,681	136,944	3,808,142	185,390
Bond Premiums	898,034	-	34,540	863,494	-
Bond Discounts	(458,216)	-	(16,971)	(441,245)	-
	<u>139,654,223</u>	<u>415,681</u>	<u>2,614,513</u>	<u>137,455,391</u>	<u>2,700,390</u>
Compensated Absences	309,393	275,963	221,104	364,252	247,488
	<u>\$ 139,963,616</u>	<u>\$ 691,644</u>	<u>\$ 2,835,617</u>	<u>\$ 137,819,643</u>	<u>\$ 2,947,878</u>

\$ 46,245,000 Water and Sewer Revenue Bonds, Series 2010 - Previously, the Town issued \$ 46,245,000 Water and Sewer Revenue Bonds, Series 2010, maturing October 1, 2040, with an interest rate ranging from 6.062% to 6.849%. The Bonds were issued in connection with the acquisition and construction of improvements to the Town's water and sewer system, and for paying the costs of issuance of the Bonds. Interest is payable semiannually on each April 1 and October 1. Principal on the Bonds is paid annually commencing October 2021 through October 2040. The Bond Indenture provides for a reserve insurance policy to be obtained in place of funding for the Debt Service Reserve Fund. The Town has obtained the required insurance policy and is in compliance with the reserve requirement.

Annual debt service requirements to maturity for the Water and Sewer Revenue Bonds, Series 2010, are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ -	\$ 3,077,269	\$ 3,077,269
2018	-	3,077,269	3,077,269
2019	-	3,077,269	3,077,269
2020	-	3,077,269	3,077,269
2021	-	3,077,269	3,077,269
2022-2026	8,245,000	13,925,405	22,170,405
2027-2031	10,065,000	10,950,150	21,015,150
2032-2036	12,450,000	7,081,867	19,531,867
2037-2041	15,485,000	2,212,912	17,697,912
Total	<u>\$ 46,245,000</u>	<u>\$ 49,556,679</u>	<u>\$ 95,801,679</u>

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 9 - Long-Term Liabilities (continued)**

\$ 49,930,000 Water and Sewer Revenue Bonds, Series 2011 - Previously, the Town issued \$ 49,930,000 Water and Sewer Revenue Bonds, Series 2011, maturing October 1, 2041, with an interest rate ranging from 2.0% to 5.0%. The Bonds were issued in connection with the acquisition and construction of improvements to the Town's water and sewer system, and for paying the costs of issuance of the Bonds. Interest is payable semiannually on each April 1 and October 1. Principal on the Bonds is paid annually commencing October 2012 through October 2041. The Bond Indenture provides for a reserve insurance policy to be obtained in place of funding for the Debt Service Reserve Fund. The Town has obtained the required insurance policy and is in compliance with the reserve requirement.

Annual debt service requirements to maturity for the Water and Sewer Revenue Bonds, Series 2011, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 505,000	\$ 2,237,106	\$ 2,742,106
2018	520,000	2,226,706	2,746,706
2019	530,000	2,214,781	2,744,781
2020	540,000	2,198,581	2,738,581
2021	555,000	2,181,931	2,736,931
2022-2026	6,725,000	10,218,549	16,943,549
2027-2031	8,265,000	8,523,500	16,788,500
2032-2036	10,545,000	6,127,500	16,672,500
2037-2041	13,455,000	3,068,750	16,523,750
2042	<u>6,630,000</u>	<u>-</u>	<u>6,630,000</u>
Subtotal	48,270,000	\$ <u>38,997,404</u>	\$ <u>87,267,404</u>
Plus: unamortized bond premium	<u>863,494</u>		
Total	\$ <u>49,133,494</u>		

\$ 28,190,000 Water and Sewer Revenue Bonds, Series 2012 – In November 2012, the Town issued \$ 28,190,000 Water and Sewer Revenue Bonds, Series 2012, maturing October 1, 2042, with an interest rate ranging from 2.0% to 4.0%. The Bonds were issued in connection with the acquisition and construction of improvements to the Town's water and sewer system, and for paying the costs of issuance of the Bonds. Interest is payable semiannually on each April 1 and October 1. Principal on the Bonds is paid annually commencing October 2014 through October 2042. The Bond Indenture provides for a reserve insurance policy to be obtained in place of funding for the Debt Service Reserve Fund. The Town has obtained the required insurance policy and is in compliance with the reserve requirement.

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 9 - Long-Term Liabilities (continued)**

Annual debt service requirements to maturity for the Water and Sewer Revenue Bonds, Series 2012, are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 195,000	\$ 928,225	\$ 1,123,225
2018	195,000	922,375	1,117,375
2019	200,000	916,375	1,116,375
2020	210,000	910,075	1,120,075
2021	215,000	903,625	1,118,625
2022-2026	1,490,000	4,421,231	5,911,231
2027-2031	2,805,000	4,059,650	6,864,650
2032-2036	4,630,000	3,458,939	8,088,939
2037-2041	7,200,000	2,416,225	9,616,225
2042-2043	10,685,000	309,925	10,994,925
Subtotal	27,825,000	\$ 19,246,645	\$ 47,071,645
Less: unamortized discount	(441,245)		
Total	\$ 27,383,755		

\$ 14,405,000 Water and Sewer Revenue Refunding Bonds, Series 2013 – Previously, the Town issued \$ 14,405,000 of Water and Sewer Revenue Refunding Bonds, Series 2013, with a fixed rate of 1.93%, to refund the then outstanding Series 2003 bonds. The gross proceeds of the 2013 issuance were deposited in an irrevocable trust with an escrow agent to provide for the cost of issuance, the establishment of a debt service reserve fund and the required debt service payment on the call date of October 2013. Interest on the Series 2013 Bonds is paid semi-annually on each April 1 and October 1. Principal on the Series 2013 Bonds is paid annually commencing October 2014 through October 2021.

Annual debt service requirements to maturity for the Water and Sewer Revenue Refunding Bonds, Series 2013, are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 1,815,000	\$ 175,051	\$ 1,990,051
2018	1,855,000	139,250	1,994,250
2019	1,890,000	102,773	1,992,773
2020	1,925,000	65,620	1,990,620
2021	1,960,000	27,792	1,987,792
2022	1,440,000	-	1,440,000
Total	\$ 10,885,000	\$ 510,486	\$ 11,395,486

The Series 2010, 2011, 2012 and 2013 Bonds were issued in parity as to the lien of the pledged revenues. The Water and Sewer Bonds are payable from the pledged net revenues derived from the Town's water and sewer system and proceeds from contribution charges received by the Town in connection with the system.



**Note 9 - Long-Term Liabilities (continued)**

The Town is subject to certain rate covenants outlined in the Bond Indentures. The Bond Indentures contain certain covenants related to the operation of the water and sewer fund, including the establishment of a rate stabilization fund and a renewal and replacement fund. As of September 30, 2016, the Town was in compliance with those requirements.

\$ 4,601,081 State Revolving Fund Loan - In April 2012, the Town entered into a revolving loan agreement with the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan program to provide financing for the Town's Infiltration and Inflow Program and the Master Lift Station No. 8 and Force Main project. The loan is collateralized by a pledge on the revenues from the Town's Water and Sewer System, after payment of operation and maintenance expenditures and satisfaction of all senior revenue obligations. This facility is in junior position to the Water and Sewer Revenue Bonds of the Town. The Town borrowed \$ 4,601,081, including capitalized interest and service fee charges of \$ 17,594 and \$ 89,872, respectively. Semiannual payments are due on each September 15<sup>th</sup> and March 15<sup>th</sup>. As of September 30, 2016, the project was deemed completed; therefore, the amortization schedule was finalized, requiring semiannual installments of \$ 135,959, including interest at a fixed rate of 2.30%.

Annual debt service requirements to maturity for the State Revolving Fund Loan, are as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 185,390	\$ 86,528	\$ 271,918
2018	189,678	82,240	271,918
2019	194,066	77,852	271,918
2020	198,555	73,363	271,918
2021	203,148	68,770	271,918
2022-2026	1,088,441	271,149	1,359,590
2027-2031	1,220,292	139,298	1,359,590
2032-2033	528,572	15,286	543,858
Total	<u>\$ 3,808,142</u>	<u>\$ 814,486</u>	<u>\$ 4,622,628</u>

The aggregate annual debt service to maturity for the business-type activities is as follows:

Year Ending September 30,	Principal	Interest	Total
2017	\$ 2,700,390	\$ 6,504,179	\$ 9,204,569
2018	2,759,678	6,447,840	9,207,518
2019	2,814,066	6,389,050	9,203,116
2020	2,873,555	6,324,908	9,198,463
2021	2,933,148	6,259,387	9,192,535
2022-2026	18,988,441	28,836,334	47,824,775
2027-2031	22,355,292	23,672,598	46,027,890
2032-2036	28,153,572	16,683,592	44,837,164
2037-2041	36,140,000	7,697,887	43,837,887
2042-2043	17,315,000	309,925	17,624,925
Total	<u>\$ 137,033,142</u>	<u>\$ 109,125,700</u>	<u>\$ 246,158,842</u>

**Town of Davie, Florida**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**Note 9 - Long-Term Liabilities (continued)**

**Pledged Revenues:**

The Town's debt is collateralized by multiple sources. The following table provides the gross revenue received in the current year and pledged for each debt issuance, the current year principal and interest paid on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount remaining of principal and interest on the indebtedness at September 30, 2016:

<u>Debt Issue</u>	<u>Pledged Revenue</u>	<u>Revenue Received</u>	<u>Principal and Interest Paid</u>	<u>Future Maturities Principal and Interest</u>	<u>Pledged Through:</u>
<u>Governmental Activities:</u>					
Community Redevelopment Bonds, Series 2013A and 2013B	Tax increment revenues of the Town's Community Redevelopment Agency	\$ 3,053,575	\$ 1,685,679	\$ 16,013,954	2026
General Obligation Refunding Bonds, Series 2008A	Ad valorem tax	\$ 741,582	\$ 735,876	\$ 2,210,999	2019
General Obligation Bonds, Series 1997	Ad valorem tax	\$ 794,704	\$ 795,927	\$ 394,439	2017
General Obligation Bonds, Series 1998 and 2008B (Refunding)	Ad valorem tax	\$ 1,117,154	\$ 1,107,764	\$ 2,601,758	2020
Public Improvement Revenue Bonds, Series 2008B (Refunding) and 2004	Legally available non-ad valorem revenues	\$ 53,963,135	\$ 1,625,816	\$ 3,640,383	2020
General Obligation Bonds, Series 2015 (Refunding)	Ad valorem tax	\$ 965,757	\$ 957,844	\$ 14,426,476	2031
Limited General Obligation Bonds, Series 2015 (Refunding)	Ad valorem tax	\$ 1,692,996	\$ 1,679,468	\$ 16,783,422	2026
<u>Business-Type Activities:</u>					
Water and Sewer Revenue Bonds, Series 2010, 2011 2012 and 2013 (Refunding), and State Revolving Loan	Net revenues from the water and sewer system and contribution charges	\$ 26,211,615	\$ 9,185,848	\$ 246,158,842	2043

## Note 10 - Fund Balance

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

***Nonspendable fund balance*** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. In fiscal year 2016, this represents \$ 4,566.

***Restricted fund balance*** - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. In fiscal year 2016, this represents \$ 41,174,172.

***Committed fund balance*** – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making. The Town Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category. In fiscal year 2016, this represents \$ 58,607,289.

***Assigned fund balance*** – This classification includes amounts that are constrained by the Town for specific purposes that are neither restricted nor committed. The Town Council through a resolution authorized the Budget and Finance Director in agreement with the Town Administrator, or designee, to assign fund balance. The Town Council may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment. In fiscal year 2016, this represents \$ 5,880,838.

***Unassigned fund balance*** - This classification includes the remaining fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. In fiscal year 2016, this represents \$ 13,358,506.

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal agreements that prohibit doing this, such as in grant agreements requiring dollar for dollar spending.

**Note 10 - Fund Balance (continued)**

Additionally, the Town would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Hurricane/Emergency and Disaster Recovery Operating Reserve** - This reserve is to be maintained at 25% of the General Fund's budgeted operating revenues. This reserve is established for the purposes of responding to and providing relief and recovery efforts to ensure the maintenance of services to the public during hurricane/emergency/disaster situations. Such emergencies include, but are not limited to, hurricanes, tropical storms, tornadoes, flooding, terrorist activity and other natural or man-made disasters. In the event these funds are utilized, they should be replenished in order to prepare for possible future events. The Town will make every effort to replenish this reserve over a five-year period beginning with the completion of recovery from the event for which the reserve funds were used.

**Note 11 - Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town has established a Self-Insurance Fund (an internal service fund) to account for and finance its insured and uninsured risks of loss.

Previously, the Town joined the Preferred Governmental Insurance Trust ("PGIT"), a Public Entity Insurance Program for the Town's liability and workers compensation exposures. The members of PGIT include over 750 municipalities who have entered into an interlocal agreement with the trust. Should a deficit develop in PGIT, after excess reinsurance recoveries, whereby claims or other expenses cannot be paid, each member assumes liability for the costs of claims brought against that member as if individually self-insured.

Effective July 2002, the Town became self-insured for health benefits. In 2016, the Town conducted a study on its liability for unpaid claims relating to its health benefits and workers compensation. As a result of this study, the Town recorded a liability of \$ 2,862,117 based upon an actuarial calculation.

Changes in the estimated liability for the fiscal years ended September 30, 2016 and 2015 are as follows:

<u>Fiscal Year</u>	<u>Beginning Liability</u>	<u>Claims Incurred and Changes in Estimates</u>	<u>Claims (Paid) Adjustments</u>	<u>Ending Liability</u>
2015	\$ 2,088,275	\$ 9,811,104	\$ 9,276,305	\$ 2,623,074
2016	\$ 2,623,074	\$ 10,113,971	\$ 9,874,928	\$ 2,862,117

The estimated liability for health care claims and workers compensation claims as of September 30, 2016 was approximately \$ 832,000 and \$ 2,030,000, respectively.

There were no significant reductions in coverage from the prior fiscal year. The Town purchases insurance for exposures not covered by the Fund and for all other risks of loss. During the past three (3) fiscal years, no settlements exceeded the coverage provided by this insurance.

Amounts are paid into the Self-Insurance Fund by all other funds and are available to pay claims, premiums and administrative costs of the program.

**Note 12 - Litigation, Commitments, Contingencies and Conduit Debt**

**Litigation:** The Town is involved in various pending lawsuits incidental to its operations. In the opinion of management, any potential losses resulting from claims against the Town, not covered by insurance, would not have a material adverse effect on the financial position of the Town.

**Commitments:** The Town has entered into various agreements related to major infrastructure projects. Outstanding commitments at September 30, 2016 amounted to approximately \$ 17,947,000.

In addition, as a prerequisite for approval of development plats, the Town requires developers to install certain infrastructure elements (roadways, drainage, sidewalks, lighting, landscaping, etc.) that accrue to a development as a whole. Should the developer fail to install the required infrastructure, the Town would be obligated to complete the amenities. To reduce the financial risk that may exist, the Town also requires the developer to guarantee, through third parties, the estimated amount of money that would be necessary to complete the project. At September 30, 2016, the Town held the following guarantees for developers' infrastructure requirements.

Surety bonds	\$ 28,616,007
Irrevocable letters of credit	4,133,330
Cash bonds	<u>105,732</u>
Total	\$ <u><u>32,855,069</u></u>

**Encumbrances:** Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At September 30, 2016, the amount of encumbrances expected to be honored upon performance by the vendor/contractor in the next year are as follows:

Governmental Funds:	
Community Redevelopment Agency Fund	\$ 15,182,523
Capital Projects Fund	1,507,301
Nonmajor Governmental Funds	180,237
Proprietary Funds:	
Water and Sewer Fund	1,554,150
Golf Fund	132,725
Vehicle Maintenance Fund	<u>16,386</u>
Total	\$ <u><u>18,573,322</u></u>

The encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

**Contingencies:**

Financial Assistance

The Town receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants and revenue sharing. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at September 30, 2016.

**Note 12 - Litigation, Commitments, Contingencies and Conduit Debt (continued)**

**Conduit Debt:** In November 2007, the Town issued \$ 2,500,000 Variable Rate Educational Facilities Revenue Bonds, Series 2007 of conduit debt which was transferred to the Parkway Christian Church, Inc. The outstanding balance on these Bonds at September 30, 2016 was \$ 1,595,000. The Town is not obligated to repay these Bonds.

In May 2009, the Town authorized the issuance of \$ 60 million Educational Facilities Revenue Bonds, Series 2009 as conduit debt on behalf of Nova Southeastern University (the "University"). The bond proceeds were earmarked to pay for the cost of educational facilities to be acquired, constructed and equipped by the University. The outstanding balance on these Bonds at September 30, 2016 was \$ 43,342,028. The Town is not obligated to repay these Bonds.

In October 2013, the Town authorized the issuance of \$ 114 million Educational Facilities Revenue Bonds, Series 2013 A and B as conduit debt on behalf of the University. The bond proceeds, along with the Series 2009 Bonds previously mentioned, were earmarked to refund existing debt, and to pay for the cost of educational facilities to be acquired, constructed and equipped by the University. The outstanding balance on these Bonds at September 30, 2016 was \$ 94,155,000 and \$ 16,695,000 for the Series A and B, respectively. The Town is not obligated to repay these Bonds.

**Note 13 - Defined Contribution Plan**

The Town of Davie is a single employer that contributes to the Town of Davie Money Purchase Plan (the "Plan"), which is a defined contribution pension plan. The Plan currently covers all eligible full time employees hired prior to October 1, 2007, not covered by the Police or Fire Pension Plans, and who opted not to join the Management and General Employees' Defined Benefit Plan. At September 30, 2016, there were 33 plan members. Contributions for fiscal year ended September 30, 2016 for the Plan were approximately \$ 263,000 (representing approximately \$ 2,303,000 in covered payroll).

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Plan provides for two contribution rate levels based on job classifications. For full-time managers, professionals, and certain technical non-unionized personnel, the Town is required to contribute an amount equal to 10% of the employees' gross earnings. The employees must contribute 1.4% of their pretax pay to the plan; however, under IRC 401(a), the Town has elected to "pick-up" the employees' mandatory contribution. The Town has no liability to the employees covered by this Plan other than the employer contribution to the Plan. For all other employees covered by the Plan, the Town is currently required to contribute 11.4% of the employees' gross earnings. There is no mandatory employee contribution to the Plan. Employees hired before January 1, 1996 are 100% vested for all amounts contributed. Employees hired after January 1, 1996 are vested 100% for Town contributions after five years of eligible service. These contribution rates are established in the Plan documents which were adopted by resolution of the Town Council and which may be amended only by the Town Council.

The Town does not exercise any control or fiduciary responsibility over the Plan's assets. Therefore the assets, liabilities, and transactions are not included in the Town's financial statements.

## **Note 14 - Defined Benefit Pension Plans**

### **1. Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The Firefighters' Pension Plan, Police Employees' Pension Plan and the Management and General Employees' Pension Plan (the "Plans") are accounted for on the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Town contributions are recognized when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State of Florida. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans.

#### **Method Used to Value Investments**

Plan investments are reported at fair value. The overall valuation processes and information sources by major investment classification are as follows: 1) equity securities and similar funds traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollar at the exchange rate in effect at September 30, 2016. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings; 2) debt securities and similar fixed income funds can typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type; 3) alternative investments and similar real estate funds typically include investments where no readily ascertainable market value exists. To value these investments, management, in consultation with the general partner and investment advisors, determines the fair values for the individual investments based upon the partnership's or limited liability company's most recent available financial information adjusted for cash flow activities through year end - the estimated fair value of these investments may differ from values that would have been used had a ready market existed; and 4) mutual funds are generally valued by a third party pricing source who strikes the Net Asset Value (NAV) of the holdings at year end.

Unrealized gains and losses are presented as net (depreciation) appreciation in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recognized as earned and dividend income is recorded as of the ex-dividend date. Realized gains and losses on the sale of investments are based on average cost identification methods.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

**Note 14 - Defined Benefit Pension Plans (continued)**

**2. General Information About the Plans**

**Firefighters' Pension Plan:**

The following summary description of the Firefighters' Pension Plan is provided for general information purposes only. The Firefighters' Pension Plan was originally established by Town Ordinance 80-42 and has subsequently been amended from time to time by the Town Council. Participants should refer to the Plan documents for more complete information. Additionally, a separate public employee retirement system annual report for the Firefighters' Pension Plan is publicly available from the Town of Davie, Budget and Finance Department, 6591 Orange Drive, Davie, Florida 33314.

Plan Description: The Town is the sponsor of a single-employer, Public Employee Retirement System ("PERS"). This defined benefit pension plan covers substantially all of the Town's full-time firefighters, regardless of rank, that have met the conditions of eligibility. The PERS is considered part of the Town's financial reporting entity and is therefore included in this financial report as a pension trust fund. The Board of Trustees make plan amendment recommendations to the Town Council for approval. Tier one members are members hired prior to January 20, 2016 and Tier two members hired on or after such date.

Contributions: Members are required to contribute 9% of their earnable compensation, starting at their eligibility date and continuing to their date of retirement, disability, termination or death, or entry into the Deferred Retirement Option Plan ("DROP"), whichever comes first. The State contributes pursuant to Chapter 175 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on Town of Davie properties. The premium tax is collected by the State and remitted to the Town. The Town received \$ 919,987 from the State and recorded as revenues and expenditures in the General Fund, as appropriate. The Town contributions are based upon actuarially determined amounts, which together with earnings, plan member and State contributions, are designed to accumulate sufficient assets to pay for benefits when due.

Effective January 1, 2012, the Plan adopted the stop/restart concept approved by the State. The stop/restart does not reduce or change the existing retirement benefits for the members. The only result is that the Town can use a greater amount of premium tax revenues to fund the retirement benefits already in place. Because of the stop/restart implementation, a "Share Plan" was established, the effective date of the Share Plan was October 16, 2013.

Benefits Provided: The Plan provides various types of retirement including normal service, early service, disability service, and death benefits. A Tier One member may retire on the first day of the month which falls on, or next follows, the date on which the member completes 20 years of credited service, regardless of age, or the date on which a member attains age 55 and completes 10 years of credited service. A Tier Two member is eligible for retirement after completion of 24 years of credited service, regardless of age, or age 55 with at least 10 years of credited service.

For a Tier One member the amount of normal retirement income is 3% times final monthly compensation multiplied by credited service for the first 10 years. Normal retirement benefit is a 4% multiplier for years 11 to 15 and a 5% multiplier for years 16 through 20, resulting in a 75% benefit after 20 years of service for members actively employed, including DROP participants, on June 21, 2006. During years 21 through 30, the multiplier shall be 2% per year, resulting in a total maximum benefit accrual of 95% of final monthly compensation after 30 years of service for members actively employed on June 21, 2007, including DROP participants.



**Note 14 - Defined Benefit Pension Plans (continued)**

For a Tier Two member, the amount of normal retirement income is 3.125% times final monthly compensation multiplied by credited service. The maximum retirement benefit shall be 80% of final monthly compensation. The final monthly compensation is based on the highest 5 years of the last 10 years of service preceding the actual retirement or termination of the Tier Two participants.

Effective January 20, 2016, early retirement is the first day of the month coincident with or next following the date the member attains age 50 with 10 or more years of credited service. The amount of early retirement income is the monthly accrued benefit earned by a member at his or her early retirement date, reduced by 3% per year for commencement prior to normal retirement date.

Cost-of-Living Adjustment ("COLA"): The payment, since the 2000 plan year, is equal to 5% of the annual retirement benefit multiplied by the number of years that the participant has been retired up to a maximum of 10 years, resulting in a maximum benefit equal to 50% of the participant's annual pension payment.

Deferred Retirement Option Plan (the "DROP"): Effective September 30, 1998, members who continue in employment past normal retirement date and have attained the 20 years of credited service may enter the DROP. The DROP is administered by Town of Davie Firefighters' Pension Board of Trustees. The rate of return earned by the DROP is the same as that earned by the Plan less a \$ 10 per month adjustment for expenses. Once a member enters the DROP, the monthly retirement benefit is frozen, and the monthly benefit is paid into the DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive the frozen monthly retirement benefit. The maximum period of DROP participation is five years for all members entering the DROP after June 21, 2007.

For the Plan year beginning October 1, 2011, DROP participants have the option to "self-direct" their DROP account balances using mutual fund options available under the DROP program. The Board approved that the self-directed DROP be administered by Hartford Life Insurance Company ("Hartford"). Any losses, charges or expenses incurred by the DROP participant shall be borne by the participant, not the Town or the Plan.

The value of the total DROP balance, including amounts pertaining to "self-directed" balances, at September 30, 2016 was \$ 6,102,750.

Plan Membership: Employee membership data at October 1, 2015 was as follows:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	71
Deferred retirement option plan participants	14
Active plan participants	<u>119</u>
Total	<u><u>204</u></u>

**Note 14 - Defined Benefit Pension Plans (continued)**

**Police Employees' Pension Plan:**

The following summary description of the Police Employees' Pension Plan is provided for general information purposes only. The Police Pension Plan was originally established by Town Ordinance 76-13 and has subsequently been amended from time to time by the Town Council. Participants should refer to the Plan documents for more complete information. Additionally, a separate public employee retirement system annual report for the Police Pension Plan is publicly available from the Town of Davie, Budget and Finance Department, 6591 Orange Drive, Davie, Florida 33314.

Plan Description: The Town is the sponsor of a single-employer, Public Employee Retirement System ("PERS"). This defined benefit pension plan covers substantially all of the Town's full-time sworn police officers. The PERS is considered part of the Town's financial reporting entity and is therefore included in this financial report as a pension trust fund. The Board of Trustees make Plan amendment recommendations to the Town Council for approval. Tier one members are members hired prior to October 1, 2010 and Tier two members are members hired on or after such date.

Contributions: Members are required to contribute 9% of their basic compensation to the Plan, starting on their eligibility dates and continuing to their date of retirement, disability, termination or death, whichever comes first. Pursuant to Florida Statutes, Chapter 185, contributions from the State of Florida Department of Insurance consist of an excise tax imposed by the Town upon certain casualty insurance companies on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance policies covering property within the Town. The Town received \$ 858,749 from the State and recorded as revenues and expenditures in the General Fund, as appropriate. The Town pays into the Plan such amount as is determined actuarially to provide for benefits under the Plan not met by member contributions. This amount is reduced by any allowable Chapter 185 State contributions.

Benefits Provided: The Plan provides various types of retirement including normal service, early service, disability service, and death benefits.

Tier One members - Any member may retire the earlier of the date on which they attain 20 years of benefit service or the date on which they attain age 55. For members terminating service with more than 15 years but less than 20 years of benefit service, the normal retirement benefit will commence on the first day of the month coincident with or next following the date the member would have completed 20 years of benefit service. A member has vested benefits after 10 years of continuous service. Upon retirement, a member will receive a monthly benefit amount equal to the number of years of benefit service multiplied by 3% of final average earnings for the first 10 years of service plus 4% for the next 5 years of benefit service, plus 5% for the next 5 years of benefit service, plus 2% for the next 10 years of benefit service, with a 95% maximum. However, after 47 ½ years of benefit service, benefits shall recommence at a rate of 2% of final average earnings per year.

Tier Two members - Tier Two benefits shall be administered in the same manner as Tier One benefits, except as follows: the normal retirement benefit for Tier Two members shall be calculated using a 3% multiplier for the first 20 years of service, and 2% for each additional year, up to a maximum benefit of 80%. Notwithstanding the 80% cap, benefits shall accrue at a rate of 2% per year for any active Tier Two member after 40 years of service. The member's benefits commence on the first day of the month following their retirement date and are continued until their death; however, benefits may be payable to the members' beneficiaries, depending on the optional form of payment elected. A member with the consent of the Town may continue to work beyond their normal retirement date and retire on any subsequent first day of the month.

**Note 14 - Defined Benefit Pension Plans (continued)**

Any member who has completed 10 years of benefit service and attained age 50 may retire early, with the consent of the Town. Upon retirement, a member will receive a monthly benefit amount equal to the number of years of benefit service multiplied by 3% of final average earnings for the first 10 years of service plus 4% for the next 5 years of benefit service, plus 5% for the next 5 years of benefit service, plus 2% for the next 10 years of benefit service. The benefit will be reduced for early payment so that it is actuarially equivalent to the normal retirement benefit. Effective May 1, 2011, the early retirement reduction shall be no more than 3% per year. The member also has the option of deferring the commencement of the monthly benefit at normal retirement date, the earlier of the date the member would have attained 20 years of benefit service (provided the member has completed 15 years of actual benefit service) or age 55. In such case, there would be no actuarial reduction to the monthly benefit.

Cost of Living Adjustment ("COLA"): An annual COLA will be granted to retirees and beneficiaries. Disability retirees are not eligible for a COLA. The amount of the COLA will be 2% per year. For officers who retired prior to October 1, 1997, the monthly benefit after the yearly COLA will not exceed 115% of the original monthly benefit prior to COLA. For post October 1, 1997 retirees, the limit for future monthly benefits after COLA will be 130% of the original benefit amounts prior to any COLA. The first annual COLA will commence on the fifth anniversary of retirement, but no earlier than November 1, 2004.

Deferred Retirement Option Plan (the "DROP"): A Deferred Retirement Option Plan (the "DROP") was implemented for the year ended September 30, 1998. The DROP is administered by the Police Officers' Pension Board of Trustees. The rate of return earned by the DROP is the same as that earned by the Plan less a \$ 10 per month adjustment for expenses. Once a member enters the DROP, the monthly retirement benefit is frozen, and the monthly benefit is paid into the DROP account. Upon termination of employment, the balance in the member's DROP account is payable to them and they also begin to receive the (frozen) monthly retirement benefit. The DROP has a five (5) year maximum participation period. Effective October 1, 2010, DROP participants may remain in the DROP for up to 5 years. In no event can the total of the sum of years of credited service and years of DROP participant exceed 30 years for a member who enters the DROP.

All members electing to participate in the DROP are required upon entering DROP to transfer any accumulated leave balances above four hundred and eighty (480) hours into the member's DROP account, subject to the annual limit set forth in the Internal Revenue Code.

The value of the total DROP balance at September 30, 2016 was \$ 5,421,637.

Plan Membership: Employee membership data at October 1, 2015 was as follows:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	102
Deferred retirement option plan participants	14
Active plan participants	158
	<hr/>
Total	<u>274</u>

**Note 14 - Defined Benefit Pension Plans (continued)**

**Management and General Employees' Pension Plan:**

The following summary description of the Management and General Employees' Pension Plan is provided for general information purposes only. The Management and General Employees' Pension Plan was originally established by Town Ordinance 2004-2. Participants should refer to the Plan documents for more complete information.

Plan Description: On October 1, 2003 the Town Council created, under the laws of the State of Florida, a single-employer defined benefit pension plan. The plan covers substantially all full-time management and general employees. Management level employees include the Town Administrator, Assistant Town Administrator, Directors, Police and Fire Chief, Deputy Police and Fire Chief, Town Clerk, Deputy Town Clerk, Redevelopment Administrator and Assistant Directors. General employees are full-time employees not classified as management and are not otherwise restricted. The plan is administered by the Florida Municipal Investment Trust Fund ("FMITF"). The Plan is considered part of the Town's financial reporting entity and is therefore included in this financial report as a pension trust fund. The Board of Trustees make Plan amendment recommendations to the Town Council for approval.

Contributions: The Town provides all funding requirements for the Plan, based on actuarial determined amounts. All active members hired prior to October 1, 2013 are required to contribute 2.5%, of salary. All active members hired on or after October 1, 2013 shall make regular contributions to the Plan of 3% of salary.

Benefits Provided: The Plan provides various types of retirement including normal service, early service, disability service, and death benefits. Management level employees are eligible for benefits after attaining age 52 and three years of vested service or age 48 and twenty years of service. General employees are eligible for benefits after attaining age 60 and six years of vested service or age 56 and thirty years of vested services. For all members hired on or after October 1, 2013, the normal retirement date is attainment of age 65 with ten years of vested service or thirty years of vested service and age 60.

Normal benefits for management level employees are equal to the number of years of credited service times the average final compensation and multiplied by 3%. Average final compensation, for management, means the one-twelfth of the employee's highest average earnings during the best three years of credited service or career average, whichever is greater. Normal benefits for general employees are equal to the number of years of credited service times the average final compensation and multiplied by 2%. Average final compensation, for general employees, means one-twelfth of the highest average earnings during the best five years of credited services or career average, whichever is greater.

For all members hired on or after October 1, 2013, the normal benefits shall be a monthly benefit equal to the number of years of credited service multiplied by average final compensation and multiplied by one and eight-tenths percent (1.8%). For all members hired on or after October 1, 2013, average final compensation means one-twelfth of the highest average earnings during the six best years of credited service prior to separation as an active member or the career average, whichever is greater.

The employee contributions accumulated with interest at the rate of 6% per annum; if a non-vested participant terminates employment, the member receives the accumulated contributions in lieu of any other benefits payable from the Plan; vested participants may optionally elect to receive their accumulated contributions in lieu of any other benefits payable from the Plan.

**Note 14 - Defined Benefit Pension Plans (continued)**

Cost-of-Living Adjustment ("COLA"): All benefits include an automatic 3% annual cost-of-living adjustment which is effective for payments made at least five years after initial retirement.

Deferred Retirement Option Plan (the "DROP"): A member is eligible to participate in the management and general employees Deferred Retirement Option Plan (the "DROP") at attainment of normal retirement age for a period of up to 60 months. The DROP is administered by the Florida Municipal Pension Trust Fund Board of Trustees. The Plan earns a 6.5%, per annum, rate of return. Once a member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them.

The value of the total DROP balance at September 30, 2016 was \$ 117,858.

Plan Membership: Employee membership data at October 1, 2015 was as follows:

Inactive employees:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	122
Deferred retirement option plan participants	2
Active plan participants	<u>244</u>
Total	<u><u>368</u></u>

**3. Net Pension (Asset) Liability**

The Town's net pension (asset) liability was determined based on a measurement date of September 30, 2015 for all three plans.

The components of the net position (asset) liability of the Town at September 30, 2016, were as follows:

	Firefighter's Pension Plan	Police Employees' Pension Plan	Management and General Employees' Pension Plan
Total pension liability	\$ 104,141,562	\$ 149,651,598	\$ 42,027,610
Plan fiduciary net position	<u>(78,752,749)</u>	<u>(121,246,764)</u>	<u>(49,091,985)</u>
Town's net pension (asset) liability	<u><u>\$ 25,388,813</u></u>	<u><u>\$ 28,404,834</u></u>	<u><u>\$ (7,064,375)</u></u>
Plan fiduciary net position as a percentage of total pension liability	75.62%	81.02%	116.81%

Actuarial Assumptions: The total pension (asset) liability at September 30, 2015 was determined by using (asset) actuarial valuations as of October 1, 2014, with update procedures used to roll forward the total pension (asset) liability to September 30, 2015. The actuarial valuations used the following actuarial assumptions:

**Note 14 - Defined Benefit Pension Plans (continued)**

**Firefighters' Pension Plan:**

Inflation:	3.00%
Salary increases:	5.75% per annum.
Investment rate of return:	7.61%, net of plan investment expense, including inflation.
Mortality:	For healthy participants, the 1983 Group Annuity Mortality Table with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.

**Police Employees' Pension Plan:**

Inflation:	3.00%
Salary increases:	5.50% per annum.
Investment rate of return:	7.60%, net of plan investment expense, including inflation.
Mortality:	For healthy participants, the RP-2000 Mortality Table with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.

**Management and General Employees' Pension Plan:**

Inflation:	3.60%
Salary increases:	4.00% per annum.
Investment rate of returns:	9.08%, net of plan investment expense, including inflation.
Mortality:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following tables:

**Firefighters' Pension Plan:**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	55.00%	6.00%
International equity	10.00%	5.75%
Fixed income	25.00%	4.25%
Real estate funds	10.00%	4.40%
Total	100.00%	

**Note 14 - Defined Benefit Pension Plans (continued)**

**Police Employees' Pension Plan:**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50.00%	6.63%
International equity	12.50%	3.04%
Fixed income	27.50%	2.18%
Real estate funds	10.00%	5.30%
Total	100.00%	

**Management and General Employees' Pension Plan:**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap equity	39.00%	7.14%
U.S. small cap equity	11.00%	8.45%
International equity	10.00%	8.43%
Core bonds	16.00%	2.48%
Multi-sector	24.00%	2.20%
Total	100.00%	

Rate of Return: For the year ended September 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.30%, 9.19%, and 8.11% for the Firefighters, Police, and Management and General Employees' Pension Plan, respectively. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plans did not have any concentrations (individual investment; 5% or more of fiduciary net position) that warranted disclosure.

*Discount rate* - The discount rate used to measure the total pension (asset) liability was 7.61%, 7.60% and 9.08% per annum for the Firefighters' Pension Plan, Police Employees' Pension Plan and the Management and General Employees' Pension Plan, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates (statutorily required) and the member rates. Based on those assumptions, the fiduciary net position of the Plans was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

Note 14 - Defined Benefit Pension Plans (continued)

4. Changes in the Net Pension (Asset) Liability

Firefighters' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances, as of September 30, 2014, Measurement Date</b>	\$ 107,133,454	\$ 76,594,427	\$ 30,539,027
<b>Changes for the year:</b>			
Service cost	3,662,229	-	3,662,229
Interest	7,534,708	-	7,534,708
Contributions - employer	-	4,216,386	(4,216,386)
Contributions - state	-	984,329	(984,329)
Contributions - members	-	1,060,367	(1,060,367)
Net investment income (loss)	-	848,808	(848,808)
Benefit payments, including refunds of member contributions	(4,807,524)	(4,807,524)	-
Change in assumptions	(12,277,911)	-	(12,277,911)
Differences between expected and actual experience	2,896,606	-	2,896,606
Administrative expenses	-	(144,044)	144,044
<b>Net changes</b>	<u>(2,991,892)</u>	<u>2,158,322</u>	<u>(5,150,214)</u>
<b>Balances, as of September 30, 2015, Measurement Date</b>	\$ <u>104,141,562</u>	\$ <u>78,752,749</u>	\$ <u>25,388,813</u>

Police Employees' Pension Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances, as of September 30, 2014, Measurement Date</b>	\$ 120,782,373	\$ 119,727,290	\$ 1,055,083
<b>Changes for the year:</b>			
Service cost	4,080,569	-	4,080,569
Interest	10,820,739	-	10,820,739
Contributions - employer	-	5,797,600	(5,797,600)
Contributions - state	-	784,261	(784,261)
Contributions - members	-	1,128,753	(1,128,753)
Contributions - buy back	-	256,789	(256,789)
DROP account	-	106,274	(106,274)
Net investment income (loss)	-	844,685	(844,685)
Benefit payments, including refunds of member contributions	(7,246,724)	(7,246,724)	-
Change in assumptions	21,912,756	-	21,912,756
Differences between expected and actual experience	(698,115)	-	(698,115)
Administrative expenses	-	(152,164)	152,164
<b>Net changes</b>	<u>28,869,225</u>	<u>1,519,474</u>	<u>27,349,751</u>
<b>Balances, as of September 30, 2015, Measurement Date</b>	\$ <u>149,651,598</u>	\$ <u>121,246,764</u>	\$ <u>28,404,834</u>



Note 14 - Defined Benefit Pension Plans (continued)

**Management and General Employees' Pension Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
<b>Balances, as of September 30, 2014, Measurement Date</b>	\$ 43,048,902	\$ 47,229,985	\$ (4,181,083)
<b>Changes for the year:</b>			
Service cost	1,955,824	-	1,955,824
Interest	4,028,736	-	4,028,736
Contributions - employer	-	2,885,279	(2,885,279)
Contributions - member	-	363,834	(363,834)
Net investment income (loss)	-	(31,289)	31,289
Benefit payments, including refunds of member contributions	(1,298,996)	(1,242,993)	(56,003)
Demographics experience	(449,761)	-	(449,761)
Change in assumptions	(5,257,095)	-	(5,257,095)
Administrative expenses	-	(112,831)	112,831
<b>Net changes</b>	<u>(1,021,292)</u>	<u>1,862,000</u>	<u>(2,883,292)</u>
<b>Balances, as of September 30, 2015, Measurement Date</b>	\$ <u>42,027,610</u>	\$ <u>49,091,985</u>	\$ <u>(7,064,375)</u>

The net pension asset for the Management and General Employees' Pension Plan is allocated to the governmental activities and business-type activities based on the distribution of current year contributions to the Plan. At September 30, 2016, it is distributed 83% to governmental activities and 17% to business-type activities.

Sensitivity of the Net Pension (Asset) Liability to Changes In the Discount Rate: The following presents the net pension (asset) liability of the Town, calculated using the discount rate of 7.61%, 7.60% and 9.08% for the Firefighters' Pension Plan, Police Employees' Pension Plan and the Management and General Employees' Pension Plan, respectively, as well as what the Town's net pension (asset) liability would be if it were calculated using a discount rate that is 1.00% lower (6.61%, 6.60% and 8.08%), respectively, or 1.00% higher (8.61%, 8.60% and 10.08%), respectively, than the current rate:

	1% Decrease (6.61%)	Current Discount Rate (7.61%)	1% Increase (8.61%)
Firefighters' Pension Plan: Net Pension (Asset) Liability	\$ <u>36,632,548</u>	\$ <u>25,388,813</u>	\$ <u>16,033,141</u>

**Note 14 - Defined Benefit Pension Plans (continued)**

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Police Employees' Pension Plan: Net Pension (Asset) Liability	\$ <u>46,504,714</u>	\$ <u>28,404,834</u>	\$ <u>13,136,975</u>
	<u>1% Decrease (8.08%)</u>	<u>Current Discount Rate (9.08%)</u>	<u>1% Increase (10.08%)</u>
Management and General Employees': Net Pension (Asset) Liability	\$ <u>(1,864,363)</u>	\$ <u>(7,064,375)</u>	\$ <u>(11,400,722)</u>

**5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Firefighters' Pension Plan:**

For the year ended September 30, 2016, the Town recognized pension expense of \$ 3,702,086. At September 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 4,812,276	\$ -
Net difference between projected and actual earnings on pension plan investments	4,023,884	1,806,459
Changes in assumptions	-	10,833,451
Difference between expected and actual experience	<u>2,555,829</u>	<u>-</u>
Total	<u>\$ 11,391,989</u>	<u>\$ 12,639,910</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017.

Amounts reported as deferred outflows/inflows of resources will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2017	\$ (699,865)
2018	\$ (699,865)
2019	\$ (699,865)
2020	\$ (97,712)
2021	\$ (1,103,683)
Thereafter	\$ (2,759,207)

**Note 14 - Defined Benefit Pension Plans (continued)**

**Police Employees' Pension Plan:**

For the year ended September 30, 2016, the Town recognized pension expense of \$ 9,046,959. At September 30, 2016, the Town reported deferred outflows of relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 6,531,249	\$ -
Net difference between projected and actual earnings on pension plan investments	7,000,847	-
Change in assumptions	18,991,055	-
Differences between expected and actual experience	-	605,033
Total	<u>\$ 32,523,151</u>	<u>\$ 605,033</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017.

Amounts reported as deferred outflows/inflows of resources will be recognized in pension expense as follows:

<u>Year ending September 30:</u>	<u>Amount</u>
2017	\$ 4,610,219
2018	\$ 4,610,219
2019	\$ 4,610,219
2020	\$ 4,484,665
2021	\$ 2,828,619
Thereafter	\$ 4,242,928

**Management and General Employees' Pension Plan:**

For the year ended September 30, 2016, the Town recognized pension expense of \$ 1,431,217. At September 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 2,951,697	\$ -
Net difference between projected and actual earnings on pension plan investments	3,523,087	182,463
Change in assumptions		4,629,757
Differences between expected and actual experience	-	396,090
Total	<u>\$ 6,474,784</u>	<u>\$ 5,208,310</u>

**Note 14 - Defined Benefit Pension Plans (continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2017.

Amounts reported as deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year ending September 30:	Amount
2017	\$ 138,942
2018	\$ 138,942
2019	\$ 138,942
2020	\$ 199,762
2021	\$ (681,009)
Thereafter	\$ (1,620,802)

**6. Pension Trust Funds**

The Town maintains three pension trust funds to account for its fiduciary responsibility. The following condensed statements present the net position restricted for pension benefits at September 30, 2016 and the changes in net position for the year then ended:

**Condensed Statements of Net Position:**

	Firefighters' Pension Plan	Police Employees' Pension Plan	Management and General Employees' Pension Plan
<b>Assets:</b>			
Cash and cash equivalents	\$ 573,428	\$ 2,773,306	\$ 440,399
Investments	89,490,452	129,811,944	54,609,379
Receivables	1,094,442	744,987	-
Prepaid expenses	-	475,742	-
<b>Total assets</b>	<b>91,158,322</b>	<b>133,805,979</b>	<b>55,049,778</b>
<b>Liabilities:</b>			
Accounts payable	35,415	105,051	-
Payable for securities purchased	155,658	164,276	-
Prepaid contributions	3,402,088	-	-
<b>Total liabilities</b>	<b>3,593,161</b>	<b>269,327</b>	<b>-</b>
<b>Net position restricted for pensions</b>	<b>\$ 87,565,161</b>	<b>\$ 133,536,652</b>	<b>\$ 55,049,778</b>

**Note 14 - Defined Benefit Pension Plans (continued)**

**Condensed Statement of Changes in Net Position:**

	<u>Firefighters' Pension Plan</u>	<u>Police Employees' Pension Plan</u>	<u>Management and General Employees' Pension Plan</u>
<b>Additions:</b>			
Contributions	\$ 5,914,452	\$ 8,477,434	\$ 3,369,642
Net investment income (loss)	<u>8,278,023</u>	<u>10,696,539</u>	<u>4,102,297</u>
<b>Total additions</b>	<u>14,192,475</u>	<u>19,173,973</u>	<u>7,471,939</u>
<b>Deductions:</b>			
Benefits paid	5,169,169	6,649,330	1,415,811
Refunds of contributions	62,244	42,243	-
Administrative expenses	<u>148,650</u>	<u>192,512</u>	<u>98,335</u>
<b>Total deductions</b>	<u>5,380,063</u>	<u>6,884,085</u>	<u>1,514,146</u>
<b>Change in net position</b>	<u>\$ 8,812,412</u>	<u>\$ 12,289,888</u>	<u>\$ 5,957,793</u>

**Note 15 - Other Post-Employment Benefits**

Pursuant to Section 112.081, Florida Statutes, the Town is required to permit eligible retirees and their eligible dependents to participate in the Town's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The Town does not provide retirees with any subsidy for this benefit.

The Town elected to establish an irrevocable other post-employment benefit ("OPEB") trust and began funding the obligation during fiscal year 2009, leaving no unfunded obligation.

**Plan Description:** In September, 2008, the Town established the OPEB Trust, a single employer defined benefit health care plan to all of its employees except for part-time employees and full-time employees who either resign or are terminated. The Town Council is authorized to establish and amend benefit levels, subject to minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The plan does not issue a separate financial report.

As of July 1, 2016 (most recent valuation), employee membership data related to the OPEB Plan was as follows:

Current retirees:	
Under age 65	23
Over age 65	<u>4</u>
<b>Total current retirees</b>	<u>27</u>

**Note 15 - Other Post-Employment Benefits (continued)**

Active employees:	
Active employees fully eligible for benefits	107
Active employees not yet fully eligible for benefits	499
	<hr/>
Total active employees	606
	<hr/>
Total number of participants	633
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**Actuarial Methods and Assumptions:** The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Level-dollar payment
Remaining amortization period	15-year, open period
Actuarial assumptions:	
Investment rate of return	7.00%*
Healthcare cost trend rate(s):	
	<u>Insurance Premiums</u>
Select rates	8.00% for 2016/17 graded to 5.50% for 2021/22
Ultimate rate	5.00% per annum

\* includes inflation at 3.00%

Since the previous valuation was completed, assumptions have changed as follows: 1) the assumed retirement age for firefighters hired after January 20, 2016 was changed to the earlier of age 55 with 10 years of service or any age with 24 years of service; 2) the discount rate was decreased from 7.50 % annum to 7.00 % per annum; 3) the healthcare cost trends rates were increased from 6.62 % graded down to 5.00 % to 8.00 % graded down to 5.00 %; 4) the assumed health claims for the period July 1, 2016 through June 30, 2017 at age 60 were changed from \$ 10,772 to \$ 11,025; 5) the age-related morbidity rate was increased from 3.00 % to 3.50 %; and 6) all current and future retirees are assumed to elect coverage under the HMO plan.

**Note 15 - Other Post-Employment Benefits (continued)**

Funding Policy: The plan allows its employees and their beneficiaries, at their own cost to continue to obtain health, dental and other insurance benefits upon retirement. The Town does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the Town for active employees. However, the Town's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the Town or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

Annual OPEB Cost and Net OPEB Obligation: The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The annual OPEB cost for the Town for the current year and the related information is as follows:

Annual Required Contribution (ARC)	\$	(42,000)
Interest on net OPEB Obligation		(77,000)
Adjustments to the ARC		112,000
Annual OPEB cost		<u>(7,000)</u>
Interest on Employer Contributions		(2,000)
Employer Contributions *		<u>(49,000)</u>
Increase in net OPEB obligation (asset)		<u>(58,000)</u>
Net OPEB obligation (asset) - beginning of year		(1,093,000)
Net OPEB obligation (asset) - end of year	\$	<u><u>(1,151,000)</u></u>

\* Reflects a contribution credit for the implied subsidy.

**Actuarially Determined Contribution Requirements and Contributions Made**: Since inception, the Town has contributed \$ 968,000 to the plan through the Florida League of Cities-Florida Municipal Pension Trust Fund (FMPTF) to pre-fund the Town's OPEB costs. There were no employee contributions to the plan.

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the Plan, the net OPEB obligation (asset) and trend information are as follows:

Fiscal Year Ended September 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ (86,000)	41%	\$ (963,000)
2015	\$ (95,000)	37%	\$ (1,093,000)
2016	\$ (7,000)	729%	\$ (1,151,000)

Other post-employment obligations are generally liquidated by the General Fund and/or the OPEB trust fund.

**Note 15 - Other Post-Employment Benefits (continued)**

**Funded Status and Funding Progress:** The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress (the last plan year valuation date) is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2016	\$ 1,914,000	\$ 1,088,000	\$ (826,000)	175.9%	\$ 43,970,000	(1.9%)

**Note 16 - Stewardship and Accountability**

**Budget:** The Town is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds with the exception of the Capital Projects Fund. All unencumbered appropriations lapse at fiscal year-end. Appropriations at the year-end that are encumbered are brought forward and become part of the subsequent year's original budget.

**Note 17 - Future Adoption of GASB Pronouncements**

The GASB has issued several statements not yet implemented by the Town. The statements which might impact the Town are as follows:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, was issued June 2015. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended*, Statement 43, and Statement No. 50, *Pension Disclosures*. GASB Statement No. 74 will be effective for the Town fiscal year ending September 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was issued June 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB Statement No. 75 will be effective for the Town fiscal year ending September 30, 2018.



**Note 17 - Future Adoption of GASB Pronouncements (continued)**

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued August 2015. This statement requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 will be effective for the Town fiscal year ending September 30, 2017.

GASB Statement No. 78, *Pensions Provided through Multiple-Employer Defined Benefit Pension Plans*, was issued December 2015. This statement is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. GASB Statement No. 78 will be effective for the Town fiscal year ending September 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued December 2015. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. GASB Statement No. 79 will be effective for the Town fiscal year ending September 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, was issued January 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB Statement No. 80 will be effective for the Town fiscal year ending September 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued March 2016. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. GASB Statement No. 81 will be effective for the Town fiscal year ending September 30, 2018.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued March 2016. The objective of this statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 will be effective for the Town fiscal years ending September 30, 2017 and 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations ("ARO")*, was issued in November 2016. This statement addresses accounting and financial reporting for certain asset retirement obligations. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. GASB Statement No. 83 is effective for the Town fiscal year ending September 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 is effective for the Town fiscal year ending September 30, 2020.

The Town's management has not yet determined the effect these Statements will have on the Town's financial statements.

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REQUIRED SUPPLEMENTARY  
INFORMATION



**Town of Davie, Florida**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 42,686,193	\$ 42,686,193	\$ 42,952,158	\$ 265,965
Utility service taxes	8,092,100	8,295,600	8,402,373	106,773
Franchise fees	9,732,003	9,596,003	9,695,462	99,459
Intergovernmental	11,684,300	12,356,715	11,567,206	(789,509)
Communication service tax	3,529,135	3,364,135	3,384,206	20,071
Licenses and permits	5,886,255	6,910,980	7,722,855	811,875
Charges for services	13,124,300	12,947,347	13,421,845	474,498
Fire rescue assessments	10,170,125	10,415,125	10,426,283	11,158
Fines and forfeitures	965,200	1,040,100	1,088,788	48,688
Investment income	564,300	829,300	822,054	(7,246)
Miscellaneous	4,301,493	4,352,543	4,237,485	(115,058)
<b>Total revenues</b>	<b>110,735,404</b>	<b>112,794,041</b>	<b>113,720,715</b>	<b>926,674</b>
<b>Expenditures:</b>				
General government:				
General services department:				
Personnel services	5,828,797	5,995,181	5,631,861	363,320
Operating	3,552,159	3,588,918	3,100,068	488,850
Capital outlay	181,390	518,536	215,932	302,604
	<u>9,562,346</u>	<u>10,102,635</u>	<u>8,947,861</u>	<u>1,154,774</u>
Building and engineering division:				
Personnel services	3,510,542	3,575,107	3,267,589	307,518
Operating	1,162,284	1,220,749	1,121,495	99,254
Capital outlay	78,925	81,525	64,920	16,605
	<u>4,751,751</u>	<u>4,877,381</u>	<u>4,454,004</u>	<u>423,377</u>
<b>Total general government</b>	<b>14,314,097</b>	<b>14,980,016</b>	<b>13,401,865</b>	<b>1,578,151</b>
Public safety:				
Police department:				
Personnel services	37,051,332	37,058,747	35,422,388	1,636,359
Operating	6,771,760	6,901,745	6,256,201	645,544
Capital outlay	759,125	831,890	402,711	429,179
	<u>44,582,217</u>	<u>44,792,382</u>	<u>42,081,300</u>	<u>2,711,082</u>
Fire department:				
Personnel services	25,218,412	26,675,618	24,089,236	2,586,382
Operating	3,202,682	3,293,107	2,868,165	424,942
Capital outlay	350,981	356,481	55,766	300,715
	<u>28,772,075</u>	<u>30,325,206</u>	<u>27,013,167</u>	<u>3,312,039</u>
<b>Total public safety</b>	<b>73,354,292</b>	<b>75,117,588</b>	<b>69,094,467</b>	<b>6,023,121</b>

See notes to required supplementary information Budgetary Comparison Schedule

**Town of Davie, Florida**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**  
**(continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (continued):</b>				
Public works:				
Personnel services	4,362,269	4,525,749	4,275,400	250,349
Operating	<u>3,628,938</u>	<u>3,628,268</u>	<u>3,220,975</u>	<u>407,293</u>
Total public works	<u>7,991,207</u>	<u>8,154,017</u>	<u>7,496,375</u>	<u>657,642</u>
Parks, recreation and cultural arts:				
Personnel services	2,787,679	2,885,494	2,655,457	230,037
Operating	1,827,182	1,833,248	1,607,939	225,309
Capital outlay	<u>43,750</u>	<u>49,250</u>	<u>47,271</u>	<u>1,979</u>
Total parks, recreation and cultural arts	<u>4,658,611</u>	<u>4,767,992</u>	<u>4,310,667</u>	<u>457,325</u>
Non-departmental:				
Operating	<u>1,511,054</u>	<u>409,738</u>	<u>241,219</u>	<u>168,519</u>
Total non-departmental	<u>1,511,054</u>	<u>409,738</u>	<u>241,219</u>	<u>168,519</u>
Debt service:				
Principal	5,796,336	5,796,336	5,796,336	-
Interest and other fiscal charges	<u>1,099,483</u>	<u>1,099,479</u>	<u>1,097,799</u>	<u>1,680</u>
Total debt service	<u>6,895,819</u>	<u>6,895,815</u>	<u>6,894,135</u>	<u>1,680</u>
Total expenditures	<u>108,725,080</u>	<u>110,325,166</u>	<u>101,438,728</u>	<u>8,886,438</u>
Excess (deficiency) of revenues over expenditures	<u>2,010,324</u>	<u>2,468,875</u>	<u>12,281,987</u>	<u>9,813,112</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	2,398,819	7,049,420	-	(7,049,420)
Transfers out	<u>(4,409,143)</u>	<u>(9,518,295)</u>	<u>(9,512,001)</u>	<u>6,294</u>
Total other financing sources (uses)	<u>(2,010,324)</u>	<u>(2,468,875)</u>	<u>(9,512,001)</u>	<u>(7,043,126)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	2,769,986	\$ <u>2,769,986</u>
<b>Fund balance, beginning of year</b>			<u>54,047,468</u>	
<b>Fund balance, end of year</b>			\$ <u>56,817,454</u>	

See notes to required supplementary information Budgetary Comparison Schedule

**Town of Davie, Florida**  
**Community Endowment Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Franchise fees	\$ 100,000	\$ 100,000	\$ 100,035	\$ 35
Investment income	-	-	31,054	31,054
Miscellaneous	13,000	23,400	21,790	(1,610)
<b>Total revenues</b>	<b>113,000</b>	<b>123,400</b>	<b>152,879</b>	<b>29,479</b>
<b>Expenditures:</b>				
General government:				
General services department:				
Operating	151,249	151,249	146,659	4,590
<b>Total expenditures</b>	<b>151,249</b>	<b>151,249</b>	<b>146,659</b>	<b>4,590</b>
Excess (deficiency) of revenues over expenditures	(38,249)	(27,849)	6,220	34,069
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	38,249	27,849	-	(27,849)
<b>Total other financing sources (uses)</b>	<b>38,249</b>	<b>27,849</b>	<b>-</b>	<b>(27,849)</b>
Net change in fund balance	\$ -	\$ -	6,220	\$ 6,220
<b>Fund balance, beginning of year</b>			<b>265,013</b>	
<b>Fund balance, end of year</b>			<b>\$ 271,233</b>	

See notes to required supplementary information Budgetary Comparison Schedule

**Town of Davie, Florida**  
**Community Redevelopment Agency**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,702,765	\$ 1,702,765	\$ 1,713,968	\$ 11,203
Investment income	85,000	85,000	117,241	32,241
Miscellaneous	288,566	288,566	17	(288,549)
<b>Total revenues</b>	<b>2,076,331</b>	<b>2,076,331</b>	<b>1,831,226</b>	<b>(245,105)</b>
<b>Expenditures:</b>				
General government:				
General services department:				
Personnel services	320,792	371,836	240,365	131,471
Operating	1,811,410	1,760,366	1,176,930	583,436
Capital outlay	24,060,011	25,374,392	1,646,214	23,728,178
<b>Total general government</b>	<b>26,192,213</b>	<b>27,506,594</b>	<b>3,063,509</b>	<b>24,443,085</b>
Debt service:				
Principal	1,307,449	1,307,449	1,307,449	-
Interest and other fiscal charges	378,230	378,230	378,230	-
<b>Total debt service</b>	<b>1,685,679</b>	<b>1,685,679</b>	<b>1,685,679</b>	<b>-</b>
<b>Total expenditures</b>	<b>27,877,892</b>	<b>29,192,273</b>	<b>4,749,188</b>	<b>24,443,085</b>
Excess (deficiency) of revenues over expenditures	(25,801,561)	(27,115,942)	(2,917,962)	24,197,980
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	24,460,011	25,774,392	-	(25,774,392)
Transfers in	1,341,550	1,341,550	1,339,607	(1,943)
<b>Total other financing sources (uses)</b>	<b>25,801,561</b>	<b>27,115,942</b>	<b>1,339,607</b>	<b>(25,776,335)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,578,355)</b>	<b>\$ (1,578,355)</b>
<b>Fund balance, beginning of year</b>			<b>25,791,049</b>	
<b>Fund balance, end of year</b>			<b>\$ 24,212,694</b>	

See notes to required supplementary information Budgetary Comparison Schedule



**1. Budgets and Budgetary Accounting**

An annual appropriated budget is adopted for all governmental funds with the exception of the Capital Projects Fund. In September, formal public hearings are conducted to obtain taxpayers' comments. Prior to October 1, the budget is legally adopted.

Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

The legal level of control, the level at which expenditures may not exceed the budget, is at the department level. The Town Administrator is authorized to transfer budgeted amounts within line items of departments up to \$ 5,000. Transfers exceeding \$ 5,000 within a department, any budget amendments between departments or amendments that alter the budget in total must be approved by the Town Council. All unencumbered appropriations lapse at the end of the fiscal period.

The Town amended the budget for the General Fund for the year ended September 30, 2016, resulting in an increase in revenues of \$ 2,058,637, an increase in expenditures of \$ 1,600,086, and an increase in other financing sources (uses), net of \$ 458,551. The Town amended the budget for the Community Endowment Fund for the year ended September 30, 2016, resulting in an increase in revenues of \$ 10,400, and a decrease in other financing sources (uses), net of \$ 10,400. The Town amended the budget for the Community Redevelopment Agency Fund for the year ended September 30, 2016, resulting in an increase in expenditures of \$ 1,314,381, and an increase in other financing sources (uses), net of \$ 1,314,381.

For the year ended September 30, 2016, expenditures did not exceed appropriations in any department within the General Fund, Community Endowment Fund or the Community Redevelopment Agency Fund.

**2. Explanation of Differences Between – Budget to Actual and Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Special Revenue Funds)**

Total revenues, per budget and actual, Page 98	\$ 643,874
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Amounts reported for budget to actual are different because:

Revenues in the Town's State Housing Initiative Partnership are reported in the Community Development Block Grant for budgetary purposes but in the State Housing Initiative Partnership for the purpose of the Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds

State Housing Initiative Partnership Fund Revenues	(121,428)
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Total revenues, per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds, Page 97	\$ <u>522,446</u>
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Total expenditures, per budget and actual, Page 98	\$ 609,023
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Amounts reported for budget to actual are different because:

Expenditures in the Town's State Housing Initiative Partnership are reported in the Community Development Block Grant for budgetary purposes but in the State Housing Initiative Partnership for the purpose of the Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds

State Housing Initiative Partnership Fund Expenditures	(121,428)
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Total expenditures, per the Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds, Page 97	\$ <u>487,595</u>
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**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension (Asset) Liability and Related Ratios**  
**Firefighters' Pension Plan**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 3,763,362	\$ 3,662,229	\$ 4,492,271
Expected interest growth	7,880,847	7,534,708	6,644,317
Differences between expected and actual experience	(1,334,314)	2,896,606	-
Changes of assumptions	1,123,055	(12,277,911)	-
Benefit payments, including refunds of member contributions	<u>(5,231,413)</u>	<u>(4,807,524)</u>	<u>(3,462,249)</u>
<b>Net change in total pension liability</b>	6,201,537	(2,991,892)	7,674,339
<b>Total pension liability - beginning</b>	<u>104,141,562</u>	<u>107,133,454</u>	<u>99,459,115</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 110,343,099</u>	<u>\$ 104,141,562</u>	<u>\$ 107,133,454</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 3,892,289	\$ 4,216,386	\$ 4,036,070
Contributions - members	1,102,176	1,060,367	1,122,208
Contributions - state	919,987	984,329	966,799
Net investment income (loss)	8,278,023	848,808	7,424,391
Benefit payments, including refunds of member contributions	(5,231,413)	(4,807,524)	(3,462,249)
Administrative expenses	<u>(148,650)</u>	<u>(144,044)</u>	<u>(126,638)</u>
<b>Net change in plan fiduciary net position</b>	<u>8,812,412</u>	<u>2,158,322</u>	<u>9,960,581</u>
<b>Plan fiduciary net position - beginning</b>	<u>78,752,749</u>	<u>76,594,427</u>	<u>66,633,846</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 87,565,161</u>	<u>\$ 78,752,749</u>	<u>\$ 76,594,427</u>
<b>Town's net pension (asset) liability-ending (A) - (B)</b>	<u>\$ 22,777,938</u>	<u>\$ 25,388,813</u>	<u>\$ 30,539,027</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	79.36%	75.62%	71.49%
<b>Covered-employee payroll</b>	\$ 10,897,416	\$ 12,095,009	\$ 12,085,728
<b>Town's net pension (asset) liability as percentage of covered-employee payroll</b>	209.02%	209.91%	252.69%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in Net Position (Asset) Liability and Related Ratios**  
**Police Employees' Pension Plan**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 4,172,243	\$ 4,080,569	\$ 3,065,753
Expected interest growth	11,090,225	10,820,739	10,387,808
Differences between expected and actual experience	229,588	(698,115)	-
Changes of assumptions	-	21,912,756	-
Benefit payments, including refunds of member contributions	<u>(6,691,573)</u>	<u>(7,246,724)</u>	<u>(5,771,558)</u>
<b>Net change in total pension liability</b>	8,800,483	28,869,225	7,682,003
<b>Total pension liability - beginning</b>	<u>149,651,598</u>	<u>120,782,373</u>	<u>113,100,370</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 158,452,081</u>	<u>\$ 149,651,598</u>	<u>\$ 120,782,373</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 5,672,500	\$ 5,797,600	\$ 5,503,045
Contributions - state	858,749	784,261	747,469
Contributions - members	1,359,147	1,128,753	1,670,986
Contributions - buy back	365,598	256,789	-
DROP account	221,440	106,274	-
Net investment income (loss)	10,696,539	844,685	9,398,648
Benefit payments, including refunds of member contributions	<u>(6,691,573)</u>	<u>(7,246,724)</u>	<u>(5,771,558)</u>
Administrative expenses	<u>(192,512)</u>	<u>(152,164)</u>	<u>(171,358)</u>
<b>Net change in plan fiduciary net position</b>	12,289,888	1,519,474	11,377,232
<b>Plan fiduciary net position - beginning</b>	<u>121,246,764</u>	<u>119,727,290</u>	<u>108,350,058</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 133,536,652</u>	<u>\$ 121,246,764</u>	<u>\$ 119,727,290</u>
<b>Town's net pension (asset) liability- ending (A) - (B)</b>	<u>\$ 24,915,429</u>	<u>\$ 28,404,834</u>	<u>\$ 1,055,083</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	84.28%	81.02%	99.13%
<b>Covered-employee payroll</b>	\$ 14,068,195	\$ 13,411,960	\$ 13,916,944
<b>Town's net pension (asset) liability as percentage of covered-employee payroll</b>	177.10%	211.79%	7.58%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Changes in Net Position (Asset) Liability and Related Ratios**  
**Management and General Employees' Pension Plan**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 2,927,750	\$ 1,955,824	\$ 2,250,901
Expected interest growth	3,100,243	4,028,736	3,255,473
Demographics experience	(972,917)	(449,761)	-
Change of assumptions	12,806,161	(5,257,095)	-
Benefit payments, including refunds of member contributions	<u>(1,400,451)</u>	<u>(1,298,996)</u>	<u>(1,154,833)</u>
<b>Net change in total pension liability</b>	16,460,786	(1,021,292)	4,351,541
<b>Total pension liability - beginning</b>	<u>42,027,610</u>	<u>43,048,902</u>	<u>38,697,361</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 58,488,396</u>	<u>\$ 42,027,610</u>	<u>\$ 43,048,902</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 2,951,697	\$ 2,885,279	\$ 3,388,803
Contributions - members	417,945	363,834	204,808
Net investment income (loss)	4,102,297	(31,289)	3,755,706
Benefit payments, including refunds of member contributions	(1,415,811)	(1,242,993)	(1,223,456)
Administrative expenses	<u>(98,335)</u>	<u>(112,831)</u>	<u>(98,690)</u>
<b>Net change in plan fiduciary net position</b>	<u>5,957,793</u>	<u>1,862,000</u>	<u>6,027,171</u>
<b>Plan fiduciary net position - beginning</b>	<u>49,091,985</u>	<u>47,229,985</u>	<u>41,202,814</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 55,049,778</u>	<u>\$ 49,091,985</u>	<u>\$ 47,229,985</u>
<b>Town's net pension (asset) liability- ending (A) - (B)</b>	<u>\$ 3,438,618</u>	<u>\$ (7,064,375)</u>	<u>\$ (4,181,083)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.12%	116.81%	109.71%
<b>Covered-employee payroll</b>	\$ 14,841,440	\$ 13,954,054	\$ 12,904,184
<b>Town's net pension (asset) liability as percentage of covered-employee payroll</b>	23.17%	-50.63%	-32.40%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Town Contributions**  
**Firefighters' Pension Plan**  
**(Dollar Amounts in Thousands)**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 4,740	\$ 5,076	\$ 4,892	\$ 4,964	\$ 4,661	\$ 4,488	\$ 4,187	\$ 4,114	\$ 3,621	\$ 2,872
Contributions in relation to the actuarially determined contribution	<u>4,740</u>	<u>5,076</u>	<u>4,892</u>	<u>4,964</u>	<u>4,661</u>	<u>4,488</u>	<u>4,187</u>	<u>4,114</u>	<u>3,621</u>	<u>2,872</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 10,906	\$ 12,095	\$ 11,510	\$ 11,259	\$ 10,709	\$ 10,555	\$ 10,646	\$ 10,131	\$ 9,233	\$ 7,360
Contributions as a percentage of covered-employee payroll	43.5%	42.0%	42.5%	44.1%	43.5%	42.5%	39.3%	40.6%	39.2%	39.0%

Notes to Schedule:

Valuation date: October 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age-Normal.
Asset valuation method	The deviations between the actual and expected return on assets are phased-in at the rate of 25% per year. The actuarial value is limited to be within the corridor of 80% to 120% of the market value of assets.
Amortization method	Layered amortization.
Remaining amortization period	30 years.
Investment rate of return	7.70%, net of pension investment expense.
Projected salary increases	5.75%
Inflation	3.00%
Retirement rates	Ranging from 20 years of service at 50% to 25 years of service or more at 100%.
Mortality	Mortality rates are calculated with the 1983 Group Annuity Mortality Table with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.
Changes from most recent valuation	None

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Town Contributions**  
**Police Employees' Pension Plan**  
**(Dollar Amounts in Thousands)**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 6,419	\$ 6,361	\$ 6,250	\$ 6,347	\$ 6,847	\$ 6,183	\$ 6,110	\$ 5,594	\$ 4,645	\$ 4,542
Contributions in relation to the actuarially determined contribution	<u>6,419</u>	<u>6,361</u>	<u>6,250</u>	<u>6,347</u>	<u>6,847</u>	<u>6,183</u>	<u>6,110</u>	<u>5,594</u>	<u>4,645</u>	<u>4,542</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,068	\$ 13,412	\$ 13,917	\$ 13,014	\$ 13,006	\$ 11,618	\$ 12,106	\$ 11,177	\$ 10,591	\$ 11,999
Contributions as a percentage of covered-employee payroll	45.63%	47.43%	44.91%	48.77%	52.64%	53.22%	50.47%	50.05%	43.86%	37.85%

Notes to Schedule:

Valuation date: October 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age-Normal, Level Percent.
Asset valuation method	Determined by smoothing the difference between the actual investment earnings and assumed investment return over three years (limited to between 80% and 120% of the market value).
Amortization method	Layered amortization.
Remaining amortization period	30 years.
Investment rate of return	7.60%, net of pension investment expense.
Projected salary increases	5.50%
Inflation	3.00%
Retirement rates	Ranging from 20 years of service at 65% to 25 years of service or more at 100%.
Mortality	Mortality rates are calculated with the RP-2000 Mortality Table with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.
Changes from most recent valuation	None

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Town Contributions**  
**Management and General Employees' Pension Plan**  
**(Dollar Amounts in Thousands)**  
**(Unaudited)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 3,091	\$ 3,062	\$ 3,007	\$ 3,583	\$ 3,592	\$ 3,488	\$ 3,329	\$ 2,501	\$ 2,697	\$ 2,137
Contributions in relation to the actuarially determined contribution	<u>2,936</u>	<u>2,873</u>	<u>3,389</u>	<u>3,689</u>	<u>3,592</u>	<u>3,488</u>	<u>3,329</u>	<u>2,501</u>	<u>2,697</u>	<u>2,137</u>
Contribution deficiency (excess)	<u>\$ (155)</u>	<u>\$ (189)</u>	<u>\$ 382</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,841	\$ 13,954	\$ 12,904	\$ 13,169	\$ 13,685	\$ 11,472	\$ 11,358	\$ 11,495	\$ 11,136	\$ 10,039
Contributions as a percentage of covered-employee payroll	19.78%	20.59%	26.26%	28.01%	26.25%	30.40%	29.31%	21.76%	24.22%	21.29%

Notes to Schedule:

Valuation date: October 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Cost Method.
Asset valuation method	Market value of assets, adjusted to reflect a five-year phase-in of the net investment appreciation.
Amortization method	Level dollar, open.
Remaining amortization period	30 years.
Investment rate of return	7.50%, net of pension investment expense.
Projected salary increases	4.00%
Inflation	2.92%
Retirement rates	In general, for participants with a normal retirement age prior to age 60, 70% are assumed to retire at normal retirement age, 10% are assumed to retire each of the next five years, and 100% are assumed to retire six years after normal retirement age.
Mortality	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service (IRS) for purposes of the Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected.
Changes from most recent valuation	None

**Town of Davie, Florida  
Required Supplementary Information  
Schedule of Investment Returns  
Firefighters' Pension Plan  
(Unaudited)**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.30%	1.00%	10.70%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*



**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Investment Returns**  
**Police Employees' Pension Plan**  
**(Unaudited)**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	9.19%	0.50%	9.10%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedule of Investments Returns**  
**Management and General Employees' Pension Plan**  
**(Unaudited)**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	8.11%	-0.05%	8.55%

*Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years for which the information is available.*

**Town of Davie, Florida**  
**Required Supplementary Information**  
**Schedules of Funding Progress and**  
**Employer Contributions**  
**Other Post - Employment Benefits (OPEB)**  
**(Unaudited)**

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**Schedule of Funding Progress:**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)-(b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Annual Covered Payroll (b-a)/(c)</u>
January 1, 2008	\$ -	\$ 668,000	\$ 668,000	0.0%	\$ 35,515,000	1.9%
October 1, 2009	\$ 1,194,000	\$ 493,000	\$ (701,000)	242.2%	\$ 23,259,000	(3.0%)
October 1, 2012	\$ 1,519,000	\$ 538,000	\$ (981,000)	282.3%	\$ 38,001,000	(2.6%)
October 1, 2014	\$ 1,830,000	\$ 570,000	\$ (1,260,000)	321.1%	\$ 40,653,000	(3.1%)
July 1, 2016	\$ 1,914,000	\$ 1,088,000	\$ (826,000)	175.9%	\$ 43,970,000	(1.9%)

**Schedule of Employer Contributions:**

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2011	\$ (37,000)	N/A
2012	\$ (68,000)	N/A
2013	\$ (90,000)	N/A
2014	\$ (112,000)	N/A
2015	\$ (124,000)	N/A
2016	\$ (42,000)	N/A

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## OTHER FINANCIAL INFORMATION



# Special Revenue Funds

Special Revenue Funds are used to account for funds received with specific restrictions on how the funds should be spent.

**Community Development Block Grant** - This fund accounts for revenue received mainly from the U.S. Department of Housing and Urban Development. The revenue is restricted to accomplish the various objectives of the Community Development Block Grant Program.

**State Housing Initiative Partnership (SHIP) Fund** – This fund accounts for funds provided from the State Housing Initiative Partnership (SHIP) Act, for the production, acquisition and rehabilitation of affordable housing for low and moderate income households.

**Parks and Open Space Impact Fees** - This Fund is used to account for the activities of the Town's impact fees received for its parks and recreational facilities.

**Fire Impact Fees** - This Fund is used to account for the activities of the Town's impact fees relating to its public safety – fire department.

**Police Impact Fees** - This Fund is used to account for the activities of the Town's impact fees relating to its public safety - police department.

**Forfeitures** - This Fund is used to account for the revenue and expenses from State and Federal forfeitures that the Town receives from various law enforcement agencies.

**General Government Impact Fees** - This Fund is used to account for the activities of the Town's impact fees relating to its general government departments.

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**Town of Davie, Florida**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**September 30, 2016**

	Special Revenue Funds						General Government Impact Fees	Total Nonmajor Governmental Funds
	Community Development Block Grant	State Housing Initiative Partnership	Parks and Open Space Impact Fees	Fire Impact Fees	Police Impact Fees	Forfeitures		
<b>Assets:</b>								
Cash, cash equivalents and investments	\$ 188,129	\$ 733,157	\$ 2,165,976	\$ 581,516	\$ 277,132	\$ 1,190,947	\$ 392,264	\$ 5,529,121
Due from other governments	85,025	-	-	-	-	-	-	85,025
Total assets	<u>\$ 273,154</u>	<u>\$ 733,157</u>	<u>\$ 2,165,976</u>	<u>\$ 581,516</u>	<u>\$ 277,132</u>	<u>\$ 1,190,947</u>	<u>\$ 392,264</u>	<u>\$ 5,614,146</u>
<b>Liabilities:</b>								
Accounts payable and accrued liabilities	\$ 7,018	\$ -	\$ 22,990	\$ -	\$ -	\$ 202,015	\$ -	\$ 232,023
Unearned revenues	-	733,157	-	-	-	-	-	733,157
Total liabilities	<u>7,018</u>	<u>733,157</u>	<u>22,990</u>	<u>-</u>	<u>-</u>	<u>202,015</u>	<u>-</u>	<u>965,180</u>
<b>Deferred Inflows of Resources:</b>								
Unavailable revenue - intergovernmental	9,849	-	-	-	-	-	-	9,849
Total deferred inflows of resources	<u>9,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,849</u>
<b>Fund Balances:</b>								
Restricted for:								
Community development projects and services	256,287	-	-	-	-	-	-	256,287
Parks and recreation - parks and open space	-	-	2,142,986	-	-	-	-	2,142,986
Public safety - fire	-	-	-	581,516	-	-	-	581,516
Public safety - police	-	-	-	-	277,132	988,932	-	1,266,064
General government activities	-	-	-	-	-	-	392,264	392,264
Total fund balances	<u>256,287</u>	<u>-</u>	<u>2,142,986</u>	<u>581,516</u>	<u>277,132</u>	<u>988,932</u>	<u>392,264</u>	<u>4,639,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 273,154</u>	<u>\$ 733,157</u>	<u>\$ 2,165,976</u>	<u>\$ 581,516</u>	<u>\$ 277,132</u>	<u>\$ 1,190,947</u>	<u>\$ 392,264</u>	<u>\$ 5,614,146</u>

**Town of Davie, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2016**

	Special Revenue Funds						General Government Impact Fees	Total Nonmajor Governmental Funds
	Community Development Block Grant	State Housing Initiative Partnership	Parks and Open Space Impact Fees	Fire Impact Fees	Police Impact Fees	Forfeitures		
<b>Revenues:</b>								
Intergovernmental	\$ 507,446	\$ 121,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,874
Charges for services	15,000	-	180,357	357,949	261,223	-	173,819	988,348
Fines and forfeitures	-	-	-	-	-	300,750	-	300,750
Investment income	-	-	-	-	-	3,033	-	3,033
<b>Total revenues</b>	<b>522,446</b>	<b>121,428</b>	<b>180,357</b>	<b>357,949</b>	<b>261,223</b>	<b>303,783</b>	<b>173,819</b>	<b>1,921,005</b>
<b>Expenditures:</b>								
General government:								
General services department:								
Personnel services	79,017	7,821	-	-	-	-	-	86,838
Operating	44,906	113,607	-	-	-	-	-	158,513
Capital outlay	363,672	-	-	-	-	-	-	363,672
<b>Total general government</b>	<b>487,595</b>	<b>121,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>609,023</b>
Public safety:								
Police department:								
Operating	-	-	-	-	-	137,154	-	137,154
Capital outlay	-	-	-	-	23,996	-	-	23,996
<b>Total police department</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,996</b>	<b>137,154</b>	<b>-</b>	<b>161,150</b>
Fire department:								
Capital outlay	-	-	-	26,713	-	-	-	26,713
<b>Total fire department</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,713</b>
<b>Total public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,713</b>	<b>23,996</b>	<b>137,154</b>	<b>-</b>	<b>187,863</b>
Parks, recreation and cultural arts:								
Capital outlay	-	-	52,916	-	-	-	-	52,916
<b>Total parks, recreation and cultural arts</b>	<b>-</b>	<b>-</b>	<b>52,916</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,916</b>
<b>Total expenditures</b>	<b>487,595</b>	<b>121,428</b>	<b>52,916</b>	<b>26,713</b>	<b>23,996</b>	<b>137,154</b>	<b>-</b>	<b>849,802</b>
Excess (deficiency) of revenues over expenditures	34,851	-	127,441	331,236	237,227	166,629	173,819	1,071,203
<b>Other Financing Sources (Uses):</b>								
Transfers out	-	-	-	-	(170,690)	-	-	(170,690)
<b>Net change in fund balances</b>	<b>34,851</b>	<b>-</b>	<b>127,441</b>	<b>331,236</b>	<b>66,537</b>	<b>166,629</b>	<b>173,819</b>	<b>900,513</b>
<b>Fund Balances, beginning of year</b>	<b>221,436</b>	<b>-</b>	<b>2,015,545</b>	<b>250,280</b>	<b>210,595</b>	<b>822,303</b>	<b>218,445</b>	<b>3,738,604</b>
<b>Fund Balances, end of year</b>	<b>\$ 256,287</b>	<b>\$ -</b>	<b>\$ 2,142,986</b>	<b>\$ 581,516</b>	<b>\$ 277,132</b>	<b>\$ 988,932</b>	<b>\$ 392,264</b>	<b>\$ 4,639,117</b>

**Town of Davie, Florida**  
**Community Development Block Grant**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Intergovernmental	\$ 1,690,807	\$ 1,706,434	\$ 628,874	\$ (1,077,560)
Charges for services	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total revenues	<u>1,690,807</u>	<u>1,721,434</u>	<u>643,874</u>	<u>(1,077,560)</u>
<b>Expenditures:</b>				
General government:				
General services department:				
Personnel services	107,641	109,081	86,838	22,243
Operating	827,352	856,539	158,513	698,026
Capital outlay	<u>755,814</u>	<u>755,814</u>	<u>363,672</u>	<u>392,142</u>
Total expenditures	<u>1,690,807</u>	<u>1,721,434</u>	<u>609,023</u>	<u>1,112,411</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	34,851	\$ <u><u>34,851</u></u>
Fund balance, beginning of year			<u>221,436</u>	
Fund balance, end of year			\$ <u><u>256,287</u></u>	

**Town of Davie, Florida**  
**Parks and Open Space Impact Fees**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 180,357	\$ 80,357
Total revenues	100,000	100,000	180,357	80,357
<b>Expenditures:</b>				
Parks, recreation and cultural arts:				
Capital outlay	1,989,731	1,989,731	52,916	1,936,815
Total expenditures	1,989,731	1,989,731	52,916	1,936,815
Excess (deficiency) of revenues over expenditures	(1,889,731)	(1,889,731)	127,441	2,017,172
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	1,889,731	1,889,731	-	(1,889,731)
Total other financing sources (uses)	1,889,731	1,889,731	-	(1,889,731)
Net change in fund balance	\$ -	\$ -	127,441	\$ 127,441
<b>Fund balance, beginning of year</b>			2,015,545	
<b>Fund balance, end of year</b>			\$ 2,142,986	

**Town of Davie, Florida**  
**Fire Impact Fees**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ <u>100,000</u>	\$ <u>100,000</u>	\$ <u>357,949</u>	\$ <u>257,949</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>357,949</u>	<u>257,949</u>
<b>Expenditures:</b>				
Public safety:				
Fire department:				
Operating	100,000	100,000	-	100,000
Capital outlay	<u>103,898</u>	<u>95,988</u>	<u>26,713</u>	<u>69,275</u>
Total expenditures	<u>203,898</u>	<u>195,988</u>	<u>26,713</u>	<u>169,275</u>
Excess (deficiency) of revenues over expenditures	<u>(103,898)</u>	<u>(95,988)</u>	<u>331,236</u>	<u>427,224</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>103,898</u>	<u>95,988</u>	<u>-</u>	<u>(95,988)</u>
Total other financing sources (uses)	<u>103,898</u>	<u>95,988</u>	<u>-</u>	<u>(95,988)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	<u>331,236</u>	\$ <u><u>331,236</u></u>
<b>Fund balance, beginning of year</b>			<u>250,280</u>	
<b>Fund balance, end of year</b>			\$ <u><u>581,516</u></u>	

**Town of Davie, Florida**  
**Police Impact Fees**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 75,000	\$ 75,000	\$ 261,223	\$ 186,223
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>261,223</u>	<u>186,223</u>
<b>Expenditures:</b>				
Public safety:				
Police department:				
Operating	75,000	75,000	-	75,000
Capital outlay	<u>26,200</u>	<u>26,200</u>	<u>23,996</u>	<u>2,204</u>
Total expenditures	<u>101,200</u>	<u>101,200</u>	<u>23,996</u>	<u>77,204</u>
Excess (deficiency) of revenues over expenditures	<u>(26,200)</u>	<u>(26,200)</u>	<u>237,227</u>	<u>263,427</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	201,200	201,200	-	(201,200)
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>(170,690)</u>	<u>4,310</u>
Total other financing sources (uses)	<u>26,200</u>	<u>26,200</u>	<u>(170,690)</u>	<u>(196,890)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	66,537	\$ <u>66,537</u>
<b>Fund balance, beginning of year</b>			<u>210,595</u>	
<b>Fund balance, end of year</b>			\$ <u><u>277,132</u></u>	

**Town of Davie, Florida**  
**Forfeitures**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines and forfeitures	\$ -	\$ -	\$ 300,750	\$ 300,750
Investment income	-	-	3,033	3,033
Total revenues	-	-	303,783	303,783
<b>Expenditures:</b>				
Public safety:				
Police department:				
Operating	143,500	158,500	137,154	21,346
Total expenditures	143,500	158,500	137,154	21,346
Excess (deficiency) of revenues over expenditures	(143,500)	(158,500)	166,629	325,129
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	143,500	158,500	-	(158,500)
Total other financing sources (uses)	143,500	158,500	-	(158,500)
Net change in fund balance	\$ -	\$ -	166,629	\$ 166,629
Fund balance, beginning of year			822,303	
Fund balance, end of year			\$ 988,932	

**Town of Davie, Florida**  
**General Government Impact Fees**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Charges for services	\$ 40,000	\$ 40,000	\$ 173,819	\$ 133,819
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>173,819</u>	<u>133,819</u>
<b>Expenditures:</b>				
General government:				
General services department:				
Operating	40,000	40,000	-	40,000
Capital outlay	<u>26,000</u>	<u>56,000</u>	<u>-</u>	<u>56,000</u>
Total expenditures	<u>66,000</u>	<u>96,000</u>	<u>-</u>	<u>96,000</u>
Excess (deficiency) of revenues over expenditures	<u>(26,000)</u>	<u>(56,000)</u>	<u>173,819</u>	<u>229,819</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	<u>26,000</u>	<u>56,000</u>	<u>-</u>	<u>(56,000)</u>
Total other financing sources (uses)	<u>26,000</u>	<u>56,000</u>	<u>-</u>	<u>(56,000)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	173,819	\$ <u><u>173,819</u></u>
<b>Fund balance, beginning of year</b>			<u>218,445</u>	
<b>Fund balance, end of year</b>			\$ <u><u>392,264</u></u>	



## Internal Service Funds

Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Vehicle Maintenance** - This fund is used to accumulate the costs of operating a central garage facility for vehicle and equipment maintenance.

**Self-Insurance** - This fund is used to account for and finance the Town's insured and uninsured risks of loss.

**Information Technology** - This fund is used to account for the accumulation of capital and distribution of costs associated with the acquisition and maintenance of information systems equipment.

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**Town of Davie, Florida**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2016**

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Assets:</b>				
Current assets:				
Cash, cash equivalents and investments	\$ 6,635,005	\$ 10,117,059	\$ 1,729,225	\$ 18,481,289
Receivables, net of allowance for uncollectibles	110,542	121,610	710	232,862
Prepaid items	-	175,955	158,023	333,978
Inventories	50,176	-	-	50,176
	<u>6,795,723</u>	<u>10,414,624</u>	<u>1,887,958</u>	<u>19,098,305</u>
Total current assets				
<b>Noncurrent assets:</b>				
Capital assets:				
Building and improvements	1,975,941	-	-	1,975,941
Machinery, equipment and vehicles	13,400,261	-	4,937,519	18,337,780
Less accumulated depreciation	<u>(10,731,601)</u>	<u>-</u>	<u>(4,139,285)</u>	<u>(14,870,886)</u>
	<u>4,644,601</u>	<u>-</u>	<u>798,234</u>	<u>5,442,835</u>
Total noncurrent assets				
Total assets	<u>11,440,324</u>	<u>10,414,624</u>	<u>2,686,192</u>	<u>24,541,140</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	666,711	15,775	183,181	865,667
Insurance claims payable	-	<u>2,862,117</u>	-	<u>2,862,117</u>
	<u>666,711</u>	<u>2,877,892</u>	<u>183,181</u>	<u>3,727,784</u>
Total current liabilities				
Total liabilities	<u>666,711</u>	<u>2,877,892</u>	<u>183,181</u>	<u>3,727,784</u>
<b>Net Position:</b>				
Net investment in capital assets	4,644,601	-	798,234	5,442,835
Unrestricted	<u>6,129,012</u>	<u>7,536,732</u>	<u>1,704,777</u>	<u>15,370,521</u>
Total net position	<u>\$ 10,773,613</u>	<u>\$ 7,536,732</u>	<u>\$ 2,503,011</u>	<u>\$ 20,813,356</u>

**Town of Davie, Florida**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended September 30, 2016**

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Operating revenues:</b>				
Charges for services	\$ 4,233,919	\$ 14,196,212	\$ 3,390,421	\$ 21,820,552
<b>Operating expenses:</b>				
Personnel services	85,539	95,350	1,414,973	1,595,862
Maintenance	2,405,790	15,844	689,360	3,110,994
Insurance	469,795	2,861,968	-	3,331,763
Claims and other fees	-	10,171,201	-	10,171,201
Administration	-	1,492,762	-	1,492,762
Depreciation	1,128,191	-	267,427	1,395,618
Total operating expenses	<u>4,089,315</u>	<u>14,637,125</u>	<u>2,371,760</u>	<u>21,098,200</u>
Operating income (loss)	<u>144,604</u>	<u>(440,913)</u>	<u>1,018,661</u>	<u>722,352</u>
<b>Nonoperating revenues (expenses):</b>				
Other income	<u>128,076</u>	<u>-</u>	<u>12,560</u>	<u>140,636</u>
Total nonoperating revenues (expenses)	<u>128,076</u>	<u>-</u>	<u>12,560</u>	<u>140,636</u>
Income (loss) before transfers	<u>272,680</u>	<u>(440,913)</u>	<u>1,031,221</u>	<u>862,988</u>
<b>Transfers:</b>				
Transfers from other funds	<u>254,735</u>	<u>-</u>	<u>-</u>	<u>254,735</u>
Total transfers	<u>254,735</u>	<u>-</u>	<u>-</u>	<u>254,735</u>
Change in net position	527,415	(440,913)	1,031,221	1,117,723
<b>Net position, beginning of year</b>	<u>10,246,198</u>	<u>7,977,645</u>	<u>1,471,790</u>	<u>19,695,633</u>
<b>Net position, end of year</b>	<u>\$ 10,773,613</u>	<u>\$ 7,536,732</u>	<u>\$ 2,503,011</u>	<u>\$ 20,813,356</u>

**Town of Davie, Florida**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended September 30, 2016**

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from interfund charges	\$ 4,133,725	\$ 14,196,670	\$ 3,389,711	\$ 21,720,106
Payments to suppliers and service providers	(2,719,328)	(14,284,931)	(795,519)	(17,799,778)
Payments to employees	(87,309)	(95,384)	(1,389,446)	(1,572,139)
Other receipts	128,076	-	12,560	140,636
	<u>1,455,164</u>	<u>(183,645)</u>	<u>1,217,306</u>	<u>2,488,825</u>
Net cash provided by (used in) operating activities				
<b>Cash Flows from Non Capital Financing Activities:</b>				
Transfers from other funds	254,735	-	-	254,735
	<u>254,735</u>	<u>-</u>	<u>-</u>	<u>254,735</u>
Net cash provided by (used in) non capital financing activities				
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from disposition of capital assets	29,041	-	-	29,041
Acquisition and construction of capital assets, net	(1,222,346)	-	(548,163)	(1,770,509)
	<u>(1,193,305)</u>	<u>-</u>	<u>(548,163)</u>	<u>(1,741,468)</u>
Net cash provided by (used in) capital and related financing activities				
Net increase (decrease) in cash, cash equivalents and investments	<u>516,594</u>	<u>(183,645)</u>	<u>669,143</u>	<u>1,002,092</u>
Cash, cash equivalents and investments, beginning of year	<u>6,118,411</u>	<u>10,300,704</u>	<u>1,060,082</u>	<u>17,479,197</u>
Cash, cash equivalents and investments, end of year	<u>\$ 6,635,005</u>	<u>\$ 10,117,059</u>	<u>\$ 1,729,225</u>	<u>\$ 18,481,289</u>

**Town of Davie, Florida**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**(continued)**  
**For the Year Ended September 30, 2016**

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Information Technology</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ <u>144,604</u>	\$ <u>(440,913)</u>	\$ <u>1,018,661</u>	\$ <u>722,352</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Other operating revenues	128,076	-	12,560	140,636
Depreciation	1,128,191	-	267,427	1,395,618
(Increase) decrease in assets:				
Receivables, net	(100,194)	458	(710)	(100,446)
Prepaid items	-	24,045	(71,584)	(47,539)
Inventories	71	-	-	71
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	154,416	(6,278)	(9,048)	139,090
Insurance claims payable	<u>-</u>	<u>239,043</u>	<u>-</u>	<u>239,043</u>
Total adjustments	<u>1,310,560</u>	<u>257,268</u>	<u>198,645</u>	<u>1,766,473</u>
Net cash provided by (used in) operating activities	\$ <u><u>1,455,164</u></u>	\$ <u><u>(183,645)</u></u>	\$ <u><u>1,217,306</u></u>	\$ <u><u>2,488,825</u></u>

# Fiduciary Funds

Fiduciary trust funds are used to account for assets held by the government in a trustee capacity.

**Firefighters' Pension** - This fund is used to account for the accumulation of resources for pension benefit payments to qualified firefighter employees of the Town of Davie.

**Police Employees' Pension** - This fund is used to account for the accumulation of resources for pension benefit payments to qualified police employees of the Town of Davie.

**Management and General Employees' Pension** - The management and General Employees' Plan is maintained to for the benefit of employees that are not represented under any other pension plan.

**OPEB Trust** - This fund accounts for the accumulation of resources to be used for other post-employment health care benefits of the Town's retired employees.

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**Town of Davie, Florida**  
**Fiduciary Funds**  
**Combining Statement of Net Position**  
**September 30, 2016**

	<u>Firefighters' Pension</u>	<u>Police Employees' Pension</u>	<u>Management and General Employees' Pension</u>	<u>OPEB Trust</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 573,428	\$ 2,773,306	\$ 440,399	\$ 29,459	\$ 3,816,592
Investments, at fair value:					
Equity securities	47,400,959	34,257,098	-	-	81,658,057
Domestic equity funds	-	28,668,765	27,524,889	974,111	57,167,765
Real estate funds	14,073,918	16,679,186	-	-	30,753,104
International equity funds	7,611,334	11,430,932	5,394,878	202,285	24,639,429
Fixed income funds	-	-	21,689,612	758,078	22,447,690
United States agency securities	10,626,903	11,173,648	-	-	21,800,551
United States treasuries	3,112,236	7,309,121	-	-	10,421,357
Mortgage-backed securities	-	12,057,529	-	-	12,057,529
Corporate bonds/debt securities	2,939,780	8,235,665	-	-	11,175,445
DROP mutual funds	3,725,322	-	-	-	3,725,322
Receivables:					
Interest and dividends	49,674	131,632	-	-	181,306
Contributions from members	43,229	49,517	-	-	92,746
Contributions from the State of Florida	919,987	-	-	-	919,987
Securities sold	81,552	563,838	-	-	645,390
Prepaid expenses	-	475,742	-	-	475,742
<b>Total assets</b>	<b><u>91,158,322</u></b>	<b><u>133,805,979</u></b>	<b><u>55,049,778</u></b>	<b><u>1,963,933</u></b>	<b><u>281,978,012</u></b>
<b>Liabilities:</b>					
Accounts payable	35,415	105,051	-	-	140,466
Payable for securities purchased	155,658	164,276	-	-	319,934
Prepaid contributions	3,402,088	-	-	-	3,402,088
<b>Total liabilities</b>	<b><u>3,593,161</u></b>	<b><u>269,327</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,862,488</u></b>
<b>Net Position:</b>					
Net position restricted for pensions	87,565,161	133,536,652	55,049,778	-	276,151,591
Net position restricted for other post-employment benefits	-	-	-	1,963,933	1,963,933
<b>Total net position</b>	<b><u>\$ 87,565,161</u></b>	<b><u>\$ 133,536,652</u></b>	<b><u>\$ 55,049,778</u></b>	<b><u>\$ 1,963,933</u></b>	<b><u>\$ 278,115,524</u></b>

**Town of Davie, Florida**  
**Fiduciary Funds**  
**Combining Statement of Changes in Net Position**  
**For the Year Ended September 30, 2016**

	<u>Firefighters' Pension</u>	<u>Police Employees' Pension</u>	<u>Management and General Employees' Pension</u>	<u>OPEB Trust</u>	<u>Total</u>
<b>Additions:</b>					
Contributions:					
Employer	\$ 3,892,289	\$ 5,672,500	\$ 2,951,697	\$ -	\$ 12,516,486
Plan members	1,102,176	1,359,147	417,945	-	2,879,268
Buy back	-	365,598	-	-	365,598
DROP account	-	221,440	-	-	221,440
State of Florida	919,987	858,749	-	-	1,778,736
<b>Total contributions</b>	<u>5,914,452</u>	<u>8,477,434</u>	<u>3,369,642</u>	<u>-</u>	<u>17,761,528</u>
Investment income:					
Net appreciation (depreciation) in fair value of investments	6,236,990	8,359,333	4,102,297	146,546	18,845,166
Interest and dividends, net	2,366,536	2,798,089	-	-	5,164,625
<b>Total investment income</b>	<u>8,603,526</u>	<u>11,157,422</u>	<u>4,102,297</u>	<u>146,546</u>	<u>24,009,791</u>
Less:					
Investment expenses	325,503	460,883	-	-	786,386
<b>Net investment income</b>	<u>8,278,023</u>	<u>10,696,539</u>	<u>4,102,297</u>	<u>146,546</u>	<u>23,223,405</u>
<b>Total additions</b>	<u>14,192,475</u>	<u>19,173,973</u>	<u>7,471,939</u>	<u>146,546</u>	<u>40,984,933</u>
<b>Deductions:</b>					
Benefits paid	5,169,169	6,649,330	1,415,811	-	13,234,310
Refunds of contributions	62,244	42,243	-	-	104,487
Administrative expenses	148,650	192,512	98,335	2,373	441,870
<b>Total deductions</b>	<u>5,380,063</u>	<u>6,884,085</u>	<u>1,514,146</u>	<u>2,373</u>	<u>13,780,667</u>
<b>Change in net position</b>	<u>8,812,412</u>	<u>12,289,888</u>	<u>5,957,793</u>	<u>144,173</u>	<u>27,204,266</u>
<b>Net position, beginning of year</b>	<u>78,752,749</u>	<u>121,246,764</u>	<u>49,091,985</u>	<u>1,819,760</u>	<u>250,911,258</u>
<b>Net position, end of year</b>	<u>\$ 87,565,161</u>	<u>\$ 133,536,652</u>	<u>\$ 55,049,778</u>	<u>\$ 1,963,933</u>	<u>\$ 278,115,524</u>

# STATISTICAL SECTION



## Statistical Section

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

### Financial Trends

*These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.*

Net position by component	110
Changes in net position	111-112
Governmental activities tax revenues by source	113
Fund balances of governmental funds	114
Changes in fund balances of governmental funds	115-116

### Revenue Capacity

*These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.*

Assessed value and estimated actual value of taxable property	117
Property tax rates - direct and overlapping governments	118
Principal property taxpayers	119
Property tax levies and collections	120

### Debt Capacity

*These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.*

Ratios of outstanding debt by type	121
Ratios of general bonded debt outstanding	122
Direct and overlapping governmental activity debt	123
Legal debt margin information	124
Pledged-revenue coverage	125

### Demographic and Economic Information

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.*

Demographic and economic statistics	126
Principal employers	127

### Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.*

Full-time equivalent town government employees by function/program	128
Operating indicators by function/program	129
Capital asset statistics by function/program	130

Sources: Unless otherwise indicated, information in these schedules is derived from the comprehensive annual financial reports for the respective years.

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**Town of Davie, Florida  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

**Table 1**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 110,175,770	\$ 113,281,372	\$ 114,014,266	\$ 134,863,296	\$ 135,876,039	\$ 118,167,599	\$ 120,789,981	\$ 125,162,180	\$ 121,184,791	\$ 123,156,231
Restricted	21,042,189	21,720,350	20,712,587	16,754,148	17,071,661	14,865,524	14,982,045	15,546,687	17,875,329	18,283,193
Unrestricted	42,145,538	46,889,100	44,895,929	40,870,838	34,826,178	54,952,370	55,947,315	40,775,626	60,155,607	72,638,771
Total governmental activities net position	<u>173,363,497</u>	<u>181,890,822</u>	<u>179,622,782</u>	<u>192,488,282</u>	<u>187,773,878</u>	<u>187,985,493</u>	<u>191,719,341</u>	<u>181,484,493</u>	<u>199,215,727</u>	<u>214,078,195</u>
<b>Business-Type Activities:</b>										
Net investment in capital assets	1,572,955	2,996,962	5,780,372	(26,324,353)	13,950,745	15,699,857	18,351,139	17,818,422	16,184,828	10,610,125
Restricted	3,812,885	4,150,140	7,699,665	16,358,557	20,137,832	21,108,710	26,049,822	29,549,241	30,737,703	31,667,288
Unrestricted	17,857,088	19,684,726	17,742,330	43,950,401	12,700,785	16,768,454	18,177,518	25,237,613	28,881,521	32,962,336
Total business-type activities net position	<u>23,242,928</u>	<u>26,831,828</u>	<u>31,222,367</u>	<u>33,984,605</u>	<u>46,789,362</u>	<u>53,577,021</u>	<u>62,578,479</u>	<u>72,605,276</u>	<u>75,804,052</u>	<u>75,239,749</u>
<b>Primary Government:</b>										
Net investment in capital assets	111,748,725	116,278,334	119,794,638	108,538,943	149,826,784	133,867,456	139,141,120	142,980,602	137,369,619	133,766,356
Restricted	24,855,074	25,870,490	28,412,252	33,112,705	37,209,493	35,974,234	41,031,867	45,095,928	48,613,032	49,950,481
Unrestricted	60,002,626	66,573,826	62,638,259	84,821,239	47,526,963	71,720,824	74,124,833	66,013,239	89,037,128	105,601,107
Total primary government net position	<u>\$ 196,606,425</u>	<u>\$ 208,722,650</u>	<u>\$ 210,845,149</u>	<u>\$ 226,472,887</u>	<u>\$ 234,563,240</u>	<u>\$ 241,562,514</u>	<u>\$ 254,297,820</u>	<u>\$ 254,089,769</u>	<u>\$ 275,019,779</u>	<u>\$ 289,317,944</u>

**Town of Davie, Florida  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)**

**Table 2**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 10,044,645	\$ 9,891,469	\$ 8,131,823	\$ 7,667,716	\$ 8,383,532	\$ 12,602,383	\$ 15,021,076	\$ 11,195,092	\$ 10,675,017	\$ 10,881,782
Building and engineering	8,424,696	10,941,456	9,957,956	7,781,663	6,986,600	4,378,568	4,073,708	4,153,971	4,358,435	4,531,890
Public safety - police	30,425,739	31,250,547	34,041,624	33,858,391	37,123,872	37,627,602	38,272,875	39,713,301	36,013,987	44,696,828
Public safety - fire	20,744,846	22,397,446	22,831,697	22,882,410	23,595,994	23,733,336	25,553,166	26,864,502	26,843,925	25,317,372
Public works	9,182,575	10,082,511	9,187,042	11,102,568	8,388,176	10,043,786	10,485,525	10,611,584	11,098,196	10,978,597
Parks, recreation and cultural arts	6,827,260	6,276,083	6,385,971	6,461,415	5,974,303	5,976,439	5,926,310	6,122,782	6,215,254	6,443,584
Interest on long-term debt	3,724,273	3,303,623	3,119,382	2,923,734	3,129,898	3,476,918	3,140,306	2,393,950	2,298,240	1,450,160
Total governmental activities expenses	<u>89,374,034</u>	<u>94,143,135</u>	<u>93,655,495</u>	<u>92,677,897</u>	<u>93,582,375</u>	<u>97,839,032</u>	<u>102,472,966</u>	<u>101,055,182</u>	<u>97,503,054</u>	<u>104,300,213</u>
Business-type activities:										
Water and sewer	8,938,390	9,480,386	11,364,207	12,203,521	15,089,101	14,767,222	15,103,264	17,752,622	26,205,254	26,705,805
Golf	-	-	-	-	432,332	271,483	143,208	106,123	158,796	133,986
Total business-type activities expenses	<u>8,938,390</u>	<u>9,480,386</u>	<u>11,364,207</u>	<u>12,203,521</u>	<u>15,521,433</u>	<u>15,038,705</u>	<u>15,246,472</u>	<u>17,858,745</u>	<u>26,364,050</u>	<u>26,839,791</u>
Total primary government expenses	<u>\$ 98,312,424</u>	<u>\$ 103,623,521</u>	<u>\$ 105,019,702</u>	<u>\$ 104,881,418</u>	<u>\$ 109,103,808</u>	<u>\$ 112,877,737</u>	<u>\$ 117,719,438</u>	<u>\$ 118,913,927</u>	<u>\$ 123,867,104</u>	<u>\$ 131,140,004</u>
<b>Program Revenues:</b>										
Governmental activities:										
General government	\$ 4,059,749	\$ 1,599,056	\$ 1,675,278	\$ 2,263,849	\$ 3,165,335	\$ 8,475,288	\$ 7,932,982	\$ 5,442,255	\$ 2,944,443	\$ 4,077,774
Building and engineering	7,272,230	8,849,192	5,078,809	6,302,774	7,258,170	5,419,679	5,906,559	6,400,640	6,802,367	7,162,150
Public safety - police	1,867,842	5,051,897	2,441,428	2,679,020	2,310,047	3,789,601	3,534,646	4,015,175	4,445,337	4,280,240
Public safety - fire	7,955,955	8,249,431	7,864,070	9,531,257	9,190,709	9,675,931	11,913,296	17,139,564	17,719,169	18,385,454
Public works	13,568,449	1,918,235	1,760,823	1,822,010	629,427	1,365,811	2,286,608	690,770	265,794	1,024,235
Parks, recreation and cultural arts	1,240,680	977,899	1,104,084	926,610	1,223,047	1,016,518	1,345,293	1,112,320	1,365,575	1,169,962
Total governmental activities program revenues	<u>35,964,905</u>	<u>26,645,710</u>	<u>19,924,492</u>	<u>23,525,520</u>	<u>23,776,735</u>	<u>29,742,828</u>	<u>32,919,384</u>	<u>34,800,724</u>	<u>33,542,685</u>	<u>36,099,815</u>



**Town of Davie, Florida**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(continued)**

**Table 2**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-type activities:</b>										
Charges for services:										
Water and sewer	8,788,754	11,882,832	15,277,414	16,376,832	20,353,221	20,447,839	21,460,796	21,619,002	22,138,550	22,584,362
Golf	-	-	-	-	-	26,902	51,913	68,132	73,565	59,873
Capital grants and contributions	-	693,758	386,723	1,349,580	-	648,849	1,055,448	3,828,250	2,701,909	1,989,676
Total business-type activities program revenues	8,788,754	12,576,590	15,664,137	17,726,412	20,353,221	21,123,590	22,568,157	25,515,384	24,914,024	24,633,911
Total primary government program revenues	\$ 44,753,659	\$ 39,222,300	\$ 35,588,629	\$ 41,251,932	\$ 44,129,956	\$ 50,866,418	\$ 55,487,541	\$ 60,316,108	\$ 58,456,709	\$ 60,733,726
<b>Net (Expense) Revenue:</b>										
Governmental activities	\$ (53,409,129)	\$ (67,497,425)	\$ (73,731,003)	\$ (69,152,377)	\$ (69,805,640)	\$ (68,096,204)	\$ (69,553,582)	\$ (66,254,458)	\$ (63,960,369)	\$ (68,200,398)
Business-type activities	(149,636)	3,096,204	4,299,930	5,522,891	4,831,788	6,084,885	7,321,685	7,656,639	(1,450,026)	(2,205,880)
Total primary government, net expense	\$ (53,558,765)	\$ (64,401,221)	\$ (69,431,073)	\$ (63,629,486)	\$ (64,973,852)	\$ (62,011,319)	\$ (62,231,897)	\$ (58,597,819)	\$ (65,410,395)	\$ (70,406,278)
<b>General Revenues and Other</b>										
<b>Change in Net Position:</b>										
Governmental activities:										
Ad valorem taxes	\$ 45,402,263	\$ 42,899,306	\$ 42,849,925	\$ 43,197,609	\$ 38,936,355	\$ 37,490,024	\$ 38,132,831	\$ 41,399,721	\$ 42,385,856	\$ 44,666,126
Utility service taxes	6,329,012	6,415,524	6,286,343	6,758,400	6,750,247	6,917,439	7,289,144	8,078,298	8,209,059	8,402,373
Communications service tax	4,267,007	5,266,565	4,446,706	4,366,292	3,916,806	4,095,094	3,911,368	3,780,827	3,881,030	3,384,206
Franchise fees on gross receipts	10,037,756	9,983,511	10,151,668	9,379,481	9,184,292	8,612,673	8,797,561	9,545,434	9,816,366	9,795,497
Intergovernmental, not restricted for specific purposes	7,889,205	7,926,446	6,672,609	11,761,113	9,360,914	9,753,717	10,245,884	10,742,696	11,535,082	11,998,577
Investment income	6,480,357	2,458,413	726,624	2,197,089	1,183,372	1,029,857	386,625	620,238	966,065	973,382
Miscellaneous	853,773	1,074,984	1,147,958	1,357,893	1,567,257	1,291,941	4,449,017	3,997,275	7,942,197	3,842,705
Transfers	-	-	-	3,000,000	(5,808,007)	(500,000)	75,000	-	(3,044,052)	-
Total governmental activities	81,259,373	76,024,749	72,281,833	82,017,877	65,091,236	68,690,745	73,287,430	78,164,489	81,691,603	83,062,866
Business-type activities:										
Investment income	596,803	492,697	90,610	89,758	67,487	52,630	12,443	40,267	19,058	105,886
Miscellaneous	-	-	-	149,589	2,097,475	1,159,704	1,742,330	1,386,811	1,585,692	1,535,691
Transfers	-	-	-	(3,000,000)	5,808,007	500,000	(75,000)	-	3,044,052	-
Total business-type activities	596,803	492,697	90,610	(2,760,653)	7,972,969	1,712,334	1,679,773	1,427,078	4,648,802	1,641,577
Total primary government general revenue and other	\$ 81,856,176	\$ 76,517,446	\$ 72,372,443	\$ 79,257,224	\$ 73,064,205	\$ 70,403,079	\$ 74,967,203	\$ 79,591,567	\$ 86,340,405	\$ 84,704,443
<b>Change in Net Position:</b>										
Governmental activities	\$ 27,850,244	\$ 8,527,324	\$ (1,449,170)	\$ 12,865,500	\$ (4,714,404)	\$ 594,541	\$ 3,733,848	\$ 11,910,031	\$ 17,731,234	\$ 14,862,468
Business-type activities	447,167	3,588,901	4,390,540	2,762,238	12,804,757	7,797,219	9,001,458	9,083,717	3,198,776	(564,303)
Total primary government	\$ 28,297,411	\$ 12,116,225	\$ 2,941,370	\$ 15,627,738	\$ 8,090,353	\$ 8,391,760	\$ 12,735,306	\$ 20,993,748	\$ 20,930,010	\$ 14,298,165

Town of Davie, Florida  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Table 3

<u>Fiscal Year Ended September 30,</u>	<u>Tax Roll Year</u>	<u>Ad Valorem Tax</u>	<u>Communications Services Tax</u>	<u>Utility Service Taxes</u>	<u>Franchise Fees on Gross Receipts</u>	<u>Total</u>
2007	2006	\$ 45,402,263	\$ 4,267,007	\$ 6,329,012	\$ 10,037,756	\$ 66,036,038
2008	2007	42,899,306	5,266,565	6,415,524	9,983,511	64,564,906
2009	2008	42,849,925	4,446,706	6,286,343	10,151,668	63,734,642
2010	2009	43,197,609	4,366,292	6,758,400	9,379,481	63,701,782
2011	2010	38,936,355	3,916,806	6,750,247	9,184,292	58,787,700
2012	2011	37,490,024	4,095,094	6,917,439	8,612,673	57,115,230
2013	2012	38,132,831	3,911,368	7,289,144	8,797,561	58,130,904
2014	2013	41,399,721	3,780,827	8,078,298	9,545,434	62,804,280
2015	2014	42,385,856	3,881,030	8,209,059	9,816,366	64,292,311
2016	2015	44,666,126	3,384,206	8,402,373	9,795,497	66,248,202

**Town of Davie, Florida**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund:</b>										
Reserved	\$ 17,453,550	\$ 16,368,026	\$ 8,615,979	\$ 5,031,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	28,880,129	35,101,119	34,954,293	38,332,924	-	-	-	-	-	-
Nonspendable	-	-	-	-	7,656	20,398	114,899	29,573	3,850	4,487
Restricted	-	-	-	-	5,731,562	4,983,157	4,640,866	5,293,299	6,153,040	7,131,226
Committed	-	-	-	-	21,894,692	23,891,957	24,741,783	27,890,072	28,053,495	30,442,397
Assigned	-	-	-	-	3,248,541	4,404,349	3,941,040	3,699,215	5,624,999	5,880,838
Unassigned	-	-	-	-	6,734,332	4,754,923	7,333,689	7,293,332	14,212,084	13,358,506
<b>Total General Fund</b>	<b>\$ 46,333,679</b>	<b>\$ 51,469,145</b>	<b>\$ 43,570,272</b>	<b>\$ 43,364,469</b>	<b>\$ 37,616,783</b>	<b>\$ 38,054,784</b>	<b>\$ 40,772,277</b>	<b>\$ 44,205,491</b>	<b>\$ 54,047,468</b>	<b>\$ 56,817,454</b>
<b>All other government funds:</b>										
Reserved	\$ 39,218,267	\$ 38,592,298	\$ 42,453,401	\$ 35,004,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in Special revenue funds	3,100,414	2,027,849	784,434	421,376	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	40,000	40,000	40,000	79
Restricted	-	-	-	-	37,312,690	35,183,167	35,103,283	33,847,498	34,883,256	34,042,946
Committed	-	-	-	-	14,147,607	13,578,420	11,540,573	15,231,842	21,429,807	28,164,892
Unassigned (deficit)	-	-	-	-	-	(981,173)	(662,914)	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 42,318,681</b>	<b>\$ 40,620,147</b>	<b>\$ 43,237,835</b>	<b>\$ 35,425,698</b>	<b>\$ 51,460,297</b>	<b>\$ 47,780,414</b>	<b>\$ 46,020,942</b>	<b>\$ 49,119,340</b>	<b>\$ 56,353,063</b>	<b>\$ 62,207,917</b>

Note: Information for fiscal years 2007 to 2010 have not been restated for Governmental Accounting Standards Board (GASB) Statement No. 54 classifications.

**Town of Davie, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 5**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Ad valorem taxes	\$ 45,402,263	\$ 42,899,306	\$ 42,849,925	\$ 43,197,609	\$ 38,936,355	\$ 37,490,024	\$ 38,132,831	\$ 41,399,721	\$ 42,385,856	\$ 44,666,126
Utility service taxes	6,329,012	6,415,524	6,286,343	6,758,400	6,750,247	6,917,439	7,289,144	8,078,298	8,209,059	8,402,373
Franchise fees	10,037,756	9,983,511	10,151,668	9,329,481	9,184,292	8,612,673	8,797,561	9,545,434	9,816,366	9,795,497
Intergovernmental	24,031,364	11,970,270	9,690,616	15,001,294	12,045,032	13,358,215	15,299,531	13,153,551	12,145,881	12,805,620
Communication service tax	4,267,007	4,875,488	4,544,483	4,493,067	4,192,273	4,095,094	3,911,368	3,780,827	3,881,030	3,384,206
Licenses and permits	4,397,901	5,763,972	3,997,940	4,273,788	5,848,003	6,149,751	6,560,604	6,952,973	7,392,240	7,722,855
Charges for services	8,898,702	6,484,208	5,441,509	7,105,715	7,564,892	10,534,036	12,336,183	13,339,187	13,783,812	14,410,193
Fire rescue assessments	5,642,008	5,933,863	5,624,302	7,031,918	7,122,668	7,124,432	6,803,622	9,889,781	10,110,026	10,426,283
Fines and forfeitures	799,228	4,647,039	842,304	809,785	713,734	1,249,899	1,388,196	1,327,254	1,970,968	1,389,538
Investment income	6,480,357	2,458,413	726,624	2,212,239	1,183,372	1,029,857	386,625	620,238	966,065	973,382
Miscellaneous	1,416,051	1,960,470	1,449,267	2,311,777	1,597,631	1,412,712	4,922,110	5,258,879	7,425,918	4,259,292
<b>Total revenues</b>	<b>117,701,649</b>	<b>103,392,064</b>	<b>91,604,981</b>	<b>102,525,073</b>	<b>95,138,499</b>	<b>97,974,132</b>	<b>105,827,775</b>	<b>113,346,143</b>	<b>118,087,221</b>	<b>118,235,365</b>
<b>Expenditures:</b>										
General government	16,670,057	15,497,187	12,863,178	13,293,822	14,250,449	17,359,559	18,300,674	16,675,752	14,920,656	17,221,056
Public safety	49,965,320	50,985,295	53,692,069	54,829,841	57,179,774	59,990,689	61,148,274	64,415,889	65,483,238	69,282,330
Public works	6,055,894	6,316,901	7,274,932	7,604,031	7,170,797	6,812,650	7,071,640	7,047,481	7,372,191	7,496,375
Non-departmental	1,627,081	3,916,523	2,765,736	1,610,373	1,241,011	1,111,377	1,072,536	1,189,844	232,615	241,219
Parks, recreation and cultural arts	4,999,648	4,634,680	4,610,496	4,259,113	4,103,546	4,167,794	4,014,641	4,163,405	4,277,132	4,363,583
Capital outlay	23,877,843	10,260,366	6,349,148	24,389,154	6,942,474	2,991,147	3,892,084	5,190,071	5,051,591	7,159,809
Debt service:										
Principal	4,686,454	4,946,804	5,376,543	4,630,312	5,403,486	6,010,215	6,257,257	6,048,688	6,614,497	7,103,785
Interest and fiscal charges	3,554,956	3,397,376	3,135,195	2,926,367	3,117,864	3,272,583	3,187,648	2,462,067	2,456,049	1,476,029
<b>Total expenditures</b>	<b>111,437,253</b>	<b>99,955,132</b>	<b>96,067,297</b>	<b>113,543,013</b>	<b>99,409,401</b>	<b>101,716,014</b>	<b>104,944,754</b>	<b>107,193,197</b>	<b>106,407,969</b>	<b>114,344,186</b>
Excess (deficiency) of revenues over expenditures	6,264,396	3,436,932	(4,462,316)	(11,017,940)	(4,270,902)	(3,741,882)	883,021	6,152,946	11,679,252	3,891,179

**Town of Davie, Florida**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(continued)**

**Table 5**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other Financing Sources (Uses):</b>										
Transfers in	4,618,923	4,869,814	6,304,653	11,280,454	3,044,595	2,554,313	1,623,065	7,322,545	7,664,951	9,451,352
Transfers out	(4,618,923)	(4,869,814)	(6,304,653)	(8,280,454)	(8,486,780)	(2,054,313)	(1,548,065)	(6,943,879)	(10,709,003)	(9,682,691)
Sale of capital assets	-	-	-	-	-	-	-	-	8,440,500	4,965,000
Issuance of debt	397,200	16,626,250	-	-	20,000,000	-	17,394,769	-	28,725,000	-
Payment to escrow agent	-	(16,626,250)	-	-	-	-	(17,394,769)	-	(28,725,000)	-
Total other financing sources (uses)	<u>397,200</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>14,557,815</u>	<u>500,000</u>	<u>75,000</u>	<u>378,666</u>	<u>5,396,448</u>	<u>4,733,661</u>
Net change in fund balances	<u>\$ 6,661,596</u>	<u>\$ 3,436,932</u>	<u>\$ (4,462,316)</u>	<u>\$ (8,017,940)</u>	<u>\$ 10,286,913</u>	<u>\$ (3,241,882)</u>	<u>\$ 958,021</u>	<u>\$ 6,531,612</u>	<u>\$ 17,075,700</u>	<u>\$ 8,624,840</u>
Debt services as a percentage of noncapital expenditures	<u>9.41%</u>	<u>9.30%</u>	<u>9.49%</u>	<u>8.48%</u>	<u>8.71%</u>	<u>9.40%</u>	<u>9.45%</u>	<u>8.58%</u>	<u>8.96%</u>	<u>8.04%</u>

**Town of Davie, Florida**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 6**

<b>Fiscal Year Ended September 30,</b>	<b>Tax Roll Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value</b>
2007	2006	\$ 8,251,265,890	\$ 355,568,198	\$ 1,053,945,180	\$ 7,552,888,908	5.7420	\$ 10,053,226,994	75.13%
2008	2007	9,317,219,600	349,869,169	1,201,969,510	8,465,119,259	4.8160	11,985,726,031	70.63%
2009	2008	9,233,602,272	335,756,649	1,435,305,814	8,134,053,107	4.9531	13,869,675,335	58.65%
2010	2009	8,474,388,034	322,340,587	1,411,699,304	7,385,029,317	5.5949	13,203,220,991	55.93%
2011	2010	7,758,406,690	298,755,908	1,345,895,850	6,711,266,748	5.6808	11,186,513,795	59.99%
2012	2011	7,528,749,030	286,149,893	1,242,462,810	6,572,436,113	5.6007	9,979,210,203	65.86%
2013	2012	7,588,509,410	279,671,874	1,253,918,540	6,614,262,744	5.6422	9,939,798,474	66.54%
2014	2013	7,741,261,030	315,289,419	1,228,449,080	6,828,101,369	5.9450	10,223,709,690	66.79%
2015	2014	8,165,770,910	348,276,267	1,197,325,920	7,316,721,257	5.8910	11,085,286,065	66.00%
2016	2015	8,577,709,770	365,641,052	1,193,105,540	7,750,245,282	5.7976	12,020,234,773	64.48%

Source: Broward County Property Appraiser.

Note: Property in the County is reassessed annually. Tax rates are per \$ 1,000 of assessed value.

**Town of Davie, Florida  
Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years**

**Table 7**

Fiscal Year Ended September 30,	Tax Roll Year	Town of Davie, Florida			Overlapping Rates						Total Direct and Overlapping
		Operating Millage	Debt Service Millage	Total Direct Rate	Broward County Millage	Broward County School District Millage	South Florida Water Management District	North Broward Hospital District	Broward Children's Services Council	Florida Inland Navigational District	
2007	2006	4.9879	0.7541	5.7420	6.0661	7.8687	0.6970	1.8317	0.4073	0.0385	22.6513
2008	2007	4.1215	0.6945	4.8160	5.2868	7.6484	0.6240	1.6255	0.3572	0.0345	20.3924
2009	2008	4.2456	0.7075	4.9531	5.3145	7.4170	0.6240	1.7059	0.3754	0.0345	20.4244
2010	2009	4.8124	0.7825	5.5949	5.3889	7.4310	0.6240	1.7059	0.4243	0.0345	21.2035
2011	2010	4.8124	0.8684	5.6808	5.5530	7.6310	0.6240	1.8750	0.4696	0.0345	21.8679
2012	2011	4.8122	0.7885	5.6007	5.5530	7.4180	0.4363	1.8750	0.4789	0.0345	21.3964
2013	2012	4.8122	0.8300	5.6422	5.5530	7.4560	0.4289	1.8564	0.4902	0.0345	21.4612
2014	2013	5.0829	0.8621	5.9450	5.7230	7.4800	0.4110	1.7554	0.4882	0.0345	21.8371
2015	2014	5.0829	0.8081	5.8910	5.7230	7.4380	0.3842	1.5939	0.4882	0.0345	21.5528
2016	2015	5.0819	0.7157	5.7976	5.7230	7.2740	0.3551	1.4425	0.4882	0.0320	21.1124

Source: Broward County Property Appraiser.

Note: Overlapping rates are those of local and County governments that apply to property owners within the Town of Davie, Florida.

State law requires all counties to assess at 100% just valuation and limits millage for operating purposes to ten (10) mills.

**Town of Davie, Florida  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

**Table 8**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
City National Bank of Trustee	\$ 84,835,554	1	1.09%	\$ 46,144,660	2	0.61%
PPF AMLI 5971 Toscana Drive LP	72,315,468	2	0.93%	-	-	-
AVR Davie LLC	72,229,188	3	0.93%	-	-	-
Florida Power & Light Co.	64,205,704	4	0.83%	47,878,129	1	0.63%
GSG Residential SunForest LLC	50,516,836	5	0.65%	-	-	-
FR Tower Shops LLC	44,968,900	6	0.58%	-	-	-
Equity One, Inc.	40,482,030	7	0.52%	38,493,890	4	0.51%
Palm Owner LLC	35,814,274	8	0.46%	-	-	-
EQR Marina Bay Apt LLC	34,891,022	9	0.45%	-	-	-
Sunbelt Rentals #65	32,622,188	10	0.42%	-	-	-
Tri-County Plaza Assoc. Ltd.	-	-	-	39,384,560	3	0.52%
Konover and Associates South Inc.	-	-	-	29,857,840	5	0.40%
Florida Auto Auction	-	-	-	25,304,650	6	0.34%
Weston Road Shopping Center	-	-	-	19,657,240	7	0.26%
IBV Mobile Fonds Intl 1 USA	-	-	-	19,654,270	8	0.26%
Ramco/Shenandoah LLC	-	-	-	19,157,170	9	0.25%
New Town Holdings LLC	-	-	-	17,943,610	10	0.25%
<b>Total</b>	<b>\$ 532,881,164</b>		<b>6.86%</b>	<b>\$ 303,476,019</b>		<b>4.03%</b>

Source: Broward County Revenue, Collection Division.



Town of Davie, Florida  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 9

Fiscal Year Ended September 30,	Tax Roll Year	Total Tax Levy for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount Collected	Percentage of the Levy		Amount Collected	Percentage of the Levy
2007	2006	\$ 43,020,047	\$ 41,494,597	96.45%	\$ 1,407,852	\$ 42,902,449	99.73%
2008	2007	40,608,256	39,134,212	96.37%	1,347,265	40,481,477	99.69%
2009	2008	40,294,922	38,745,464	96.15%	1,015,161	39,760,625	98.67%
2010	2009	41,086,629	38,934,136	94.76%	1,615,733	40,549,869	98.69%
2011	2010	38,001,899	35,946,716	94.59%	1,853,705	37,800,421	99.47%
2012	2011	36,562,490	35,028,211	95.80%	1,403,383	36,431,594	99.64%
2013	2012	37,291,063	35,735,499	95.83%	1,415,160	37,150,659	99.62%
2014	2013	40,528,241	38,774,698	95.67%	1,286,032	40,060,730	98.85%
2015	2014	43,066,409	41,051,588	95.32%	1,583,044	42,634,632	99.00%
2016	2015	44,936,250	44,613,595	99.28%	-	44,613,595	99.28%

Source: Broward County Revenue Collection Division Accountability Statement.

**Town of Davie, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 10**

Fiscal Year Ended September 30,	Governmental Activities		Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Capital Improvement Revenue Bonds	Water and Sewer Revenue Bonds	Note Payable			
2007	\$ 62,851,081	\$ 18,791,741	\$ 16,084,182	\$ -	\$ 97,727,004	3.77%	\$ 1,046.08
2008	59,748,307	16,947,710	15,740,728	-	92,436,745	3.61%	1,002.54
2009	56,831,065	14,488,409	15,367,274	-	86,686,748	2.97%	952.02
2010	53,767,369	12,921,793	61,208,820	-	127,897,982	4.56%	1,406.32
2011	50,550,300	30,735,376	60,760,364	-	142,046,040	5.79%	1,539.13
2012	47,176,589	28,098,872	113,081,654	-	188,357,115	6.93%	2,028.66
2013	43,630,329	25,387,874	140,559,956	1,317,015	210,895,174	7.87%	2,253.18
2014	39,907,398	23,062,117	138,532,387	3,520,530	205,022,432	6.97%	2,146.85
2015	35,998,230	20,356,788	136,124,818	3,529,405	196,009,241	6.57%	2,022.63
2016	31,671,818	17,579,415	133,647,249	3,808,142	186,706,624	5.56%	1,877.58

Note: Debt is presented net of discounts and premiums.

(1) Personal income and population data is disclosed in Table 15.

**Town of Davie, Florida  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

**Table 11**

<b>Fiscal Year Ended September 30,</b>	<b>General Obligation Bonds (1)</b>	<b>Less: Accumulated Resources Restricted To Repaying the Principal of General Bonded Debt</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (2)</b>	<b>Per Capita (3)</b>
2007	\$ 62,851,081	\$ 1,256,000	\$ 61,595,081	0.61%	\$ 659.32
2008	59,748,307	1,127,000	58,621,307	0.49%	635.79
2009	56,831,065	1,229,000	55,602,065	0.40%	610.64
2010	53,767,369	1,186,000	52,581,369	0.40%	578.17
2011	50,550,300	1,129,000	49,421,300	0.44%	535.50
2012	47,176,589	535,000	46,641,589	0.47%	502.34
2013	43,630,329	230,000	43,400,329	0.44%	463.68
2014	39,907,398	277,500	39,629,898	0.39%	414.98
2015	35,998,230	145,300	35,852,930	0.32%	369.97
2016	31,671,818	189,200	31,482,618	0.26%	316.60

- (1) General bonded debt is presented net of discounts and premiums.
- (2) For property value data see Table 6: Assessed Value and Estimated Actual Value of Taxable Property.
- (3) For population data see Table 15: Demographic and Economic Statistics.

Town of Davie, Florida  
 Direct and Overlapping Governmental Activity Debt  
 As of September 30, 2016

Table 12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
<b>Governmental Unit:</b>			
Broward County School Board	\$ 180,863,000	4.68%	\$ 8,473,259
Broward County	3,146,705,000	5.12%	<u>161,235,125</u>
Subtotal, overlapping debt			169,708,384
Town of Davie, Florida			<u>49,251,233</u>
Total direct and overlapping debt			\$ <u><u>218,959,617</u></u>

Source: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Davie, Florida. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Town of Davie, Florida  
Legal Debt Margin Information  
Last Ten Fiscal Years**

**Table 13**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 860,683,409	\$ 966,708,877	\$ 956,935,892	\$ 879,672,862	\$ 805,716,260	\$ 781,489,892	\$ 786,818,128	\$ 805,655,045	\$ 851,404,718	\$ 894,335,082
Total net debt applicable to limit	<u>61,595,081</u>	<u>58,621,307</u>	<u>55,602,065</u>	<u>52,581,369</u>	<u>49,421,300</u>	<u>46,641,589</u>	<u>43,400,329</u>	<u>39,629,898</u>	<u>35,852,930</u>	<u>31,482,618</u>
Legal debt margin	<u>\$ 799,088,328</u>	<u>\$ 908,087,570</u>	<u>\$ 901,333,827</u>	<u>\$ 827,091,493</u>	<u>\$ 756,294,960</u>	<u>\$ 734,848,303</u>	<u>\$ 743,417,799</u>	<u>\$ 766,025,147</u>	<u>\$ 815,551,788</u>	<u>\$ 862,852,464</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>7.16%</u>	<u>6.06%</u>	<u>5.81%</u>	<u>5.98%</u>	<u>6.13%</u>	<u>5.97%</u>	<u>5.52%</u>	<u>4.92%</u>	<u>4.21%</u>	<u>3.52%</u>
Taxable assessed value	\$ 7,552,888,908	\$ 8,465,119,259	\$ 8,134,053,107	\$ 7,385,029,317	\$ 6,711,266,748	\$ 6,572,436,113	\$ 6,614,262,744	\$ 6,828,101,369	\$ 7,316,721,257	\$ 7,750,245,282
Tax exempt real property	<u>1,053,945,180</u>	<u>1,201,969,510</u>	<u>1,435,305,814</u>	<u>1,411,699,304</u>	<u>1,345,895,850</u>	<u>1,242,462,810</u>	<u>1,253,918,540</u>	<u>1,228,449,080</u>	<u>1,197,325,920</u>	<u>1,193,105,540</u>
	<u>\$ 8,606,834,088</u>	<u>\$ 9,667,088,769</u>	<u>\$ 9,569,358,921</u>	<u>\$ 8,796,728,621</u>	<u>\$ 8,057,162,598</u>	<u>\$ 7,814,898,923</u>	<u>\$ 7,868,181,284</u>	<u>\$ 8,056,550,449</u>	<u>\$ 8,514,047,177</u>	<u>\$ 8,943,350,822</u>

**Legal Debt Margin Calculation for Fiscal Year 2016:**

Taxable Assessed Value	\$ 7,750,245,282
Add back: exempt real property	<u>1,193,105,540</u>
	<u>8,943,350,822</u>
Debt limit (10% of total assessed value)	<u>\$ 894,335,082</u>
General obligation bonds	\$ 31,671,818
Less: Amounts set aside for repayment of general obligation debt	<u>189,200</u>
Total net debt applicable to limit	<u>31,482,618</u>
Legal debt margin	<u>\$ 862,852,464</u>

**Town of Davie, Florida  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**Table 14**

Fiscal Year Ended September 30,	Water and Sewer Revenue Bonds					
	Water Charges and Other *	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ 8,492,463	\$ 5,819,103	\$ 2,673,360	\$ 1,260,000	\$ 1,860,470	85.67%
2008	12,375,529	6,265,311	6,110,218	1,285,000	1,831,558	196.06%
2009	15,368,023	8,092,586	7,275,437	1,315,000	1,797,039	233.78%
2010	16,466,590	8,772,924	7,693,666	1,345,000	1,906,278	236.64%
2011	20,737,704	10,052,376	10,685,328	1,390,000	3,475,123	219.63%
2012	21,231,766	9,477,833	11,753,933	1,435,000	3,664,539	230.49%
2013	23,237,974	10,178,244	13,059,730	1,715,000	3,158,950	267.95%
2014	25,440,833	11,662,722	13,778,111	2,301,646	1,794,488	336.37%
2015	28,486,341	12,073,335	16,413,006	2,665,294	6,743,818	174.44%
2016	25,207,810	12,387,452	12,820,358	2,596,944	6,757,287	137.05%

\* Water charges and other includes charges for services, other income, investment income, gain (loss) on sale of capital assets and capital contributions.

Year	Population (1,2,3)	Median Age (1,2)	Personal Income (1,3) (Thousands of Dollars)	Per Capita Personal Income (1,3)	School Enrollment (4)	Broward County Unemployment Rate (5,6)
2007	93,422	37.0	\$ 2,592,647	\$ 27,752	15,259	5.2%
2008	92,203	37.0	2,558,818	27,752	14,961	5.2%
2009	91,056	37.2	2,913,883	32,001	16,753	9.5%
2010	90,945	36.4	2,804,016	30,832	16,265	10.2%
2011	92,290	37.9	2,451,868	26,567	16,118	9.5%
2012	92,848	35.9	2,716,732	29,260	16,358	7.6%
2013	93,599	39.7	2,680,956	28,643	16,273	5.4%
2014	95,499	37.9	2,940,414	30,790	16,228	5.2%
2015	96,908	37.6	2,983,797	30,790	16,161	5.1%
2016	99,440	40.8	3,360,276	33,792	16,539	4.6%

Sources:

- (1) U.S. Census Bureau.
- (2) American Community Survey.
- (3) University of Florida Bureau of Economic and Research.
- (4) Broward County School 20th day Enrollment.
- (5) State of Florida Unemployment Statistics.
- (6) U.S. Department of Labor.

**Town of Davie, Florida  
Principal Employers  
Current Year and Nine Years Ago**

**Table 16**

<u>Employer</u>	<u>Type of Business</u>	<u>2016</u>			<u>2007</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Nova Southeastern University	Educational Complex	4,591	1	0.45%	3,200	1	0.32%
Broward County School	Educational Complex	2,045	2	0.20%	1,264	3	0.10%
Broward College	Educational Complex	1,898	3	0.19%	2,972	2	0.13%
Publix Supermarkets	Retail	1,000	4	0.10%	985	4	0.09%
Town of Davie	Municipality	679	5	0.07%	872	5	0.05%
Rick Case Automotive	Auto/Cycle Dealership	671	6	0.07%	433	7	0.04%
Actavis	Pharmaceutical	550	7	0.05%	-	-	-
Walmart	Retail	511	8	0.05%	-	-	-
Stryker	Medical	285	9	0.03%	-	-	-
Costco	Retail	251	10	0.02%	-	-	-
Watson Laboratories (ANDRX)	Pharmaceutical	-	-	-	524	6	0.04%
Home Depot	Retail	-	-	-	360	8	0.03%
Thermal Concepts	Mechanical/Manufacturing	-	-	-	290	9	0.02%
Costco	Retail	-	-	-	211	10	0.02%
Total		<u>12,481</u>		<u>1.23%</u>	<u>11,111</u>		<u>0.84%</u>

Source: Lexi Nexis Greater Fort Lauderdale Alliance Resource Guide.



**Town of Davie, Florida**  
**Full-Time Equivalent Town Government Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table 17**

	Full-Time Equivalent Employees as of September 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function/Program:</b>										
General Government:										
Legislative	5	5	5	5	5	5	5	5	5	5
Administrative	73	68	87	79	76	77	76	75	79	94
Public Works/Utilities	105	100	100	100	101	97	106	105	106	111
Parks, Recreation and Cultural Arts	96	64	62	51	51	51	51	48	48	49
Development Services	85	74	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Building and Engineering	N/A	N/A	33	24	23	24	24	29	29	24
Public Safety:										
Police	258	242	245	232	230	236	241	251	253	258
Fire/Rescue	172	161	151	147	146	145	157	156	157	162
<b>Total</b>	<u>794</u>	<u>714</u>	<u>683</u>	<u>638</u>	<u>632</u>	<u>635</u>	<u>660</u>	<u>669</u>	<u>677</u>	<u>703</u>

Source: Various Town Departments.

**Town of Davie, Florida  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

**Table 18**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function/Program:</b>										
Police:										
Physical arrests	4,721	3,014	2,124	1,895	2,004	1,558	3,381	1,408	1,237	1,873
Citations issued	16,254	16,407	17,835	15,591	12,364	11,841	14,330	15,188	13,897	9,407
Fire rescue:										
Numbers of calls answered	13,589	12,847	12,285	11,948	11,921	12,144	13,119	13,345	13,649	14,094
Fire inspections	4,911	4,437	3,398	7,214	5,603	5,966	4,170	4,560	5,457	5,358
Community development:										
New Residential/Commercial Building permits issued	298	206	448	79	110	111	108	152	157	188
Highway and streets:										
Street resurfacing (miles)	1	6	3	5	5	-	8	7	10	3
Parks, recreation and cultural arts:										
Athletic programs (participants)	8,000	3,200	3,200	3,500	5,000	2,296	3,026	3,227	2,984	3,279
Youth camps (participants)	400	400	400	300	86	339	470	510	498	551
Club memberships	500	360	360	360	250	517	331	353	424	489
Facility rentals	1,050	1,500	1,500	1,525	1,750	1,549	2,662	3,384	2,464	2,613
Pool admissions	8,000	35,000	35,000	35,100	15,000	2,716	56,224	91,898	94,088	98,790
Water:										
Number of water meters operating	9,549	9,582	9,805	9,548	9,801	9,801	9,661	9,603	9,517	9,691
Average daily consumption (thousands of gallons)	4.88 MGD	4.42 MGD	4.23 MGD	4.71 MGD	4.71 MGD	4.43 MGD	4.22 MGD	3.83 MGD	3.73 MGD	4.64 MGD
Sewer:										
Average daily sewage treatment (thousands of gallons)	3.667 MGD	4.01 MGD	3.43 MGD	3.86 MGD	3.98 MGD	3.76 MGD	4.02 MGD	3.83 MGD	3.30 MGD	3.458 MGD

Source: Various Town Departments

**Town of Davie, Florida**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Table 19**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Function/Program:</b>										
Public safety:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	5	5	5	5	5	5	6	6	6	6
<b>Highway and streets:</b>										
Streets (miles)	298.50	304	304	304	304	304	305	367	368	368
Number of street lights	3,868	3,836	3,838	4,053	4,059	4,059	4,065	4,065	5,152	5,153
<b>Parks, recreation and cultural arts:</b>										
Number of parks	35	35	35	35	35	35	35	35	35	35
Swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	6	6	6	6	6	6	6	6	6	6
Community bus shuttles	6	6	3	3	2	3	3	3	3	3
<b>Water:</b>										
Water mains (miles)	157	161	161	162	162	162	162	162	162	162
Fire hydrants	1,086	1,194	1,194	1,212	1,232	1,326	1,329	1,587	1,460	1,460
Maximum daily capacity (in thousand of gallons)	7.4 MGD	7.4 MGD	7.4 MGD	7.4 MGD	7.42 MGD	7.42 MGD	7.42 MGD	7.42 MGD	10.0 MGD	10.0 MGD
<b>Sewer/stormwater:</b>										
Sanitary sewers (miles)	70	72	72	72	72	72	72	73	73	73
Storm sewers (miles)	64	64	78	84	84	84	84	84	84	84
Maximum daily treatment capacity (in millions of gallons per day - MGD)	4.85 MGD	4.85 MGD	3.52 MGD	3.40 MGD	4.85 MGD	4.85 MGD	8.35 MGD	8.35 MGD	8.35 MGD	8.35 MGD

Source: Various Town Departments

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# COMPLIANCE SECTION



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

To the Honorable Mayor, Members of the  
Town Council and Town Administrator  
Town of Davie, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Davie, Florida (the "Town"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 24, 2017. Our report includes a reference to other auditors who audited the financial statements of the Town of Davie Firefighters' Pension Plan and the Town of Davie Police Employees' Pension Plan, as described in our report on the Town's financial statements. The financial statements of the Town of Davie Firefighters' Pension Plan and the Town of Davie Police Employees' Pension Plan were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

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

Town of Davie, Florida

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 24, 2017



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

To the Honorable Mayor, Members of the  
Town Council and Town Administrator  
Town of Davie, Florida

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

We have audited the Town of Davie, Florida's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2016. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

## **Report on Internal Control over Compliance**

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

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

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

### **Purpose of this Report**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 24, 2017

## INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

To the Honorable Mayor, Members of the  
Town Council and Town Administrator  
Town of Davie, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Davie, Florida (the "Town"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 24, 2017.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Florida Auditor General.

### Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards, Section 601*, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedule, which are dated March 24, 2017, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the Town and its blended component unit are disclosed in the notes to the financial statements.

### **Financial Condition**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the Town 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 Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town'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.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

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

### **Other Matters**

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

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

### **Purpose of this Letter**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 24, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SECTION 218.415 FLORIDA STATUTES

To the Honorable Mayor, Members of the  
Town Council and Town Administrator  
Town of Davie, Florida

We have examined the Town of Davie, Florida's (the "Town") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

This report is intended solely for the information and use of Members of the Town Council, Town Administrator, applicable management, and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
March 24, 2017

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**Town of Davie, Florida**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2016**

<u>Federal Agency, Pass-through Entity, Federal Project</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Sub-recipients</u>
<b>Federal Agency Name:</b>				
Direct Programs:				
United States Department of Housing and Urban Development - Community Development Block Grants/ Entitlement Grants	14.218	BC-14MC-12-0044 BC-15MC-12-0044 BC-13MC-12-0044	\$ 189,044 178,037 90,602 <u>457,683</u>	\$ - 89,026 - <u>89,026</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-11-MN-12-0038	29,618	-
United States Department of Homeland Security - Staffing for Adequate Fire and Emergency Response (SAFER) Assistance to Firefighters Grant	97.083 97.044	EMW-2014-FH-00472 EMW-2014-FO-05998	760,030 462,673	- -
Indirect Programs:				
United States Department of Homeland Security - Passed through the Florida Department of Emergency Management - Homeland Security Grant Program	97.067	16-CC-S9-11-16-02-402 16-CI-S9-11-16-02-403	8,541 8,517 <u>17,058</u>	- - -
United States Department of Justice - Passed through Broward County Sheriff Office - Equitable Sharing Program	16.922	---	85,268	-
Bulletproof Vest Partnership Program	16.607	---	12,700	-
Edward Bryne Memorial Justice Assistance Grant (JAG)	16.804	---	12,371 <u>12,371</u>	- -
Total Expenditures of Federal Awards			\$ <u>1,837,401</u>	\$ <u>89,026</u>

See notes to the schedule of expenditures of federal awards.

**Town of Davie, Florida**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2016**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Davie, Florida. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 - Contingency**

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

**Note 3 – Indirect Cost Rate**

The Town did not elect to use the 10% de minimis indirect cost rate.



**Town of Davie, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2016**

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**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Town.
2. No material weaknesses relating to the audit of the basic financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Davie, Florida were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal program are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for each major federal program for the Town of Davie, Florida expresses an unmodified opinion.
6. No audit findings relative to the major federal program for the Town of Davie, Florida, are reported in Part C of this schedule.
7. The program tested as a major federal program is as follows:

United States Department of Homeland Security:	<u><b>CFDA No.</b></u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083
8. The threshold used to distinguish between Type A and Type B programs was \$ 750,000.
9. The Town was determined to not be a low-risk auditee pursuant to the Uniform Guidance.

**B. Findings - Financial Statements Audit**

No matters are reported.

**C. Findings and Questioned Costs – Major Federal Award Program Audit**

No matters are reported.

**D. Other Issues**

1. No management letter is required because there were no findings required to be reported in a separate management letter.
2. No schedule of prior audit findings is required because there were no prior audit findings related to federal programs and state projects.
3. No corrective action plan is required because there were no findings reported under the Uniform Guidance.

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