

# **CITY OF DUNEDIN, FLORIDA**

## ***Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2009***

### **CITY COMMISSION**

**BOB HACKWORTH**  
Mayor

**JULIE WARD BUJALSKI**  
Vice Mayor - Commissioner

**JULIE SCALES**  
Commissioner

**DAVE EGGERS**  
Commissioner

**DEBORAH KYNES**  
Commissioner

### **CITY MANAGER**

**ROBERT DISPIRITO**

### **DIRECTOR OF FINANCE**

**JEFFREY A. YATES**

**PREPARED BY: CITY OF DUNEDIN FINANCE DEPARTMENT**

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**City of Dunedin, Florida**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2009**

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# CITY OF DUNEDIN

"Dedicated to Quality Service"

P.O. BOX 1348  
DUNEDIN, FLORIDA 34697-1348  
(727) 298-3000

September 24, 2010

To the Honorable Mayor, Members of the City Commission,  
and Citizens of the City of Dunedin, Florida

We hereby issue the comprehensive annual financial report of the City of Dunedin, Florida for the fiscal year ended September 30, 2009. This report presents a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the City of Dunedin, Florida (the "City"). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the City's management team has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Larson Allen LLP, CPAs, Consultants and Advisors. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was a part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City, incorporated in June 1899, is located in the western part of the state, bordering the north side of Clearwater, Florida. The City currently occupies a land area of 10 square miles and serves a population of approximately 37,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the commission-manager form of government. Policy-making and legislative authority are vested in a governing body consisting of the mayor and four commissioners. The City Commission is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager, city clerk, independent auditor and attorney. The city manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City Commission is elected on a non-partisan basis. Commission members, to include the mayor, serve three-year staggered terms, with up to two commission members elected every year. The mayor and the City Commission members are elected at large.

The City provides a full range of services, including contracted law enforcement and fire protection; the construction and maintenance of highways, streets, and other infrastructure; library, parks and recreation, marina, golf course, spring training facilities (for the Toronto Blue Jays), water and sewer, reclaimed water and solid waste. The City also has a Community Redevelopment Agency which is reported within the City's financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's Manager in

April of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager will present the proposed budget to the City Commission at the first meeting in July. The proposed budget will then be reviewed and discussed at workshops prior to final adoption. The City Commission is required to hold two (2) public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., fire). Department heads may make transfers of appropriations within a department and fund. Transfers of appropriations between funds, however, require the approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page B-8 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented on pages B-9, B-10 and D11 – D22.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The economy of Dunedin is primarily dependent upon tourism, services and retirement living. The City mainly consists of residential land uses (45%) and recreational land uses (28%). Industrial and commercial land uses comprise only one percent and four percent, respectively, of the City's land area. Major employers include Mease Hospital Dunedin, a medical complex, Neilsen Media Research, Coca-Cola North America, Mease Manor Inc. (a retirement facility), the City of Dunedin and the Pinellas County School System. The City also has one industrial park. The service industry (banking, retailing, personal services, etc.) has risen significantly to meet the demands of the area's population.

The City's total labor force was 17,685 people in October 2009. In December of 2009, unemployment for Pinellas County was 11.9 percent.

The retirement population continues to influence the local economy. Thirty-five percent of Dunedin's residents were of retirement age (65 and over) in 2009. Dunedin has many retirement homes, condominiums and apartment complexes which accommodate retirees. The median age was 47.6 years of age in 2009. The local economy is also influenced during the winter months by a seasonal population of approximately 4,000 people. As of 2009, population was 35,988; female 54.2 percent, male 45.8 percent. Median income in Dunedin is \$29,093 for 2009.

Currently, approximately 16.7 percent of the Downtown District land area is vacant (commercial and residential). Assessed taxable value in 2009 was \$97,118,367 for the Downtown District, which comprises 217 acres.

**Long-term financial planning.** In fiscal year 2005, the City Commission approved construction of a \$9.8 million community center, which was completed in the fall of 2006. Funding was obtained through issuance of \$10 million in Sales Tax Revenue Bonds. Final maturity is October 1, 2025. During FY 2005, City Commission also obtained a \$5,000,000 Revenue Note from SunTrust Bank of Tampa Bay to purchase and install Reclaimed Water Distribution and service lines, meters and related equipment. In fiscal year 2007, City Commission approved the issuance of Utility System Revenue Bonds for financing the cost of capital improvements and expansions to the City's utility system. The original amount of the issue was \$15,634,000 for 15 years at a rate of 4.359 percent. Final maturity is October 1, 2027.

**Cash management policies and practices.** Cash balances during the year were invested in U.S. Government Securities, U.S. Government agency and instrumentality securities, Bank of America (checking) and the State Board of Administration investment pool. The maturities of the investments range from 46 days to 6 months, with an average maturity of 97 days. The City's average yield on investments (excluding pension funds) was 2.56 percent.

**Risk management.** The Self-Insurance Fund is maintained as an Internal Service Fund and charges its operating costs annually among all City cost centers. The allocations are based on various exposure factors (i.e.; number of personnel, property values, etc.) along with past claims experience.

The City utilizes this fund to self-insure its first \$250,000 of property damage per occurrence (except wind, hail, and named storms, which has a deductible of 5 percent of total location value per building, subject to a minimum of \$500,000), and its first \$350,000 of any employee work injury. The City also insures automobiles over \$50,000 in value and self insures the majority of general liability losses. The sovereign immunity cap will increase to \$200,000 effective January 1, 2011.

**Pension and other post employment benefits.**

The Firefighters' Retirement Plan is a defined benefit plan established under Chapter 175 of Florida Statutes.

All other qualified City employees hired before January 1, 1996 participate in the Florida Retirement System Pension Plan which is administered by the State of Florida, Department of Administration, Division of Retirement. At September 30, 2008, the City contributed 9.85 percent of regular employee gross wages to the plan.

All employees hired subsequent to December 31, 1995 who would qualify for participation in the Florida Retirement System participate in the City's defined contribution plan. The City's contribution

rate is 10 percent of employee's gross wages.

Additional information on the City's pension arrangements can be found on pages C-39 to C-46 in the notes to the financial statements.

### Acknowledgements

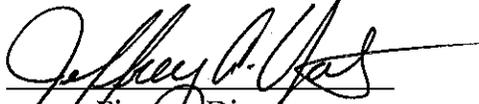
This report is the product of the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to express our appreciation to the Mayor and the City Commission for their support, and the firm of Larson Allen, LLP who provided their expertise through this audit.

Respectfully submitted,



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City Manager



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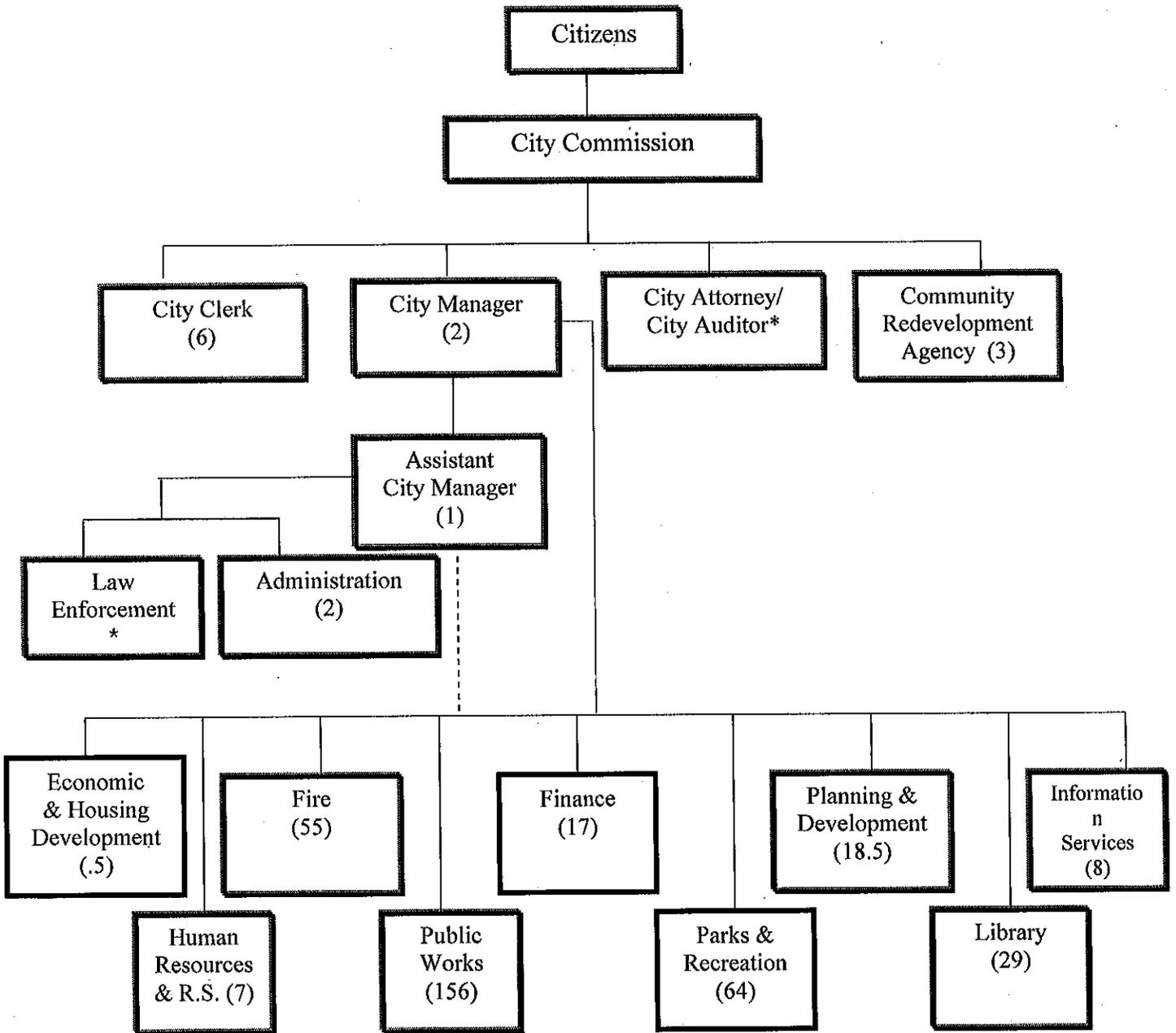
Finance Director

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# City of Dunedin Organizational Chart FY 2009



Total Authorized Staffing = 369  
 Total Authorized Temporaries = 15  
 \* Contractual

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Municipal Firefighters' Pension Trust Fund which represents 100% of the assets and net assets of the fiduciary fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned fiduciary fund, are based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Municipal Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the One Cent Sales Tax Fund and the Impact Fees Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

As discussed in the Note V(D) to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as of and for the year ended September 30, 2009. This statement results in the City reporting a liability for postemployment benefits other than pensions that the City provides to its employees and retirees.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages A-3 through A-14 and the schedules of employer contributions and funding progress listed under required supplementary information on pages C-54 through C-55 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information presented in the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*LarsonAllen LLP*  
LarsonAllen LLP

Tampa, Florida  
September 24, 2010

## Management's Discussion and Analysis

As management of the City of Dunedin, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in the transmittal letter, which can be found on pages vii – xi of this report.

### Financial Highlights

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$119,199,483 (**net assets**). Of this amount, \$24,871,576 (**unrestricted net assets**) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$8,696,929 (7.9%). Net assets supporting governmental activities increased \$10,227,285 (17.7%) and business-type activities net assets decreased \$1,530,356 (2.9%).

On September 30, 2009 the City's governmental funds reported combined ending fund balances of \$14,919,422, an increase of \$1,293,320. This increase is due primarily to the receipt of a \$1,300,000 Office of Tourism, Trade and Economic Development (OTTED) grant for the Gateway Development Project.

On September 30, 2009, unallocated and undesignated fund balance for the general fund was \$7,470,489 (30.7%) of total general fund expenditures.

### Overview of Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

The **government-wide financial statements** provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information reports on all of the City's assets and liabilities, with the difference between the two reported as **net assets**: Over time, increases or decreases in net assets serves as a useful indicator of the City's financial position.

The **statement of activities** presents the changes in the City's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, **regardless of the timing of related cash flows**. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows during future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the City include general government, public safety, transportation, economic development, and culture and recreation. The business-type activities of the City include solid waste, water/sewer utility, stormwater utility, marina operations, and golf course operations.

The government-wide financial statements include not only the City of Dunedin, Florida itself, but also the Community Redevelopment Agency (CRA). Although the CRA is legally separate, it is financially accountable to the City. The City Commission serves as the governing body for the CRA.

The government-wide financial statements can be found on pages B-2 and B-3 of this report.

### **Fund financial statements**

A **fund** is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as **governmental activities** in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on **near-term inflows and outflows of spendable resources, as well as on balances of spendable resources** available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial

statements, it is useful to compare the information presented for **governmental funds** with similar information presented for **governmental activities** in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between **governmental funds** and **governmental activities**.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the One Cent Sales Tax Fund, both of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of **combining statements** elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages B-4 – B-10 of this report.

### **Proprietary funds**

The City maintains two different types of proprietary funds. **Enterprise funds** are used to report the same functions presented as **business-type activities** in the government-wide financial statements. The City uses enterprise funds to account for its solid waste, water/sewer utility, stormwater utility, marina operations, and golf course operations. **Internal service funds** are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle maintenance, building maintenance and self-insurance functions. All three services have been allocated between governmental and business-type activities based on contribution rates within the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on each enterprise activity, all of which are considered to be major funds of the City. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of **combining statements** on pages D-23 – D-25 of this report.

The basic proprietary fund financial statements can be found on pages B-11 – B-15 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are **not** reflected in the government-wide financial statement because the resources of those funds are **not** available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages B-16 – B-17 of this report.

### **Notes to the financial statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages C-1 – C-55 of this report.

### **Other information**

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the Notes to the Financial Statements. Fund statements (combining and individual fund statements) are found on pages D-1 - D-28 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$119,199,483 at September 30, 2009.

By far the largest portion of the City's net assets (68.4%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, improvements other than buildings, and machinery and equipment), less any outstanding related debt. The City uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided from other sources, since the capital assets themselves are not available to liquidate these liabilities.

**City of Dunedin, Florida**  
**Net Assets**  
**September 30, 2009 and 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current and other assets	\$ 23,216,640	\$ 20,563,498	\$ 24,031,265	\$ 27,006,830	\$ 47,247,905	\$ 47,570,328
Capital assets	68,543,288	62,902,389	57,018,039	56,497,132	125,561,327	119,399,521
<b>Total assets</b>	<b>\$ 91,759,928</b>	<b>\$ 83,465,887</b>	<b>\$ 81,049,304</b>	<b>\$ 83,503,962</b>	<b>\$ 172,809,232</b>	<b>\$ 166,969,849</b>
<b>Liabilities:</b>						
Current and other liabilities	\$ 2,646,173	\$ 2,815,898	\$ 3,875,624	\$ 3,706,982	\$ 6,521,797	\$ 6,522,880
Long-term liabilities outstanding:						
Due within one year	1,765,720	1,954,778	1,542,681	1,453,935	3,308,401	3,408,713
Due in more than one year	19,422,126	20,996,587	24,357,425	25,539,115	43,779,551	46,535,702
<b>Total liabilities</b>	<b>23,834,019</b>	<b>25,767,263</b>	<b>29,775,730</b>	<b>30,700,032</b>	<b>53,609,749</b>	<b>56,467,295</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	49,216,594	41,859,854	32,324,908	31,123,487	81,541,502	72,983,341
Restricted	666,759	1,492,721	12,119,646	11,491,080	12,786,405	12,983,801
Unrestricted	18,042,556	14,346,049	6,829,020	10,189,363	24,871,576	24,535,412
<b>Total net assets</b>	<b>\$ 67,925,909</b>	<b>\$ 57,698,624</b>	<b>\$ 51,273,574</b>	<b>\$ 52,803,930</b>	<b>\$ 119,199,483</b>	<b>\$ 110,502,554</b>

An additional portion of the City's net assets (10.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of **unrestricted net assets** \$24,871,576 (20.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2009, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for September 30, 2008.

### **Change in Net Assets**

The following table reflects the **changes in net assets** for the fiscal years ended September 30, 2009 and 2008:

**City of Dunedin, Florida**  
**Net Assets Change**  
**September 30, 2009 and 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 5,352,945	\$ 5,762,057	\$ 23,213,802	\$ 23,228,886	\$ 28,566,747	\$ 28,990,943
Operating grants and contributions	415,025	190,371	0	571,527	415,025	761,898
Capital grants and contributions	10,311,831	1,426,814	973,045	763,242	11,284,876	2,190,056
General revenues:					-	
Property taxes	8,364,594	9,212,358	-	-	8,364,594	9,212,358
Other taxes	15,270,167	13,793,435			15,270,167	13,793,435
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	64,111	340,398	(41,579)	521,255	22,532	861,653
<b>Total revenues</b>	<b>39,778,673</b>	<b>30,725,433</b>	<b>24,145,268</b>	<b>25,084,910</b>	<b>63,923,941</b>	<b>55,810,343</b>
<b>Expenses:</b>						
General government	3,681,315	2,578,302	-	-	3,681,315	2,578,302
Public safety	12,653,234	12,240,372	-	-	12,653,234	12,240,372
Physical environment	-	825	-	-	-	825
Transportation	1,839,363	2,610,475	-	-	1,839,363	2,610,475
Economic environment	507,328	323,734	-	-	507,328	323,734
Culture and recreation	9,931,370	10,727,942	-	-	9,931,370	10,727,942
Interest on long-term debt	834,618	866,910	-	-	834,618	866,910
Solid waste	-	-	4,571,427	4,832,211	4,571,427	4,832,211
Water/ Sewer utility	-	-	18,511,182	17,899,287	18,511,182	17,899,287
Reclaimed water	-	-	-	(25,237)	-	(25,237)
Stormwater utility	-	-	1,615,538	1,729,016	1,615,538	1,729,016
Marina	-	-	478,476	469,475	478,476	469,475
Golf course	-	-	603,161	613,178	603,161	613,178
<b>Total expenses</b>	<b>29,447,228</b>	<b>29,348,560</b>	<b>25,779,784</b>	<b>25,517,930</b>	<b>55,227,012</b>	<b>54,866,490</b>
<b>Increase in net assets before transfers</b>	10,331,445	1,376,873	(1,634,516)	(433,020)	8,696,929	943,853
<b>Transfers</b>	(104,160)	(486,751)	104,160	486,751	-	-
<b>Increase in net assets</b>	10,227,285	890,122	(1,530,356)	53,731	8,696,929	943,853
<b>Net assets October 1</b>	57,698,624	56,808,502	52,803,930	52,750,199	110,502,554	109,558,701
<b>Net assets September 30</b>	<b>\$ 67,925,909</b>	<b>\$ 57,698,624</b>	<b>\$ 51,273,574</b>	<b>\$ 52,803,930</b>	<b>\$ 119,199,483</b>	<b>\$ 110,502,554</b>

The City's total revenues increased \$8,113,598 (14.5%) while total expenses increased \$360,522 (0.7%). Applicable to total revenues, property taxes decreased (\$847,764), charges for services decreased (\$424,196) and capital grants and contributions increased \$9,094,820. As to total expenses, general government increased \$1,103,013 public safety increased \$412,862, transportation decreased (\$771,112), economic environment increased \$183,594, culture and recreation decreased (\$796,572), solid waste decreased (\$260,784) and total utilities increased \$523,654. The analysis below separately considers the operations of governmental and business-type activities in further detail.

### **Governmental activities**

Total revenues for governmental activities increased \$9,053,240 (29.5%). The major factors were:

- Capital grants and contributions increased \$8,885,017, (622.7%).
- Property taxes decreased (\$847,764), (9.2%) during the year primarily due to the continued declining property values related to the economic downturn.
- Charges for services decreased (\$409,112), (7.1%).
- Operations grants increased \$224,654, (118.0%).

Total expenses increased \$98,668 (0.3%), reflecting:

- A decrease in transportation, (\$771,112).
- An increase in public safety, \$412,862.
- An increase in economic environment, \$183,594.
- An increase in general government, \$1,103,013.
- A decrease in culture and recreation, (\$796,572), and
- A decrease in interest on debt, (\$32,292).

### **Business-type activities.**

Total revenues for business-type activities decreased \$939,642 (3.7%), primarily in capital grants and contributions.

- Solid waste charges for services increased \$299,104, utilities (including reclaimed water) decreased (\$132,109) and stormwater increased \$42,482.
- Total capital grants and contributions for business-type activities increased by \$209,803. Of this total, water/sewer utility impact fees, which are linked directly to new construction increased \$57,472 during the fiscal year ended September 30, 2009.

Total expenses for business-type activities increased \$261,854 (1.0%).

- Water/sewer utility expenses increased \$637,132.
- Stormwater utility expenses decreased (\$113,478).
- Solid waste expenses decreased (\$260,784).
- Marina expenses increased \$9,001, and
- Golf course expenses decreased (\$10,017).

## **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

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

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As of September 30, 2009, the City's governmental funds reported combined ending fund balances of \$14,919,422, an increase of \$1,293,320 in comparison with the prior year. **Reserved fund balance** indicates resources that are not available for new spending because they have already been committed:

- To liquidate contracts and purchase orders of the prior period, \$23,013.
- To purchase capital assets, \$279,355.
- To generate income to pay for perpetual care of the municipal cemetery, \$217,446.
- Debt service, \$111,100, and
- For a variety of other restricted purposes, \$235,014.
- The remainder of the fund balance, \$13,385,503, is **unreserved fund balance**, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,470,489, while total fund balance reached was \$9,200,493.

The fund balance of the City's General Fund increased by \$106,371 (1.3%) during the Fiscal Year 2009. Key factors in this increase are as follows:

- Total revenues decreased (\$1,052,643), (4.2%) primarily from a decrease in property tax revenue of (\$759,412).
- Total expenses decreased (\$1,325,966), (5.2%).
- Changes by function were:
  - Decrease in General government (\$124,292).
  - Decrease in Transportation (\$88,353)
  - Decrease in Cultural recreation (\$1,262,181)
  - Increase in Public Safety \$209,164

The One Cent Sales Tax Fund has a total fund balance of \$2,129,233, an increase during the year of \$1,017,311. The major expenditures this fiscal year from the One Cent Sales Tax Fund were:

- Pinehurst Road reconstruction , \$119,971.
- Winding Creek Road project, \$405,636.
- Annual debt service, \$941,589, and
- The payoff of the Gateway Tract debt, \$1,039,953.

### **Proprietary Funds**

The City's **proprietary funds** provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's enterprise funds are considered major funds: Solid Waste, Water/Sewer Utility, Stormwater Utility, Marina, and Golf Course.

Unrestricted net assets of the Solid Waste Fund at September 30, 2009 were \$1,099,057, an increase from prior year of \$510,957 (87.0%). Operating expenses decreased (\$167,587) (3.4%) while operating revenues increased \$184,861.

Unrestricted net assets of the Water/Sewer Utility Fund at September 30, 2009 were \$4,122,683. Total net assets decreased from the prior year by (\$3,736,855), (47.5%). Operating revenues decreased (\$188,534), while operating expenses increased \$556,238.

Unrestricted net assets of the Stormwater Utility Fund at September 30, 2009 were \$237,983 an increase of \$145,885 from the prior year. Operating revenues increased \$42,194, while operating expenses increased \$38,701.

Unrestricted net assets of the Marina Fund at September 30, 2009 were (\$83,942). Total net assets at year-end were \$1,623,299. Revenues increased \$25,892 while expenses increased \$381.

The Golf Course Fund ended the year with net assets of \$1,092,805, a decrease from the prior year of (\$32,866). Revenues decreased (\$79,497) with a decrease in operating expenses of (\$8,121).

### **General Fund Budgetary Highlights**

As detailed on page B-8, actual total revenues were below budgetary estimates by (\$1,356,701) (5.2%). Components of this variance include:

- Below estimated property tax revenue, (\$196,320).
- Intergovernmental revenue, (\$153,483).
- Interest revenue, (\$273,089).
- Increase in franchise fees, \$30,707.
- Increase in Utility Service franchises, \$292,076.
- Increase in License & permits, \$110,122.
- Increase in Charges for Services, \$6,368.
- Decrease in fines, (\$19,241).
- Increase in rents, \$49,658.
- Decrease in Other Revenue, (\$1,203,499)

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2009, was \$125,561,327 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, and machinery and equipment.

Major capital asset events during the current fiscal year included the completion of the following projects:

- Highlander Park Sprayground, \$29,291 .
- Rosewood Ditch project, \$527,714.
- Milwaukee Extension/Main Street Streetscape (Gateway), \$180,000.
- Facility Assessment Space Needs Analysis (FASNA), \$175,239.
- North Side Force Main project, \$559,387.
- Hammock Park Rehydration project, \$12,584.
- Curlew Channel A off-line detection project, \$115,617
- Street Resurfacing, \$872,585.

**City of Dunedin, Florida**  
**Capital Assets (net of depreciation)**  
**September 30, 2009 and 2008**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 18,259,446	\$ 10,587,345	\$ 1,378,896	\$ 1,378,896	\$ 19,638,342	\$ 11,966,241
Buildings	26,286,004	27,629,648	3,196,379	4,002,631	29,482,383	31,632,279
Infrastructure	3,683,106	3,793,681	-	-	3,683,106	3,793,681
Improvements other than buildings	13,363,615	13,615,002	50,755,779	49,161,402	64,119,394	62,776,404
Machinery and Equipment	6,095,276	7,251,062	913,330	845,524	7,008,606	8,096,586
Construction in progress	855,841	25,651	773,655	1,108,679	1,629,496	1,134,330
<b>Total</b>	<b>\$ 68,543,288</b>	<b>\$ 62,902,389</b>	<b>\$ 57,018,039</b>	<b>\$ 56,497,132</b>	<b>\$ 125,561,327</b>	<b>\$ 119,399,521</b>

Additional information on the City's capital assets can be found in note IV.A.3 on pages C-21 – C-24 of this report.

**Debt**

At the end of the current fiscal year, the City had debt outstanding of \$44,019,825. Of this amount,

\$1,953,199 is in capital leases. The remainder of the City's debt, \$42,066,626 represented bonds secured by specified revenue sources (i.e., revenue bonds).

**City of Dunedin, Florida  
Outstanding Debt  
September 30, 2009 and 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2009	2008	2009	2008	2009	2008
Capital Leases	\$ 1,953,199	\$ 1,312,117	\$ -	\$ -	\$ 1,953,199	\$ 1,312,117
Special assessment debt with governmental commitment	-	-	-	345,450	-	345,450
Revenue bonds	17,373,495	19,730,418	24,693,131	26,497,568	42,066,626	46,227,986
<b>Total</b>	<b>\$ 19,326,694</b>	<b>\$ 21,042,535</b>	<b>\$ 24,693,131</b>	<b>\$ 26,843,018</b>	<b>\$ 44,019,825</b>	<b>\$ 47,885,553</b>

In the current fiscal year, the City's debt decreased by \$3,865,728 (8.1%), primarily reflecting the debt principal payments.

The City's Financial Management Policies provide the following limits for the amount of debt the City may issue:

- The City's overall outstanding ratio of total annual general government debt service exclusive of enterprise fund, internal service fund and special assessment debt service to total annual general government revenue shall not exceed 12.5%; **the City's current ratio is 8.03%.**
- The City's maximum ratio of outstanding capital debt to the property tax base shall not exceed 20%; **the City's current ratio is 2.18%.**
- The City's use of revenue bonds may be 100% of total debt; **the City's current ratio is 95.6%.**

Additional information on the City's long-term debt can be found in note IV.B on pages C-25 – C-38 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Pinellas County for September 2009 was 11.2%.
- The City is substantially built out thereby minimizing any major growth impacts.
- The City is largely residential at 45% land use.

These factors were considered in preparing the City's budget for fiscal year 2010.

The City's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, including tax rates and fees charged for the business-type activities. As a result of the rate study completed in fiscal year 2006 for the Water and Sewer Fund, an additional 2.75% rate increase will occur in fiscal 2010, from the previously approved rates. Current property tax revenues are based on the current millage rate of 3.5597. This rate is 33.5% less than it was in fiscal year 1994-5 when it was 5.350 mills. Property tax revenues, franchise

fees, utility taxes and available cash reserves will be used to fund the current programs in fiscal year 2010.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Dunedin, Florida's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeffrey A. Yates, Director of Finance, City of Dunedin, 750 Milwaukee Avenue, Dunedin, Florida, 34698 or e-mail [JYates@dunedinfl.net](mailto:JYates@dunedinfl.net). The report is also available on the City's website at [Dunedingov.com](http://Dunedingov.com).

# **Basic Financial Statements**

**City of Dunedin, Florida**  
**Statement of Net Assets**  
**September 30, 2009**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 21,209,712	\$ 2,651,876	\$ 23,861,588
Receivables, net of allowance for doubtful accounts	657,931	2,898,723	3,556,654
Internal balances	(1,639,572)	1,639,572	-
Due from other governments	2,393,344	27,567	2,420,911
Inventories	89,792	846,596	936,388
Prepaid items	252,693	2,620	255,313
Accrued interest receivable	15,934	13,576	29,510
Deposits	60,650	650	61,300
Advances to other funds	176,156	-	176,156
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	12,484,356	12,484,356
Charges receivable	-	3,059,653	3,059,653
Deferred charges	-	406,076	406,076
Capital assets, net of accumulated depreciation			
Land	18,259,446	1,378,896	19,638,342
Buildings	26,286,004	3,196,379	29,482,383
Infrastructure	3,683,106	-	3,683,106
Improvements other than buildings	13,363,615	50,755,779	64,119,394
Machinery and equipment	6,095,276	913,330	7,008,606
Construction in progress	855,841	773,655	1,629,496
Total assets	<u>91,759,928</u>	<u>81,049,304</u>	<u>172,809,232</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	\$ 2,022,361	\$ 1,266,836	\$ 3,289,197
Accrued interest payable	268,810	1,011,405	1,280,215
Unearned revenue	313,558	272,936	586,494
Due to other governments	41,444	-	41,444
Liabilities payable from restricted assets	-	1,324,447	1,324,447
Noncurrent liabilities:			
Due within one year	1,765,720	1,542,681	3,308,401
Due in more than one year	19,422,126	24,357,425	43,779,551
Total liabilities	<u>23,834,019</u>	<u>29,775,730</u>	<u>53,609,749</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	49,216,594	32,324,908	81,541,502
Restricted for:			
Public safety programs	58,858	-	58,858
Capital asset replacement	279,355	9,550,655	9,830,010
Debt service	111,100	2,568,991	2,680,091
Perpetual care	217,446	-	217,446
Unrestricted	18,042,556	6,829,020	24,871,576
Total net assets	<u>\$ 67,925,909</u>	<u>\$ 51,273,574</u>	<u>\$ 119,199,483</u>

City of Dunedin, Florida  
Statement of Activities  
For the Fiscal Year Ended September 30, 2009

Functions/Programs Primary Government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
<b>Governmental activities:</b>							
General government	\$ 3,681,315	\$ -	\$ -	\$ -	\$ (3,681,315)	\$ -	\$ (3,681,315)
Public safety	12,653,234	2,518,229	421,968	-	(9,713,037)	-	(9,713,037)
Transportation	1,839,363	-	564	574,956	(1,263,843)	-	(1,263,843)
Economic environment	507,328	95,097	(12,496)	875,891	451,164	-	451,164
Culture and recreation	9,931,370	2,739,619	4,989	8,860,984	1,674,222	-	1,674,222
Interest on long-term debt	834,618	-	-	-	(834,618)	-	(834,618)
Total governmental activities	29,447,228	5,352,945	415,025	10,311,831	(13,367,427)	-	(13,367,427)
<b>Business-type activities:</b>							
Solid waste	4,571,427	5,269,810	-	-	-	698,383	698,383
Water/Sewer utility	18,511,182	15,344,070	-	130,263	-	(3,036,849)	(3,036,849)
Stormwater utility	1,615,538	1,682,977	-	842,782	-	910,221	910,221
Marina	478,476	443,924	-	-	-	(34,552)	(34,552)
Golf course	603,161	473,021	-	-	-	(130,140)	(130,140)
Total business-type activities	25,779,784	23,213,802	-	973,045	-	(1,592,937)	(1,592,937)
<b>Total primary government</b>	<b>\$ 55,227,012</b>	<b>\$ 28,566,747</b>	<b>\$ 415,025</b>	<b>\$ 11,284,876</b>	<b>(13,367,427)</b>	<b>(1,592,937)</b>	<b>(14,960,364)</b>
<b>General Revenues:</b>							
Property taxes					8,364,594	-	8,364,594
Utility service taxes					4,713,985	-	4,713,985
Intergovernmental revenues:							
Infrastructure sales surtax					4,727,908	-	4,727,908
Half cent sales tax					1,808,035	-	1,808,035
Franchise taxes					2,811,613	-	2,811,613
State revenue sharing					1,134,958	-	1,134,958
Other taxes					73,668	-	73,668
Unrestricted investment earnings / (loss)					(85,633)	(43,434)	(129,067)
Gain on sale of capital assets					149,744	1,855	151,599
Transfers					(104,160)	104,160	-
Total general revenues and transfers					23,594,712	62,581	23,657,293
Change in net assets					10,227,285	(1,530,356)	8,696,929
Net Assets - beginning					57,698,624	52,803,930	110,502,554
Net - Assets - ending					\$ 67,925,909	\$ 51,273,574	\$ 119,199,483

**City of Dunedin, Florida**  
**Balance Sheet for Governmental Funds**  
**September 30, 2009**

	<u>General</u> <u>Fund</u>	<u>One Cent</u> <u>Sales Tax Fund</u>	<u>Impact Fees</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 7,429,094	\$ 1,138,475	\$ 1,382,260	\$ 3,602,410	\$ 13,552,239
Accounts receivable, net of allowance for doubtful accounts	657,931	-	-	-	657,931
Due from other governments	736,148	1,119,940	-	537,256	2,393,344
Inventories	2,680	-	-	-	2,680
Prepaid items	252,201	-	-	492	252,693
Accrued interest receivable	5,190	975	1,246	3,078	10,489
Deposits	150	-	-	500	650
Advances to other funds	117,099	-	-	59,057	176,156
Total assets	<u>\$ 9,200,493</u>	<u>\$ 2,259,390</u>	<u>\$ 1,383,506</u>	<u>\$ 4,202,793</u>	<u>\$ 17,046,182</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$ 228,335	\$ 119,739	\$ -	\$ 590,473	\$ 938,547
Contracts payable	-	10,418	3,595	181,072	195,085
Accrued salaries payable	297,145	-	-	17,269	314,414
Deposits payable	1,175	-	-	4,000	5,175
Deferred revenue	313,558	-	-	-	313,558
Due to other governments	-	-	41,444	-	41,444
Other current liabilities	318,537	-	-	-	318,537
Total liabilities	<u>1,158,750</u>	<u>130,157</u>	<u>45,039</u>	<u>792,814</u>	<u>2,126,760</u>
Fund Balances:					
Reserved for:					
Encumbrances	23,013	-	-	-	23,013
Advances	117,099	-	-	59,057	176,156
Public safety programs	58,525	-	-	333	58,858
Capital projects	155,171	-	-	124,184	279,355
Debt service	-	-	-	111,100	111,100
Perpetual care nonexpendable	217,446	-	-	-	217,446
Unreserved, reported in:					
General fund	7,470,489	-	-	-	7,470,489
Special revenue funds	-	2,129,233	1,338,467	2,447,314	5,915,014
Capital projects funds	-	-	-	667,991	667,991
Total fund balances	<u>8,041,743</u>	<u>2,129,233</u>	<u>1,338,467</u>	<u>3,409,979</u>	<u>14,919,422</u>
<b>Total liabilities and fund balances</b>	<u>\$ 9,200,493</u>	<u>\$ 2,259,390</u>	<u>\$ 1,383,506</u>	<u>\$ 4,202,793</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	62,637,322
Internal service funds are used by management to charge the costs of fleet and facility management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	9,211,434
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(18,842,269)
Net assets of governmental activities	<u>\$ 67,925,909</u>

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

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**City of Dunedin, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended September 30, 2009**

	<b>General Fund</b>	<b>One Cent Sales Tax Fund</b>	<b>Impact Fees Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes:					
Property	\$ 7,754,948	\$ -	\$ -	\$ 609,646	\$ 8,364,594
Franchise	2,811,613	-	-	-	2,811,613
Utility service	4,713,985	-	-	-	4,713,985
Licenses and permits	445,622	-	-	-	445,622
Intergovernmental	3,104,438	4,727,908	7,850,000	3,272,911	18,955,257
Charges for services	5,403,088	-	-	276,367	5,679,455
Fines	184,190	-	-	-	184,190
Investment earnings / (loss)	(30,089)	(5,756)	(7,362)	(21,512)	(64,719)
Rents	346,714	-	-	-	346,714
Contributions and donations	-	-	-	20,973	20,973
Other revenue	80,306	-	61,288	47,011	188,605
Total revenues	<u>24,814,815</u>	<u>4,722,152</u>	<u>7,903,926</u>	<u>4,205,396</u>	<u>41,646,289</u>
<b>EXPENDITURES</b>					
Current:					
General government	3,514,653	-	-	28,859	3,543,512
Public safety	11,862,169	-	-	14,140	11,876,309
Transportation	1,866,485	-	50	3,165	1,869,700
Economic environment	-	-	-	394,828	394,828
Culture and recreation	7,026,222	-	-	1,100,180	8,126,402
Debt service:					
Principal	-	1,587,324	-	769,599	2,356,923
Interest	-	394,218	-	441,505	835,723
Capital outlay:					
General government	-	172,939	-	43,891	216,830
Public safety	-	65	-	47,688	47,753
Physical environment	-	405,636	-	-	405,636
Transportation	-	190,021	34,106	1,050,543	1,274,670
Economic environment	-	-	-	880,307	880,307
Culture and recreation	-	200,165	7,869,030	1,029,817	9,099,012
Aids and grants	28,762	-	-	486,441	515,203
Total expenditures	<u>24,298,291</u>	<u>2,950,368</u>	<u>7,903,186</u>	<u>6,290,963</u>	<u>41,442,808</u>
Excess of revenues over (under) expenditures	<u>516,524</u>	<u>1,771,784</u>	<u>740</u>	<u>(2,085,567)</u>	<u>203,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	1,181,800	-	-	-	1,181,800
Transfers in	729,559	523,832	-	2,617,164	3,870,555
Transfers out	(2,321,512)	(1,278,305)	(24,001)	(338,698)	(3,962,516)
Total other financing sources (uses)	<u>(410,153)</u>	<u>(754,473)</u>	<u>(24,001)</u>	<u>2,278,466</u>	<u>1,089,839</u>
Net change in fund balances	106,371	1,017,311	(23,261)	192,899	1,293,320
Fund balances - beginning	7,935,372	1,111,922	1,361,728	3,217,080	13,626,102
Fund balances - ending	<u>\$ 8,041,743</u>	<u>\$ 2,129,233</u>	<u>\$ 1,338,467</u>	<u>\$ 3,409,979</u>	<u>\$ 14,919,422</u>

**City of Dunedin, Florida**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2009**

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Net change in fund balances - total governmental funds (page B-6) \$ 1,293,320

Amounts reported for governmental activities in the statement of activities (page B-3) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	11,232,016	
Less current year depreciation	<u>(4,488,750)</u>	6,743,266

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, etc.) (462,581)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments	<u>2,356,923</u>	2,356,923
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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 compensated absences / OPEB liability	(44,106)	
Change in accrued interest expense	<u>45,676</u>	1,570

Internal service funds are used by management to charge the costs of vehicle maintenance, facility maintenance and self insurance to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.

294,787

Change in net assets of governmental activities (page B-3)	\$	<u><u>10,227,285</u></u>
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The accompanying notes are an integral part of these financial statements

**City of Dunedin, Florida**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<b>Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,951,268	\$ 7,951,268	\$ 7,754,948	\$ (196,320)
Franchise	2,678,255	2,780,906	2,811,613	30,707
Utility service	4,421,909	4,421,909	4,713,985	292,076
Licenses and permits	335,500	335,500	445,622	110,122
Intergovernmental	3,550,812	3,257,921	3,104,438	(153,483)
Charges for services	5,316,720	5,396,720	5,403,088	6,368
Fines	197,160	203,431	184,190	(19,241)
Investment earnings / (loss)	243,000	243,000	(30,089)	(273,089)
Rents	297,056	297,056	346,714	49,658
Other revenue	1,513,411	1,283,805	80,306	(1,203,499)
Total revenues	<u>26,505,091</u>	<u>26,171,516</u>	<u>24,814,815</u>	<u>(1,356,701)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City commission	173,922	174,446	170,869	3,577
City manager	268,977	287,122	307,024	(19,902)
Legal	182,090	182,090	215,082	(32,992)
City clerk	454,122	437,644	416,076	21,568
Finance	829,802	820,301	800,143	20,158
Administration	1,643,520	1,676,269	1,605,459	70,810
Total general government	<u>3,552,433</u>	<u>3,577,872</u>	<u>3,514,653</u>	<u>63,219</u>
Public safety:				
Law enforcement	4,117,983	4,209,599	4,223,727	(14,128)
Fire control	6,386,117	6,247,911	6,095,351	152,560
Planning and Development	1,760,755	1,735,156	1,543,091	192,065
Total public safety	<u>12,264,855</u>	<u>12,192,666</u>	<u>11,862,169</u>	<u>330,497</u>
Transportation:				
Streets / Traffic	1,962,460	1,938,107	1,866,485	71,622
Total transportation	<u>1,962,460</u>	<u>1,938,107</u>	<u>1,866,485</u>	<u>71,622</u>
Culture and recreation:				
Library	1,291,566	1,301,369	1,331,228	(29,859)
Leisure services administration	487,880	549,635	547,383	2,252
Recreation	3,320,948	3,202,628	3,237,332	(34,704)
Parks	2,060,060	1,999,007	1,910,279	88,728
Total culture and recreation	<u>7,160,454</u>	<u>7,052,639</u>	<u>7,026,222</u>	<u>26,417</u>
Debt service:				
Principal	682,723	682,723	-	682,723
Total debt service	<u>682,723</u>	<u>682,723</u>	<u>-</u>	<u>682,723</u>
Aids and grants				
	27,000	27,000	28,762	(1,762)
Total expenditures	<u>25,649,925</u>	<u>25,471,007</u>	<u>24,298,291</u>	<u>1,172,716</u>
Excess of revenues over (under) expenditures	<u>855,166</u>	<u>700,509</u>	<u>516,524</u>	<u>(183,985)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	1,181,800	1,181,800
Transfers in	570,866	734,898	729,559	(5,339)
Transfers out	(1,492,848)	(2,079,873)	(2,321,512)	(241,639)
Total other financing uses	<u>(921,982)</u>	<u>(1,344,975)</u>	<u>(410,153)</u>	<u>934,822</u>
Net change in fund balances	(66,816)	(644,466)	106,371	750,837
Fund balances - beginning	<u>7,935,372</u>	<u>7,935,372</u>	<u>7,935,372</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,868,556</u>	<u>\$ 7,290,906</u>	<u>\$ 8,041,743</u>	<u>\$ 750,837</u>

The accompanying notes are an integral part of these financial statements

**City of Dunedin, Florida**  
**One Cent Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Infrastructure sales surtax	\$ 3,283,929	\$ 3,283,929	\$ 4,490,881	\$ 1,206,952
Grant Revenues	-	-	237,027	237,027
Proceeds from property sale	523,832	523,832	-	(523,832)
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(5,756)	(5,756)
Total revenues	<u>3,807,761</u>	<u>3,807,761</u>	<u>4,722,152</u>	<u>914,391</u>
<b><u>EXPENDITURES</u></b>				
Capital projects:				
General government	-	89,690	172,939	(83,249)
Public Safety	-	-	65	(65)
Physical Environment	-	-	405,636	(405,636)
Transportation	-	250,000	190,021	59,979
Economic environment	480,000	541,565	-	541,565
Culture and recreation	-	47,098	200,165	(153,067)
Debt service				
Principal	911,156	887,523	1,587,324	(699,801)
Interest	394,218	417,851	394,218	23,633
Total expenditures	<u>1,785,374</u>	<u>2,233,727</u>	<u>2,950,368</u>	<u>(716,641)</u>
Excess of revenues over expenditures	<u>2,022,387</u>	<u>1,574,034</u>	<u>1,771,784</u>	<u>197,750</u>
<b><u>OTHER FINANCING SOURCES / (USES)</u></b>				
Transfers in	-	523,832	523,832	-
Transfers out	(1,041,860)	(1,228,370)	(1,278,305)	(49,935)
Total other financing uses	<u>(1,041,860)</u>	<u>(704,538)</u>	<u>(754,473)</u>	<u>(49,935)</u>
Net change in fund balances	980,527	869,496	1,017,311	147,815
Fund balances - beginning	<u>1,111,922</u>	<u>1,111,922</u>	<u>1,111,922</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,092,449</u>	<u>\$ 1,981,418</u>	<u>\$ 2,129,233</u>	<u>\$ 147,815</u>

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

**City of Dunedin, Florida**  
**Impact Fees**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Grant Revenues	\$ 7,000,000	\$ 7,000,000	\$ 7,850,000	\$ 850,000
Impact fees	381,000	381,000	61,288	(319,712)
Miscellaneous revenues:				
Investment earnings / (loss)	45,470	45,470	(7,362)	(52,832)
Total revenues	<u>7,426,470</u>	<u>7,426,470</u>	<u>7,903,926</u>	<u>477,456</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Transportation	-	-	50	(50)
Capital projects:				
Transportation	108,760	108,760	34,106	74,654
Culture and recreation	7,019,021	7,019,021	7,869,030	(850,009)
Total expenditures	<u>7,127,781</u>	<u>7,127,781</u>	<u>7,903,186</u>	<u>(775,405)</u>
Excess of revenues over expenditures	<u>298,689</u>	<u>298,689</u>	<u>740</u>	<u>(297,949)</u>
<b><u>OTHER FINANCING SOURCES / (USES)</u></b>				
Transfers out	<u>(32,738)</u>	<u>(32,738)</u>	<u>(24,001)</u>	<u>8,737</u>
Total other financing uses	<u>(32,738)</u>	<u>(32,738)</u>	<u>(24,001)</u>	<u>8,737</u>
Net change in fund balances	265,951	265,951	(23,261)	(289,212)
Fund balances - beginning	<u>1,361,728</u>	<u>1,361,728</u>	<u>1,361,728</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,627,679</u>	<u>\$ 1,627,679</u>	<u>\$ 1,338,467</u>	<u>\$ (289,212)</u>

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

City of Dunedin, Florida  
Statement of Net Assets  
Proprietary Funds  
September 30, 2009

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 891,925	\$ 171,526	\$ 701,930	\$ 882,218	\$ 4,277	\$ 2,651,876	\$ 7,657,473
Accounts receivable, net of allowance for uncollectibles	524,113	1,960,574	226,338	21,240	707	2,732,972	-
Assessments/liens receivable, net of allowance for uncollectibles	27,110	138,641	-	-	-	165,751	-
Deferred outflow	-	263,929	9,007	-	-	272,936	-
Due from other governments	-	27,567	-	-	-	27,567	-
Inventories	-	833,520	-	-	13,076	846,596	87,112
Prepaid items	-	2,409	211	-	-	2,620	-
Interest receivable	510	8,971	3,332	763	-	13,576	5,445
Deposits	-	-	-	-	650	650	60,000
Total current assets	1,443,658	3,407,137	940,818	904,221	18,710	6,714,544	7,810,030
Noncurrent assets:							
Restricted cash, cash equivalents, and investments:							
Customer deposits	-	1,205,682	-	57,538	-	1,263,220	-
Impact fees	-	1,140,383	-	-	-	1,140,383	-
Capital asset replacement	-	6,160,608	2,430,310	-	-	8,590,918	-
Revenue bond covenant accounts	-	1,440,352	49,483	-	-	1,489,835	-
Charges receivable	-	3,059,653	-	-	-	3,059,653	-
Total restricted assets	-	13,006,678	2,479,793	57,538	-	15,544,009	-
Deferred charges	-	128,940	4,200	-	-	133,140	-
Capital assets:							
Land	-	305,364	-	-	1,073,532	1,378,896	-
Buildings	333,053	15,541,578	2,000	26,031	170,578	16,073,240	2,630,176
Improvements other than buildings	5,837	93,348,073	10,184,545	2,114,820	204,480	105,857,755	4,744
Machinery and equipment	767,596	1,961,299	152,516	6,313	14,929	2,902,653	11,726,186
Construction in progress	-	324,508	449,147	-	-	773,655	-
Less accumulated depreciation	(950,843)	(64,560,203)	(2,873,083)	(1,399,660)	(184,371)	(69,968,160)	(8,455,140)
Total capital assets, net of accumulated depreciation	155,643	46,920,619	7,915,125	747,504	1,279,148	57,018,039	5,905,966
Total noncurrent assets	155,643	60,056,237	10,399,118	805,042	1,279,148	72,695,188	5,905,966
Total assets	\$ 1,599,301	\$ 63,463,374	\$ 11,339,936	\$ 1,709,263	\$ 1,297,858	\$ 79,409,732	\$ 13,715,996

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

City of Dunedin, Florida  
Statement of Net Assets  
Proprietary Funds  
September 30, 2009  
(continued)

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 105,998	\$ 399,012	\$ 289,931	\$ 14,456	\$ 13,016	\$ 822,413	\$ 217,569
Contracts payable	-	74,463	164,923	-	-	239,386	-
Accrued salaries payable	33,474	147,164	14,047	3,957	6,395	205,037	33,034
Accrued interest payable	-	-	-	-	-	-	33,371
Capital leases payable - current	-	-	-	-	-	-	467,931
Deferred SWAP Obligation	-	263,929	9,007	-	-	272,936	-
Total current liabilities	139,472	884,568	477,908	18,413	19,411	1,539,772	751,905
Current liabilities payable from restricted assets:							
Revenue bonds payable	-	1,502,916	39,765	-	-	1,542,681	-
Accrued interest payable	-	829,952	181,453	-	-	1,011,405	-
Customer deposits payable	-	1,230,393	-	-	-	1,230,393	-
Deposits payable	-	36,516	-	57,538	-	94,054	-
Total current liabilities payable from restricted assets	-	3,599,777	221,218	57,538	-	3,878,533	-
Noncurrent liabilities:							
Revenue bonds payable, net of amortized discounts and deferred amount on refunding	-	18,993,752	4,156,698	-	-	23,150,450	-
Capital leases payable	-	-	-	-	-	-	1,485,268
Compensated absences	198,955	734,270	45,735	9,440	8,414	996,814	260,853
OPEB liability	6,174	24,247	1,939	573	1,072	34,005	5,738
Advances from other funds	-	-	-	-	176,156	176,156	-
Claims liabilities	-	-	-	-	-	-	361,226
Total noncurrent liabilities	205,129	19,752,269	4,204,372	10,013	185,642	24,357,425	2,113,085
Total liabilities	344,601	24,236,614	4,903,498	85,964	205,053	29,775,730	2,864,990
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	155,643	26,423,951	3,718,662	747,504	1,279,148	32,324,908	3,952,767
Restricted for capital assets	-	6,160,608	2,430,310	959,737	-	9,550,655	-
Restricted for debt service / deposits	-	2,519,508	49,483	-	-	2,568,991	-
Unrestricted	1,099,057	4,122,693	237,983	(83,942)	(186,343)	5,189,448	6,898,239
Total net assets	\$ 1,254,700	\$ 39,226,760	\$ 6,436,438	\$ 1,623,299	\$ 1,092,805	\$ 49,634,002	\$ 10,851,006
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						1,639,572	
Net assets of business-type activities						\$ 51,273,574	

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

City of Dunedin, Florida  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
 Proprietary Funds  
 For the Fiscal Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
Operating revenues:							
Charges for services	\$ 5,204,687	\$ 14,971,808	\$ 1,682,977	\$ -	\$ 470,709	\$ 22,330,181	\$ 6,861,498
Other operating revenue	65,123	372,262	-	443,924	2,312	883,621	129,857
Total operating revenues	<u>5,269,810</u>	<u>15,344,070</u>	<u>1,682,977</u>	<u>443,924</u>	<u>473,021</u>	<u>23,213,802</u>	<u>6,991,355</u>
Operating expenses:							
Personal services	1,557,965	6,073,033	547,866	144,863	239,804	8,563,531	1,527,291
Supplies and services	3,198,145	6,802,310	599,045	153,894	337,293	11,090,687	3,508,828
Depreciation	22,385	4,639,968	314,966	185,568	33,438	5,196,325	1,182,386
Total operating expenses	<u>4,778,495</u>	<u>17,515,311</u>	<u>1,461,877</u>	<u>484,325</u>	<u>610,535</u>	<u>24,850,543</u>	<u>6,218,505</u>
Operating income (loss)	<u>491,315</u>	<u>(2,171,241)</u>	<u>221,100</u>	<u>(40,401)</u>	<u>(137,514)</u>	<u>(1,636,741)</u>	<u>772,850</u>
Nonoperating revenues (expenses):							
Investment earnings / (loss)	(2,743)	(17,653)	(18,537)	(4,501)	-	(43,434)	(35,705)
Grant revenue	-	130,263	842,782	-	-	973,045	-
Interest/amortization	-	(1,176,567)	(192,924)	-	(352)	(1,369,843)	(44,571)
Gain (loss) on disposal of capital assets	-	1,855	-	-	-	1,855	55,014
Total nonoperating revenues (expenses)	<u>(2,743)</u>	<u>(1,062,102)</u>	<u>631,321</u>	<u>(4,501)</u>	<u>(352)</u>	<u>(438,377)</u>	<u>(25,262)</u>
Income before contributions and transfers	488,572	(3,233,343)	852,421	(44,902)	(137,866)	(2,075,118)	747,588
Transfers in	-	-	-	-	105,000	105,000	314,801
Transfers out	-	-	(840)	-	-	(840)	(327,000)
Change in net assets	488,572	(3,233,343)	851,581	(44,902)	(32,866)	(1,970,958)	735,389
Total net assets - beginning	766,128	42,460,103	5,584,857	1,668,201	1,125,671	10,115,617	10,115,617
Total net assets - ending	<u>\$ 1,254,700</u>	<u>\$ 39,226,760</u>	<u>\$ 6,436,438</u>	<u>\$ 1,623,299</u>	<u>\$ 1,092,805</u>	<u>\$ 10,851,006</u>	<u>\$ 10,851,006</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						440,602	
Change in net assets of business-type activities (page B-3)						<u>\$ (1,530,356)</u>	

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

City of Dunedin, Florida  
Statement of Cash Flows  
Proprietary Funds

For the Fiscal Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 5,195,167	\$ 16,054,677	\$ 1,659,551	\$ (15,896)	\$ 646,158	\$ 23,539,657	\$ 6,861,498
Payments to suppliers	(3,207,957)	(6,898,449)	(200,052)	(146,296)	(339,967)	(10,792,721)	(4,293,012)
Payments to employees	(1,593,235)	(5,977,071)	(539,864)	(143,268)	(233,114)	(8,486,552)	(1,598,955)
Other operating revenues	65,123	372,262	-	443,924	2,312	883,621	129,857
Net cash provided by (used in) operating activities	459,098	3,551,419	919,635	138,464	75,389	5,144,005	1,099,388
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	-	-	-	-	105,000	105,000	314,801
Transfers out	-	-	(840)	-	-	(840)	(327,000)
Advances from other funds	-	-	-	-	(176,156)	(176,156)	-
Net cash provided by (used in) noncapital financing activities	-	-	(840)	-	(71,156)	(71,996)	(12,199)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Purchase of capital assets	-	(2,488,980)	(3,133,850)	(94,402)	-	(5,717,232)	(542,600)
Proceeds from capital debt	-	-	-	-	-	-	981,141
Principal paid on capital debt	-	(1,416,975)	(36,960)	-	-	(1,453,935)	(340,054)
Interest paid on capital debt	-	(1,096,805)	(193,668)	-	-	(1,290,473)	(44,796)
Proceeds from sale of capital assets	-	1,855	-	-	-	1,855	55,014
Proceeds from capital grants	-	130,263	842,782	-	-	973,045	-
Net cash provided by (used in) capital and related financing activities	-	(4,870,642)	(2,521,696)	(94,402)	-	(7,486,740)	108,705
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment earnings (loss)	(3,253)	(26,624)	(21,869)	(5,264)	-	(57,010)	(37,596)
Net cash used in investing activities	(3,253)	(26,624)	(21,869)	(5,264)	-	(57,010)	(37,596)
Net increase (decrease) in cash and cash equivalents	455,845	(1,345,847)	(1,624,770)	38,798	4,233	(2,471,741)	1,158,298
Cash and cash equivalents - October 1	436,080	11,464,398	4,806,493	900,958	44	17,607,973	6,499,175
Cash and cash equivalents - September 30	\$ 891,925	\$ 10,118,551	\$ 3,181,723	\$ 939,756	\$ 4,277	\$ 15,136,232	\$ 7,657,473

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

City of Dunedin, Florida  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2009

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>							
Operating income (loss)	\$ 491,315	\$ (2,171,241)	\$ 221,100	\$ (40,401)	\$ (137,514)	\$ (1,636,741)	\$ 772,850
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	22,385	4,639,968	314,966	185,568	33,438	5,196,325	1,182,386
(Increase) decrease in Accounts receivable	(9,520)	167,537	(23,426)	(12,035)	(707)	121,849	(20,000)
Inventories	-	71,057	-	-	682	71,739	39,048
Due from other governments	-	891,302	-	-	-	891,302	-
Prepaid items	1,361	(2,102)	(11)	-	-	(752)	(405)
Deferred charges	-	26,688	840	-	-	27,528	-
Increase (decrease) in Accounts payable	(11,173)	(191,782)	398,164	7,598	(3,356)	199,451	(765,878)
Accrued expenses	2,655	22,808	3,075	983	1,675	31,196	(16,829)
Deposits	-	24,030	-	(3,861)	-	20,169	-
Internal balances	-	-	-	-	176,156	176,156	(36,949)
Compensated absences / OPEB	(37,925)	73,154	4,927	612	5,015	45,783	(54,835)
Total adjustments	(32,217)	5,722,660	698,535	178,865	212,903	6,780,746	326,538
Net cash provided by (used in) operating activities	\$ 459,098	\$ 3,551,419	\$ 919,635	\$ 138,464	\$ 75,389	\$ 5,144,005	\$ 1,099,388

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

*“Dedicated To Quality Service”*



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# Fiduciary Funds

Fiduciary Funds are used to account for resources that are managed in a trustee capacity or as an agent for other parties or funds.

## Pension Trust Fund

### **Municipal Firefighters Pension Trust Fund**

To account for the accumulation of resources to be used for the retirement annuities of all firefighters. The City contributes an amount determined by an annual actuarial study.

**City of Dunedin, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**September 30, 2009**

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	<b>Municipal Firefighters Pension Trust Fund</b>
<b>ASSETS</b>	
Investments	\$ 14,577,505
Due from other governments	70,106
Prepaid items	1,025
Accrued interest/dividends receivable	49,177
Total assets	<u>14,697,813</u>
<b>LIABILITIES</b>	
Accounts payable	<u>41,299</u>
Total liabilities	<u>41,299</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 14,656,514</u>

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

**City of Dunedin, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**For the Fiscal Year Ended September 30, 2009**

	<u><b>Municipal Firefighters Pension Trust Fund</b></u>
<b>ADDITIONS:</b>	
Contributions	
Employer	\$ 601,664
Plan members	166,046
Total contributions	<u>767,710</u>
Investment earnings	
Net depreciation in fair value of investments	(192,578)
Interest	277,270
Dividends	161,696
Excise tax rebate	303,971
Total investment earnings	<u>550,359</u>
Less investment expenses	-
Net investment earnings	<u>550,359</u>
Miscellaneous revenue	<u>19,478</u>
Total additions	<u>1,337,547</u>
<b>DEDUCTIONS:</b>	
Benefits	1,340,384
Administrative expenses	135,922
Total deductions	<u>1,476,306</u>
<b>Change in net assets</b>	<b>(138,759)</b>
Net assets - beginning	14,795,273
Net assets - ending	<u><u>\$ 14,656,514</u></u>

The accompanying notes are an integral part of these financial statements

*“Dedicated To Quality Service”*



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**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Dunedin, Florida (the "City"), which was founded on June 1, 1899, and incorporated under Chapter 4877, Acts of 1899 of the State of Florida, has a population of approximately 37,000 (which includes seasonal residents) living within an area approximating 10 square miles. The City is contiguous to the northern side of Clearwater, Florida. The City operates under a Charter originally adopted January 6, 1926, and a Commission-Manager form of government. The most recent revision to the City's Charter was on April 18, 1996.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**A. REPORTING ENTITY**

The City is a Florida municipal corporation with a five member City Commission comprised of the Mayor (elected at large) and four commissioners. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, may be included within the City's Financial Statements. In accordance with GASB Statement No. 14 as amended, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board, and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the foregoing criteria, the Community Redevelopment Agency and Firefighters' Pension have been included in the City's financial statements in a blended presentation.

**1. Community Redevelopment Agency (CRA)**

The City Commission serves as the CRA Board. Although legally separate, the CRA is blended as a special revenue fund type component unit into the primary government.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. REPORTING ENTITY(CONTINUED)**

**2. Municipal Firefighters' Pension Trust Fund**

The City's firefighters participate in a separate Municipal Firefighters' Pension Trust Fund (the "Plan"). The Plan functions for the benefit of these employees and is governed by a five member pension board. The pension board is composed of two employees, two City residents, and a fifth member elected by the other four members. The City and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The City is authorized to establish benefit levels and to approve the actuarial, assumptions used in the determination of contribution levels. The Plan is legally separate, but blended as a fiduciary fund type component unit into the primary government.

Complete financial statements for the Municipal Firefighters' Pension Trust Fund can be obtained from: Jeffrey A. Yates, CPA, Director of Finance, City of Dunedin, 750 Milwaukee Avenue, Dunedin, Florida 34698.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The City has adopted the provisions of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

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.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The City reports the following major funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.
- The *One Cent Sales Tax Fund* accounts for the costs of infrastructure having a life expectancy of five (5) or more years and is funded by proceeds from the one-cent sales surtax approved by Pinellas County, Florida voters.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

- The *Impact Fees Fund* accounts for the receipt and disbursement of fees levied to pay for future park land, fire department capital outlays, law enforcement capital outlays and transportation capital outlays.
- The *Solid Waste Fund* accounts for the provision of solid waste services to the residents of the City. All activities necessary to the provisions of this service are accounted for, in this fund.
- The *Water/Sewer Utility Fund* accounts for the provision of water and sewer services to residents of the City, and some County residents. All activities necessary for the provision of these services are accounted for in this fund, including, but not limited to, administration, treatment plants and line maintenance.
- The *Stormwater Utility Fund* accounts for the provision of services for the collection, storage, treatment and conveyance of stormwater for the benefit of all developed property within the City.
- The *Marina Fund* accounts for the financing, operation and maintenance of the City marina and the associated real property.
- The *Golf Course Fund* accounts for the financing, operation and maintenance of the City's golf course.

Additionally, the City reports the following fund types:

- The *Internal Service Funds* account for building maintenance, vehicle maintenance and self insurance (risk management) provided to other departments of the City on a cost reimbursement basis.
- The *Pension Trust Fund* accounts for the activities of the Firefighters' Retirement Plan, which accumulates resources for pension benefit payment to firefighters.

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

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste, water/sewer utility, stormwater utility, marina, and golf course enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, such as water/sewer utility fund impact fees, are reported as nonoperating revenues and expenses.

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

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**1. Deposits and investments**

The City considers cash on hand, demand deposits, and bank repurchase agreements with an original maturity of 90 days or less to be cash and cash equivalents. In addition, each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be withdrawn from the pool at any time without prior notice or penalty.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**1. Deposits and investments (continued)**

State statutes and local law authorize the City to invest in direct obligations of the U.S., Federally-supported Agencies and Instrumentalities, Florida government investment pools, commercial paper, repurchase agreements, debt of Florida political subdivisions, money market mutual funds, time deposits, savings accounts, mutual funds and bankers acceptances.

The City's investments are reported at fair value. The Florida State Board of Administration (SBA) Local Government Pool Florida PRIME has met the criteria to be considered a "2A-7 like" investment pool as defined by GASB Statement No. 31. Therefore, amortized cost may be used for valuation. The fair value of the City's investment in this pool is determined by the pool's share price (account balance). The SBA Fund B does not meet the criteria to be considered a "2A-7 like" investment pool; therefore SBA provides a fair value factor for to be applied to a participant's account balance.

**2. 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). All other outstanding balances between funds are reported as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Accounts receivable are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service funds. Where appropriate, an associated allowance for doubtful accounts has been established.

Utility (water/sewer and stormwater), solid waste and marina operating revenues are generally recognized on the basis of monthly cycle billings. The City records utility operating revenues for services delivered during the current fiscal year which will be billed during the next fiscal year.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**3. Property Taxes**

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the County Property Appraiser. The County mails to each property owner on the assessment roll a notice of tax levy by the various governmental entities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of 4% if paid in November, 3% if paid in December, 2% if paid in January and 1% if paid in February. Taxes paid during the month of March are without discount. All unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which the taxes were assessed.

On or before April 25 of each year, a list of delinquent personal property tax payers is advertised. Warrants are issued directing seizure and sale of the personal property of the taxpayer if the delinquent taxes are not paid before May 1. On or before June 1 of the following year in which taxes are assessed, liens are filed and tax certificates are sold on all real estate parcels with outstanding taxes. These parcels are advertised once a week for four weeks prior to the tax certificate sale. As a result of the process, the City's delinquent or uncollected property taxes at year-end are immaterial.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation (exclusive of taxes levied for the payment of bonds). The millage rate levied by the City for the fiscal year ended September 30, 2009 was 3.5597. Tax collections for the City were approximately 94% of the total tax levy.

**4. Inventories**

All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories held by the General Fund consist principally of general office, printing, traffic control and maintenance supplies. Inventories included in the Utility Fund consist of parts held for repair and maintenance of the system. Inventories included in the Internal Service Funds consist of maintenance parts, tires, fuels and supplies. Inventories are stated at average or weighted average cost. Appropriate allowances have been recorded for obsolete and surplus items.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**5. Prepaid Items**

Payments made to vendors for services that will benefit subsequent fiscal years are recorded as prepaid items. The cost of these items are recorded as expenditures when consumed rather than when purchased. Prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**6. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City elected to implement the retroactive recordation of infrastructure assets, such as roads, bridges, curbs, gutters, streets and sidewalks and lighting systems, acquired prior to October 1, 2001 during the fiscal year ended September 30, 2007.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	50
Infrastructure	50
Building Improvements	20
Improvements other than Buildings	20-40
Machinery and Equipment	5-10

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**7. Accumulated Unused Compensated Absences**

The City records the "vested portion of accumulated unused compensated absences" at the end of each fiscal year, based on each employee's accumulated unused hours and rate of pay. Generally, employees use their compensated absences as they are earned. For this reason, the accumulated unused portion as of September 30 is treated as a long-term liability.

It is the City's policy in its Proprietary Funds to reflect on an accrual basis the amounts of earned but unused vacation leave and that portion of earned but unused sick leave estimated to be payable upon retirement.

With respect to the current fiscal year, management has determined that no material amounts of accumulated unpaid vacation and sick leave at the close of the year will be liquidated with expendable available resources; therefore, the entire liability for such leave pertaining to the Governmental Funds is reflected as a long-term liability.

**8. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable, governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**9. Postretirement Health and Life Insurance Benefits**

The City makes available healthcare insurance for eligible retirees through the City's group health insurance plan, which covers both active and retired members. Retirees pay the full cost of healthcare insurance, which is a single, blended premium rate that is used for both active employees and retired members. The City implemented the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" prospectively by recognizing annual Other Postemployment Benefits (OPEB) expense and related obligations beginning in fiscal year ended September 30, 2009.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**10. Restricted assets**

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by the applicable bond covenants. The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

**11. Deferred Revenue**

Occupational licenses, certain assessments receivable, and some pledges receivable are measurable, but not available, as of the end of the fiscal year and thus are shown as deferred revenue. The deferred revenue will be recognized as revenue in the fiscal year that it becomes available.

**12. Reserves**

- a. Governmental Funds Reserves have been established for open encumbrances at year end reflecting purchase commitments expected to generate claims on current assets. Reserves have been established to reflect legal restrictions which limit the City's spending discretion. Finally, designations of unreserved fund equities indicate City management's tentative plans for financial resource utilization in a future period.
- b. Debt Service Funds and Fiduciary Fund - Reserves are created to indicate a segregation of a portion of fund balance equal to the net current assets restricted for meeting various covenants defined in the revenue bond indentures and restricting current funds for future retirement benefits. Usage of reserves has been limited to the following items:
  - (1) Reserves for Debt Services - restricted for future servicing of the Revenue bonds.
  - (2) Held in trust for pension benefits - restricted for payment of retirement benefits.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (CONTINUED)**

**13. Encumbrances**

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

**14. Net Assets**

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt, restricted or unrestricted. The first category represents net assets related to capital assets net of related debt. Restricted net assets presents net assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation.

**E. REVENUES, EXPENDITURES AND EXPENSES**

**1. Operating Subsidies, Grants, and Impact Fees**

Grants to proprietary funds used for construction or to finance current operations are recorded as non-operating revenue when earned.

Impact fees represent a capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing new additions to the Utility System. The City is obligated to expend these funds only to provide expanded capacity to the system. Water and sewer impact fee revenues are classified as contributions.

**2. Interfund Transactions**

Interfund sales and purchases are accounted for as fund revenues, expenditures or expenses (as appropriate). Transactions which constitute reimbursements to a fund for expenditures (expenses) initially made are recorded as expenditures or expenses (as appropriate) in the reimbursing fund, and as reductions of the expenditures (expenses) in the reimbursed fund. All interfund transactions except loans, reimbursements and interfund sales and purchases are accounted for as transfers or contributions. All of the City's interfund transfers are routine budgeted transactions between funds.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. REVENUES, EXPENDITURES AND EXPENSES**

**3. Administrative Charges:**

Certain administrative expenses are incurred by the General Fund on behalf of the other funds. In addition, some administrative charges are incurred by the Utility Fund for services rendered that benefit other funds. Both the General Fund and the Utility Fund receive payment for these services based on a percentage allocation in accordance with budgeted appropriations. These administrative reimbursements for the year ended September 30, 2009 are presented below.

Reimbursements to the General Fund were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
Solid Waste	\$ 393,334
Water/ Sewer Utility	1,350,045
Marina	37,286
Stormwater	120,255
Golf	80,734
Total	<u>\$ 1,981,654</u>

Reimbursements to the Water/Sewer Fund were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
General	\$ 332,377
Solid Waste	14,953
Stormwater Utility	101,088
Total	<u>\$ 448,418</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(18,842,268) difference are as follows:

Accrued Interest Payable	\$ (235,439)
Revenue Bonds Payable	(17,373,495)
Compensated Absences	(1,177,738)
Net OPEB Obligation	<u>(55,597)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (18,842,269)</u></u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. THE CITY'S BUDGET POLICY IS SUMMARIZED AS FOLLOWS:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.
2. The City Manager submits to the City Commission a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is approved by the City Commission through the passage of a resolution. The level on which expenditures/expenses may not legally exceed appropriations is the individual department/fund.
5. The appropriated budget is prepared by fund, function and department. The City Manager is authorized to transfer budgeted amounts within departments, except for budget changes affecting salary line items. All salary budget changes, as well as transfers between departments must have City Commission approval.
6. Formal budgetary integration was employed as a management control device during the year for all budgeted funds.

**B. COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS**

The City met the Rate Covenant requirement stipulated in the Water and Sewer Refunding Revenue Bonds, Series 1993. The rate covenant requires Net Revenues to be 125% of the Bond Service Requirement. Net Revenues were 125% of the Bond Service Requirements for the Fiscal Year Ending September 30, 2009. The indebted Enterprise Funds had sufficient assets to make all required debt payments during the 2008-2009 Fiscal Year.

The City was in compliance with the provisions of the "Disposition of Revenue" Section of the Water and Sewer Refunding Revenue Bonds, Series 1993.

The City is required to submit its audited financial statement within 270 days of its year end. This City did not meet this requirement.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**C. ESTABLISHMENT/ELIMINATION OF FUNDS**

The Dunedin Historical Society Fund and the Library Co-op Fund were established as Special Revenue Funds during the fiscal year ended September 30, 2009.

The Harbor View Dredging Fund and the Information Technology Fund were eliminated during this fiscal year.

The Leisure Services Capital Improvement Fund was retitled to the Parks & Recreation Capital Improvement Fund.

**D. EXCESS OF EXPENDITURES OVER REVENUE IN INDIVIDUAL FUNDS**

There is an excess of Expenditures over Revenue in the Water/Sewer Utility Fund, Marina Fund, Golf Course Fund, Dunedin Stadium Fund, County Gas Tax Fund, and the Parks & Recreation Capital Improvement Fund. All of these funds have sufficient undesignated fund balances as of September 30, 2009 to cover the excess expenditures. The City Commission is in the process of providing adequate funding to eliminate these fund deficits.

**NOTE IV – DETAIL NOTES - ALL FUNDS**

**A. ASSETS**

**1. Cash and Cash Equivalents and Investments**

The City of Dunedin maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reported in "Cash and Cash Equivalents." Interest earned by this pool is distributed to each fund monthly based on average month-end balances.

The City classifies its operating investment portfolio as Cash and Cash Equivalents. The City's cash management pool allows individual funds and subfunds to, at any time, deposit additional cash or make withdrawals without prior notice or penalty, and thus, the City is internally managing a mutual fund which is considered by GASB to be a cash equivalent. The investment earnings on the City's cash management pool are reported as part of the investing activity.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**1. Cash and Cash Equivalents and Investments (continued)**

a. Deposits

At year-end, the book balance of the City's, deposits was \$23,381,669 and the bank balance was \$23,482,003. The difference between the book balance and bank balance is due to outstanding checks and deposits in transit as of September 30, 2009. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposits Act.

Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the: depository in default.

b. Investments

The City's investment policy and guidelines, except for pension fund assets, are defined by City ordinance. The written investment policy was revised, by City Commission approval, on November 7, 2002. The policy specifies limits by instrument and institution (within instrument) and establishes a diversified investment strategy, minimum credit quality and authorized institutions available as counterparties. In addition to authorizing investment instruments, the City's policy also identifies various portfolio parameters addressing issuer diversification, term-to-maturity and liquidity. Implementation and direction, within policy limits, is managed by the Director of Finance, with City Manager approval required for all transactions.

The City's investment policy requires transactions to meet "payment versus delivery" perfection with securities being held by the City's third party custodian on behalf of and in the name of the City. The exceptions to this policy are overnight repurchase agreements with the City's primary banking institution, and investments with Florida's State Board of Administration (SBA). Investments with the SBA may be made or liquidated by wire on a same day basis. Based on the SBA's investment option structure and its availability to all local governmental units, individual unit perfection is not provided. The City has also developed a master repurchase agreement to address overnight, term and reverse repurchase transactions and, by policy, will only

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**1. Cash and Cash Equivalents and Investments (continued)**

b. Investments (continued)

consider repurchase transactions with institutions which have executed a similar master repurchase agreement prior to any such transaction.

Investments in the SBA, mutual funds and indexed (passively managed) pension accounts are not evidenced by securities that exist in physical or book entry form.

The State of Florida State Board Administration (SBA) Local Government Investment Pool is rated by Standard & Poor's with a current rating of AAAM. The SBA Pool experienced a liquidity crisis in November 2007, which caused the Pool to be frozen, due to downgrades in a portion (approximately 3%) of the Pool's investments. The Pool was eventually divided into two pools, currently Florida PRIME and Fund B.

The SBA Pool Florida PRIME manages billions of dollars for Florida local governments and purchases investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a '2a-7 like' fund reporting an average weighted days to maturity at September 30, 2009 of 33 days. The investment policy of Florida PRIME is to manage the weighted average maturity to 60 days or less. Fund B is not rated by any nationally recognized statistical rating agency and consist of restructured or defaulted securities. As Fund B does not meet the requirement of a '2a-7 like' fund, the SBA has provided a Fair Value factor of .54915069 at September 30, 2009. Distributions will be made to participants to the extent that SBA deems the proceeds to be material. The weight average life, based on expected future cash flows, of Fund B at September 30, 2009 is 6.69 years. Participant balances in Fund B at September 30, 2009 totaled over \$500 million.

The SBA is asserting that a portion of the holdings in Fund B were sold to the SBA as unregistered secured notes that were not exempt from registration. The SBA has filed a creditor's claim on behalf of Fund B, for which there was no response as of September 30, 2009.

On September 30, 2009, the City had \$3,322,943 invested in Florida PRIME, with no liquidity restrictions and had \$680,309 remaining in Fund B.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**1. Cash and Cash Equivalents and Investments (continued)**

b. Investments (continued)

The City's investments are summarized and categorized under GASB 40 guidelines as follows to give an indication of the level of credit and interest rate risk assumed by the City at September 30, 2009.

<u>Investments</u>	<u>Fair Value</u>	<u>Standard &amp; Poor's Rating</u>	<u>Weighted Average Duration (In Years)</u>
U.S. Government Agencies	\$ 2,010,001	AAA	0.49
Money Market	6,012,858	Aaa/AAAm	
Florida PRIME	3,322,943	AAAm	0.09
Fund B	680,311	Not Rated	6.69
Cash in bank	23,381,669		
Cash held by fiscal agent	981,140		
Petty cash	4,105		
	<u>48,073,027</u>		
Total Investments - Cash and Cash Equivalents	<u>\$ 36,393,027</u>		

U.S. Government Agencies include instruments issued by the Federal Home Loan Bank.

Investments held in Pension Fund:

Investments held by the City's Pension Trust Fund are summarized as follows:

<u>Pension Funds</u>	<u>Fair Value</u>	<u>Standard &amp; Poor's Rating</u>	<u>Weighted Average Duration (In Years)</u>
U.S. Government Obligations	\$ 2,030,674	AAA	5.5
U.S. Government Agencies	1,877,032	AAA	1.4
Corporate Equities	8,607,448		
Corporate Obligations	1,531,078	BAA-A	5.7
Money Market	531,276	AAA	Daily
Total Pension Funds	<u>\$ 14,577,505</u>		

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**1. Cash and Cash Equivalents and Investments (continued)**

b. Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The City manages its exposure to fair value losses arising from increasing rates through its adopted investment policies. The City limits its fixed portfolio's weighted average maturity to 2.5 years. The duration of the fixed income portfolios of the firefighters' pension plan will not exceed that of the Lehman Brothers Aggregate Bond Index.

Credit Rate Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law and the investment guidelines for the City, and the firefighters' pension plan limit their investments to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the City may not recover cash and investments held by another party in the event of a financial failure. The City requires all securities to be held by a third party custodian in the name of the City. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusions of the transaction.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**2. Receivables**

Receivables as of the fiscal year ended September 30, 2009 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total
Receivables:							
Accounts Billed	\$ 761,020	\$ 252,982	\$ 510,252	\$ 555,421	\$ 23,740	\$ 707	\$ 2,104,122
Accounts Unbilled	-	457,301	1,324,822	132,917	-	-	1,915,040
Special Assessments	-	-	105,101	-	-	-	105,101
Liens Receivable	-	35,110	42,559	-	-	-	77,669
CCRF Receivable	-	-	198,500	-	-	-	198,500
Gross Receivables	761,020	745,393	2,181,234	688,338	23,740	707	4,400,432
Less: Allowance for Uncollectibles	103,089	194,170	82,019	462,000	2,500	-	843,778
Net Total Receivables	\$ 657,931	\$ 551,223	\$ 2,099,215	\$ 226,338	\$ 21,240	\$ 707	\$ 3,556,654

As the operator of Refuse Collection, Utilities, Marina and Golf Course programs, the City grants credit to their customers, substantially all of whom are City residents. The allowance for uncollectible accounts in the Enterprise Funds relates to unpaid assessments and accounts receivable.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the *unearned revenue* reported in the governmental funds was as follows:

	<u>General Fund</u>
License fees not yet earned	<u>\$ 118,180</u>

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**3. Capital Assets**

a. Capital asset activity

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 10,587,345	\$ 8,274,666	\$ (602,565)	\$ 18,259,446
Construction in Process	<u>25,651</u>	<u>830,190</u>	<u>-</u>	<u>855,841</u>
Total Capital not being Depreciated	10,612,996	9,104,856	(602,565)	19,115,287
<i>Capital Assets being Depreciated:</i>				
Buildings	37,657,146	635,595	(714,025)	37,578,716
Infrastructure	5,528,769	-	-	5,528,769
Improvements other than Buildings	22,245,829	1,044,139	(780)	23,289,188
Machinery and Equipment	19,283,329	447,426	(402,211)	19,328,544
Total Capital Assets being Depreciated	84,715,073	2,127,160	(1,117,016)	85,725,217
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(10,027,498)	(1,488,087)	222,873	(11,292,712)
Infrastructure	(1,735,088)	(110,575)	-	(1,845,663)
Improvements other than Buildings	(8,630,827)	(1,294,993)	247	(9,925,573)
Machinery and Equipment	(12,032,267)	(1,595,095)	394,094	(13,233,268)
Total Accumulated Depreciation	(32,425,680)	(4,488,750)	617,214	(36,297,216)
Total Capital Assets being Depreciated, net	<u>52,289,393</u>	<u>(2,361,590)</u>	<u>(499,802)</u>	<u>49,428,001</u>
Governmental Activities Capital Assets, net	<u>\$ 62,902,389</u>	<u>\$ 6,743,266</u>	<u>\$ (1,102,367)</u>	<u>\$ 68,543,288</u>

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**3. Capital Assets (Continued)**

a. Capital asset activity (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 1,378,896	\$ -	\$ -	\$ 1,378,896
Construction in Process	1,108,679	657,567	(992,591)	773,655
Total Capital not being Depreciated	2,487,575	657,567	(992,591)	2,152,551
<i>Capital Assets being Depreciated:</i>				
Buildings	16,076,440	-	(3,200)	16,073,240
Improvements other than Buildings	100,040,174	5,842,871	(25,290)	105,857,755
Machinery and Equipment	2,707,997	209,581	(14,925)	2,902,653
Total Capital Assets being Depreciated	118,824,611	6,052,452	(43,415)	124,833,648
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(12,073,809)	(806,056)	3,004	(12,876,861)
Improvements other than Buildings	(50,878,772)	(4,248,494)	25,290	(55,101,976)
Machinery and Equipment	(1,862,473)	(141,775)	14,925	(1,989,323)
Total Accumulated Depreciation	(64,815,054)	(5,196,325)	43,219	(69,968,160)
Total Capital Assets being Depreciated, net	<u>54,009,557</u>	<u>856,127</u>	<u>(196)</u>	<u>54,865,488</u>
Business-type Activities Capital Assets, net	<u>\$ 56,497,132</u>	<u>\$ 1,513,694</u>	<u>\$ (992,787)</u>	<u>\$ 57,018,039</u>

Construction in Progress in the amount of \$992,591 was transferred to other capital asset categories during the fiscal year ended September 30, 2009.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**3. Capital Assets (Continued)**

b. Depreciation

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

Governmental Activities:

General Government	\$ 909,458
Public Safety	912,536
Transportation	386,599
Culture and Recreation	2,280,157
Total Depreciation Expense	<u>\$ 4,488,750</u>

Business-type Activities:

Solid Waste	\$ 22,385
Water/Sewer Utility	4,639,968
Stormwater Utility	314,966
Marina	185,568
Golf Course	33,438
Total Depreciation Expense	<u>\$ 5,196,325</u>

c. Construction contracts

The City has entered into construction contracts for the construction of its capital assets as follows:

	<u>September 30, 2009</u>	
	<u>Estimated Contract Amount</u>	<u>Construction in Progress</u>
Governmental Activities:		
The City has contracted for design services related to various improvements to Pinehurst Road.	\$ 138,050	\$ 145,622
The City has contracted for construction services related to various improvements to Main Street and the expansion of Milwaukee Avenue in the downtown area.	1,450,000	640,169
The City has contracted for design and engineering services related to improvements along State Road 580.	340,240	70,050
Total Governmental Activities	<u>\$ 1,928,290</u>	<u>\$ 855,841</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**3. Capital Assets (Continued)**

c. Construction contracts

The City has entered into contracts for the construction of Business-type Activities assets as follows:

	September 30, 2009	
	Estimated Contract Amount	Construction in Progress
Utility Fund:		
The City has continued to work on design services related to the installation of new utilities along the Dunedin Causeway	\$ 152,020	\$ 150,230
The City has contracted for construction services related to the replacement of the lift station #15 force main.	168,290	174,278
Total Utility Fund	\$ 320,310	\$ 324,508
Stormwater Fund:		
The City has contracted for construction services related to drainage projects at Lake Suemar and Dunedin Isles.	\$ 512,790	\$ 449,147
Total Stormwater Fund	\$ 512,790	\$ 449,147
Total Enterprise Funds	\$ 833,100	\$ 773,655

**4. Interfund receivables, payables, and transfers**

The composition of interfund balances as of September 30, 2009, is as follows:

	Transfers In:					
	General	One Cent Sales Tax	Golf Course	Non Major Governmental	Internal Service	Total
Transfers Out:						
General	\$ -	\$ 523,832	\$ 105,000	\$ 1,627,879	\$ 64,801	\$ 2,321,512
One Cent Sales Tax	339,860	-	-	938,445	-	1,278,305
Stormwater	-	-	-	840	-	840
Non Major Governmental	312,699	-	-	50,000	-	362,699
Internal Service	77,000	-	-	-	250,000	327,000
Total Transfers	\$ 729,559	\$ 523,832	\$ 105,000	\$ 2,617,164	\$ 314,801	\$ 4,290,356

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**5. Advances To/From Other Funds**

Advances to/from other funds as of September 30, 2009, are as follows:

Advances from Other Funds		Advances to Other Funds	
Fund	Amount	Fund	Amount
General	\$ 117,099	Golf Course	\$ 117,099
Leisure Services			
Capital Improvement	59,057	Golf Course	59,057
Total Advances	\$ 176,156		\$ 176,156

The City Commission has determined that interest will not be accrued on this Advance.

**B. LONG-TERM DEBT**

The following presents the long-term debt during the fiscal year ended September 30, 2009:

**1. Capital Leases**

On February 19, 2004 the City entered into a lease-purchase agreement to finance \$303,552 in vehicles. This five-year capital lease has a 2.78% interest rate and provides for annual payments of \$65,866.

On March 5, 2007, the City entered into a lease-purchase agreement to finance \$1,088,720 in vehicles. This five-year capital lease has a 3.59% interest rate and provides for annual payments of \$241,746.

On March 18, 2008, the City entered a lease-purchase agreement to finance \$351,876 in vehicles. This five-year capital lease has a 3.18% interest rate and provides for annual payments of \$77,236.

On September 29, 2009, the City entered into a lease-purchase agreement to finance \$981,140 in vehicles. This five-year capital lease has a 3.11% interest rate and provides for annual payments of \$215,477.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**1. Capital Leases (continued)**

The future minimum lease obligations and the net present value of these minimum lease payments at September 30, 2009 were as follows:

Year	Governmental Activities
2010	\$ 318,982
2011	534,459
2012	534,459
2013	292,713
2014	215,477
2015	215,477
Total Minimum Lease Payments	2,111,567
Less: Amount Representing Interest	158,367
Present Value if Minimum Lease Payments	<u>\$ 1,953,200</u>

**2. Special Assessment Debt**

Promissory Note, Series 2002A Spanish Trails Subdivision

During the fiscal year ended September 30, 2002, the City undertook a special assessment project to install a sanitary sewer system in the Spanish Trails Subdivision. Terms of this special assessment require that the cost of this project will be levied against the properties benefited. The total cost of this project cost more than the related special assessment of \$759,000. The repayment terms of this assessment are summarized as follows:

- The assessment may be paid at any time within thirty days after the project is completed or
- The Assessment may be paid in ten equal annual installments with interest at the rate of five and three-quarters percent. The first payment of this assessment was due in fiscal year 2002-2003 and payment will be included in the ad valorem tax bill issued by the Pinellas County, Florida Tax Collector.

On May 3, 2002, the City issued a Promissory Note, Series 2002A for \$759,000 to partially finance the above project. Repayment for this note is from sanitary sewer assessment revenues.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**2. Special Assessment Debt (continued)**

Sanitary sewer assessment revenues received from Spanish Trails residents assessed for the respective benefited properties are lien and pledged as collateral. In the event that Sanitary Sewer Assessment Revenues are not sufficient to cover the indebtedness, the note is also secured by a pledge of the proceeds from other non-ad valorem revenues.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$	759,000
Final Maturity		May 3, 2012
Interest Rate		4.65%
Annual Payments	\$	96,630
Amount Outstanding at September 30, 2009	\$	<u>264,883</u>

The schedule of future debt service requirements for the assessment bond at September 30, 2009 was as follows:

Year	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 84,147	\$ 13,483
2011	88,420	8,533
2012	92,316	2,991
	<u>\$ 264,883</u>	<u>\$ 25,007</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds**

a. Spring Training Facility Revenue Notes, Series 2001

On March 30, 2001, the Commission approved Resolution 01-14, Stadium and Recreation Facilities Financing Amendment, a resolution which amended Resolution 01-10. This resolution authorized the issuance of City revenue notes (spring training facility) series 2001A, series 2001B and series 2001C in the principal amounts of \$6,000,000, \$1,700,000 and \$4,300,000, respectively. These revenue notes are to finance the cost of renovation, construction and improvements to the City's existing baseball training facilities. As part of the financing of the Stadium and Recreational Facilities, the City has commitments for funding from Pinellas County (\$3,000,000) and from the State of Florida (\$6,000,000).

The repayment of the notes will be from pledged revenues consisting of State payments, County payments and Guaranteed Entitlement Revenues (Non-Ad Valorem).

Annual Payment Requirement (Principal and Interest)	\$ 1,075,184
Less Annual Amount Provided by:	
State	(500,000)
County	(297,980)
City's Portion	<u>\$ 277,204</u>

Repayment terms:

The terms, interest rates and annual payments for the three revenue notes are as follows:

	<u>2001A</u>	<u>2001B</u>	<u>2001C</u>
Original Amount Issued	\$ 6,000,000	\$ 1,700,000	\$ 4,300,000
Final Maturity	April 1, 2021	April 1, 2016	April 1, 2016
Interest Rates	4.65%	4.76%	6.72%
Monthly Payments	<u>\$ 38,427</u>	<u>\$ 13,220</u>	<u>\$ 37,952</u>
Amount Outstanding at September 30, 2009	<u>\$ 4,123,728</u>	<u>\$ 895,245</u>	<u>\$ 2,417,465</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

b. Toronto Blue Jays Revenue Note, Series 2002:

During fiscal year 2001-2002, the City incurred additional costs to construct the Spring Training Facilities. The City issued the Toronto Blue Jays Revenue Note to partially finance the above project on September 6, 2002.

Lease revenues from the Toronto Blue Jays are pledged as collateral. Repayment terms:

Original Amount Issued	\$ 250,000
Final Maturity	July 1, 2017
Interest Rate	5.00%
Annual Payments:	
Year 1	<u>\$ 21,791</u>
Years 2-15	<u>\$ 24,086</u>
Amount Outstanding at September 30, 2009	<u>\$ 155,670</u>

c. Capital Improvement Revenue Note, Series 2002:

On September 19, 2002, the Commission approved Resolution 02-36. This resolution authorized the issuance of City revenue notes for milling and resurfacing approximately 36,000 square feet of concrete pavement on Palm Boulevard. Scope also included a continuous asphalt rubber membrane interlayer, miscellaneous curb replacement, storm drainage upgrades and median island modifications. The City is required to establish and maintain a fund to manage the debt service (Capital Improvement Revenue Note, Series 2002 Debt Service Fund). Non-Ad Valorem revenues and funds in the debt service fund are pledged as collateral.

Funds of the Debt Service Fund are required to be continuously secured in the same manner as State and municipal deposits are required to be secured by the laws of the State of Florida.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

c. Capital Improvement Revenue Note, Series 2002 (continued):

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 943,904
Final Maturity	October 1, 2012
Interest Rate	3.48%
Annual Payments:	<u>\$ 113,498</u>
Amount Outstanding at September 30, 2009	<u>\$ 417,187</u>

d. Capital Improvement Revenue Note, Series 2003:

On October 16, 2003, the Commission approved Resolution 03-38. This resolution authorized the issuance of a capital improvement note, Series 2003 of the City and execution and delivery of a loan agreement of \$4,900,000 between the City and the Bank of America, N.A. The interest rate on this loan is 3.37%.

The loan is for the financing of the acquisition of land and construction of the Stirling Recreation Center. The City's Sales Tax Revenues are pledged as collateral.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 4,900,000
Final Maturity	November 1, 2013
Interest Rate	3.37%
Annual Payments:	<u>\$ 585,806</u>
Amount Outstanding at September 30, 2009	<u>\$ 414,299</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

e. Sales Tax Revenue Bonds, Series 2005:

On July 7, 2005, the Commission adopted Resolution 05-22. The Resolution authorized the issuance of \$10 million of Sales Tax Revenue Bonds, Series 2005. These bonds are intended to pay the cost of the acquisition, construction, equipping and installation of the new City Community Center and other capital projects. The City's Sales Tax Revenues are pledged as collateral.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 10,000,000
Final Maturity	October 1, 2025
Interest Rate	3.0% - 4.125%
Annual Payments:	<u>\$ 750,000</u>
Amount Outstanding at September 30, 2009	<u>\$ 8,950,000</u>

f. Utility Fund - Utility System Refunding Revenue Bonds, Series 1993:

On October 5, 1993, the City issued \$25,275,000 of Utility System Refunding Revenue Bonds, Series 1993, to refund the Utility System Revenue Bonds, Series 1989. Bonds are payable and secured by a lien on and pledge of certain funds provided by resolution, net revenues of the City's Utility System (consisting of the City's Water, Sewer, Reclaimed Water and Stormwater systems) and proceeds of the One-Cent Sales Tax.

The Utility System Refunding Revenue Bonds resolution provides for:

- Establishment and Maintenance of Various Funds:
  - Revenue Fund records all operating revenues and expenses of the system.
  - Debt Service Fund records the principal, interest and sinking fund requirements.
  - Reserve Fund, a reserve fund policy held for the maximum annual debt service requirement.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

f. Utility Fund - Utility System Refunding Revenue Bonds, Series 1993 (continued):

- Renewal, Replacement and Improvement Fund records payments for the cost of extensions, enlargements, or additions, or the replacement of capital assets and emergency repairs thereto.
- Restrictions on the Use of Cash From Operations in Order of Priority:
  - Deposits are made to the Revenue Fund to meet current operations according to the existing bond ordinance.
  - Deposits to the Debt Service Fund are required each month in an amount equal to one-sixth (1/6) of the interest coming due on the next semi-annual interest payment date, and one-twelfth (1/12) of the principal, coming due on the next principal payment date.
  - Deposits to the Renewal, Replacement and Improvement Fund are required each month equal to one-twelfth (1/12) of 5% of the gross revenues of the water and sewer system for the preceding fiscal year. No further deposits will be required after the deposit reaches the amount of \$200,000.
- Early Redemption:
  - The bond resolution provides for early redemption, at the option of the City, of the Serial Bonds maturing on October 1, 2003, and thereafter at call rates varying from 102% to 100% of the principal amount, dependent upon the call date.
  - The Term Bonds maturing on October 1, 2010 and 2014, may, at the option of the City, be called for redemption on October 1, 2005 at redemption prices equal to the principal amount thereof without premium.
- Investment Restrictions:
  - Monies on deposit shall be continuously secured in the same manner as state and municipal deposits are authorized to be secured by the laws of the State of Florida.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

f. Utility Fund - Utility System Refunding Revenue Bonds, Series 1993 (continued):

On October of 2003, the City issued \$4,155,000 of Utility System Refunding Bonds, Series 2003 to refund a portion of the Utility System Revenue Bonds, Series 1993. Bonds are payable and secured by a lien on and pledge of certain funds provided by resolution, net revenues of the City's Utility System and proceeds of the One-Cent Sales Tax.

On January 17, 2006, the City issued \$3,225,000 of Utility System Refunding Bonds, Series 2006 to refund the Utility System Revenue Bonds, Series 1993. Bonds are payable and secured by a lien on and pledge of certain funds provided by resolution, net revenues of the City's Utility System (consisting of the City's Water, Sewer, Reclaimed Water and Stormwater systems) and proceeds of the One-Cent Sales Tax. \$3,155,000 of the Series 1993 bonds were refunded.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$	25,275,000
Final Maturity:		October 1, 2014
Interest Rate:		2.60% to 6.75%
Annual Principal Payments:		\$ 930,000 to \$1,616,000
Amounts Outstanding at September 30, 2009		
Series 2003	\$	5,270,000
Series 2006		3,205,000
Total	\$	<u>8,475,000</u>

g. Utility Fund - Utility System Revenue Note, Series 1994:

On October 6, 1994, the City obtained a \$5,000,000 Revenue Note from SunTrust Bank of Tampa Bay to purchase and install Reclaimed Water Distribution and service lines, meters and related equipment. Note proceeds were provided as construction occurred and as the City requested up to, and including, October 1, 1999. On October 15, 1999, the bank extended that draw period from October 1, 1999 to October 1, 2003. All other terms and conditions remain in effect.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

g. Utility Fund - Utility System Revenue Note, Series 1994(continued):

Annual principal installments based on a 20-year fixed principal amortization are due from October 1, 1995 through October 1, 2014. The principal due shall vary up to, and including October 1, 2003, based on the construction draws.

Interest at a rate of 5.20% is payable monthly up to October 1, 2002. From October 1, 2002 through October 1, 2014, level monthly amortization of principal and interest shall occur with the monthly payment being adjusted for interest rate adjustments on October 1, 2002, 2005, 2008 and 2011.

The Utility System Revenue Note resolution provides for:

- Establishment and Maintenance of Various Funds.
- Construction Fund records all note proceeds and related construction expense.
- Advances shall occur monthly in minimum increments of \$50,000 to pay for project costs, costs of issuance or other related incidental costs.
- Early Redemption. The note resolution provides for early redemption, at the option of the City, in minimum increments of \$100,000 on the first day of any month.
- Parity. This note is designated as an additional parity obligation to the Utility System Refunding Revenue Bonds, Series 1993.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$	3,427,703
Final Maturity:		October 1, 2014
Interest Rate:		5.2%, subject to adjustment on October 1, 2008 and 2011
Annual Payments:	\$	283,095
Amounts Outstanding at September 30, 2009	\$	1,014,508

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

h. Utility Fund – Utility System Revenue Bonds, Series 2007

On June 21, 2007 the City adopted Resolution 07-18 authorizing the issuance and sale of Utility System Revenue Bonds for financing the cost of capital improvements and expansions to the City's utility system.

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$	15,634,000
Final Maturity:		October 1, 2027
Interest Rate:		4.359%
Semi-Annual Payments:		Commence April 1, 2008 with interest only payments of \$340.743
Amounts Outstanding at September 30, 2009	\$	<u>15,634,000</u>

Annual principal installments based on a 20-year fixed amortization are due October 1, 2014 to October 1, 2027.

On the date of the issuance of the bonds, the Issuer shall receive the proceeds thereof. The Reserve Requirement for the Series 2007 Bonds shall be zero dollars.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**3. Revenue Bonds (continued)**

i. Debt service requirements

Revenue bond and special assessment debt service requirements to maturity are as follows:

Year	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2010	\$ 1,297,789	\$ 763,502	\$ 1,542,681	\$ 1,007,753
2011	1,583,085	687,393	1,637,017	958,132
2012	1,321,861	608,882	1,736,146	948,649
2013	1,386,078	545,970	1,673,546	897,914
2014	1,339,619	481,233	1,555,000	819,899
2015-2019	5,387,496	1,560,320	5,224,683	3,275,201
2020-2024	3,687,566	619,493	6,105,282	2,110,043
2025-2027	1,370,000	57,131	5,914,036	658,224
Total	<u>\$ 17,373,494</u>	<u>\$ 5,323,924</u>	<u>\$ 25,388,391</u>	<u>\$ 10,675,815</u>

**4. Hedging Derivative Investment**

**Objective and Terms of Hedging Derivative Investment:**

The following table displays the objective and terms of the City's hedging derivative instrument outstanding at September 30, 2009, along with the credit rating of the associated counterparty.

Type	Objective	Notational Amount	Effective Date	Maturity Date	Terms	Counter-party Credit Rating
Pay- fixed interest Rate swap	Hedge of changes in cash flows in the Utility System Refunding Revenue Bonds, Series 2006 Binds specifically related to changes in municipal tax-exempt interest rates	\$3,205,000	4/1/2006	10/1/2014	Pay 3.7%; receive 63.710% of LIBOR plus .055%	Aaz/AA-

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**4. Hedging Derivative Investment (Continued)**

**RISKS:**

Credit Risk – It is the City's policy to enter into netting arrangements when it has entered into a derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non defaulting party.

The fair value of the hedging derivative instrument in liability position at September 30, 2009, was \$272,936.

The credit rating of the counterparty in the City's interest rate swap is Aaz/AA-.

Interest Rate Risk – The City is exposed to interest rate risk on its interest rate swap. On its pay-fixed, receive-variable interest rate swap, as LIBOR decreases, the City's net payment on the swap increases.

Basis Rate Risk – The City is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed every 30 days as of September 30, 2009 the weighted-average interest rate on the City's hedged variable-rate debt is 3.75 percent, while the 6330 percent of LIBOR plus 0.55% is 2.1337 percent.

Termination Risk – The City or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the swap contract. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability subject to netting arrangements.

Rollover Risk – The City's exposure to rollover risk is low since the City does not reasonably expect that the swap will be terminated before the end of the period during which the hedged bonds bear interest at variable interest rates.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)**

**B. LONG-TERM DEBT (CONTINUED)**

**5. Changes in Long-Term Liabilities**

Long-term liability activities for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Capital Leases	\$ 1,312,113	\$ 981,140	\$ (340,054)	\$ 1,953,199	\$ 467,931
<b>Bond Payable</b>					
Revenue Bond	19,730,419	-	(2,356,924)	17,373,495	1,297,789
<b>Estimated Claims and Judgments</b>					
	398,175	412,902	(449,851)	361,226	-
Compensated absences	1,510,658	-	(72,066)	1,438,592	-
Net OPEB Obligation	<u>-</u>	<u>61,334</u>	<u>-</u>	<u>61,334</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 22,951,365</u>	<u>\$ 1,455,376</u>	<u>\$ (3,218,895)</u>	<u>\$ 21,187,846</u>	<u>\$ 1,765,720</u>
<b>Business-Type Activities:</b>					
Special Assessment Debt with Government Commitment	<u>\$ 345,450</u>	<u>\$ -</u>	<u>\$ (80,567)</u>	<u>\$ 264,883</u>	<u>\$ 84,313</u>
<b>Bond Payable</b>					
Revenue Bond	26,496,876	-	(1,373,368)	25,123,508	1,458,368
<b>Deferred Amounts for:</b>					
Issuance Premiums	208,224	-	(34,704)	173,520	-
Loss on Refunding Total Utility System Revenue Bonds	<u>(1,042,536)</u>	<u>173,756</u>	<u>-</u>	<u>(868,780)</u>	<u>-</u>
	<u>25,662,564</u>	<u>173,756</u>	<u>(1,408,072)</u>	<u>24,428,248</u>	<u>1,458,368</u>
Compensated Absences	<u>985,036</u>	<u>11,778</u>	<u>-</u>	<u>996,814</u>	<u>-</u>
Net OPEB Obligation	<u>-</u>	<u>34,005</u>	<u>-</u>	<u>34,005</u>	<u>-</u>
Advances from other funds	<u>361,226</u>	<u>-</u>	<u>(185,070)</u>	<u>176,156</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 27,354,276</u>	<u>\$ 219,539</u>	<u>\$ (1,673,709)</u>	<u>\$ 25,900,106</u>	<u>\$ 1,542,681</u>

Internal service funds predominately serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$260,853 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION**

**A. PENSION**

**1. Florida Retirement System**

Plan Description: All of the City's non uniformed full-time employees (hired before January 1, 1996) participate in the Florida Retirement System (FRS), a non-contributory cost-sharing, multiple-employer public employee retirement system.

The City of Dunedin contributes to the FRS for the benefit of these employees. This retirement system is administered by the Florida Department of Management Services, Division of Retirement.

FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to: State of Florida, Division of Retirement, Post Office Box 9000, Tallahassee, FL 32315-9000.

Funding policy: The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. Future plan benefit changes, assumption changes, and methodology changes are amortized within 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

**Deferred Retirement Option Program**

The FRS Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan when the member first reaches eligibility for normal retirement. DROP allows a member to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits (increased by a cost-of-living adjustment each July) accumulate in the FRS Trust Fund and earn interest compounded monthly, equivalent to an effective annual rate of 6.5%.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (Continued)**

**1. Florida Retirement System**

**Deferred Retirement Option Program (continued)**

The election to participate in DROP must be made within 12 months of the member's normal retirement date, unless the member is eligible to defer the election. To participate for the maximum DROP period, the member must enter DROP upon first reaching eligibility for normal retirement, or upon reaching an eligible deferral date as described below:

- A member of the Regular Class, Elected Officers' Class, or the Senior Management Service Class who reaches his or her normal retirement date before reaching age 57 may defer DROP entry until age 57 and still participate for 60 months.
- A member of the Elected Officers' Class who reaches his or her normal retirement date during a term of office may defer the DROP election until the next succeeding term in that office and still participate for up to 60 months or until the end of the succeeding term, whichever is less.

Upon termination, the DROP account is paid out as a lump-sum payment, a rollover, or a combination partial lump-sum payment and rollover, and monthly benefits are paid to the member in the amount as calculated upon entry into DROP, plus cost-of-living adjustments for intervening years.

In most cases, the DROP participant must cease employment after a maximum of 60 months in DROP, must satisfy the termination requirements for retirement, and is subject to reemployment restrictions thereafter. However, effective July 1, 2002, a DROP participant who holds an elective office covered by the Elected Officers' Class may end DROP participation and postpone compliance with termination requirements and reemployment limitations until he or she no longer holds the elective office (including consecutive terms in the same office). For the period of time between the end of DROP participation and termination, no retirement credit is earned and the member's DROP accumulation accrues no additional monthly benefits (but continues to earn interest).

Employers pay contributions at a rate of 10.91% of salary for all DROP participants as of September 30, 2009.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

**1. Florida Retirement System (continued)**

Retirement benefits and the City's contributions rates are summarized as follows:

City contribution rate actuarially determined

<u>Membership Category</u>	<u>Retirement Benefit</u>	<u>Vesting</u>	<u>Employer Contribution Rates Beginning July 1, 2009</u>	<u>Employer Contribution Rates Through June 30, 2009</u>
Regular	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	9.85% of covered payroll.	9.85% of covered payroll.
Elected State, County and City Officers	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	13.12% of covered payroll.	16.53% of covered payroll.

The City's contribution includes 1.11% for a post-retirement health insurance subsidy. FRS also provides disability and survivors' benefits. Benefits are established by Florida State Statute. The contribution requirements of employers are established and may be amended by the Division of Retirement. The City's contributions to the plan for the years ending September 30, 2009, 2008 and 2007 were \$556,259, \$580,792 and \$610,627, respectively, equal to the required contributions for each year.

**2. Firefighters' Retirement Fund**

All of the City's full-time fire employees participate in a separate single-employer, defined benefit pension plan. Current membership in the Plan is summarized as follows:

<u>Group</u>	<u>September 30, 2009</u>
Retirees and beneficiaries currently receiving benefits	40
Drop retirees	-
Terminated plan members entitled to but not yet receiving benefits	2
Active plan members	
Fully Vested	11
Nonvested	40
Total	<u>51</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

**2. Firefighters’ Retirement Fund (continued)**

Benefits for Firefighters are determined by category and length of service as follows:

Benefits	Vesting
Normal retirement at age 55 with ten years of service, age 52 with 25 years of service; 3.0% of average compensation for first twenty-five years of credited service and 2.0% of average compensation for each year in excess of 37.5 years of service; a supplemental monthly benefit of \$3 per year of service not to exceed \$75; reduced benefits for early retirement.	After ten years of creditable service.

Deferred Retirement Option Plan

Any Plan participant who is eligible to receive a normal retirement pension may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the participant becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or here termination of employment. Participation in the DROP ceases for a Plan participant after the earlier of 5 years or the attainment of thirty years of service. There were no members in the DROP as of September 30, 2009.

A portion of the plan net assets are designated for benefits that accrue in relation to the DROP accounts. Allocations to the DROP accounts determined in the most recent annual actuarial valuation for the year ended September 30, 2009 are as follows:

Designated Plan Net Assets for DROP Accounts (fully funded)	\$	-
Undesignated Plan Net Assets		14,656,514
Total Plan Net Assets	\$	14,656,514

The City of Dunedin Municipal Firefighters’ Pension Trust Fund issues a publicly available financial report that includes financial statements and required supplementary information for single employer pension plans. That report may be obtained by writing to: Jeffrey A. Yates, CPA, Director of Finance, City of Dunedin, P.O. Box 1348, Dunedin, Florida 34697-1348.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

**2. Firefighters’ Retirement Fund (continued)**

Basis of accounting is the method by which revenues and expenses are recognized in the accounts and are reported in the financial statements. The accrual basis of accounting is used for the Plan. Under the accrual basis of accounting, revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability is incurred. Plan member contributions are recognized in the period in which the contributions are due. City contributions to the plan, as calculated by the Plan's actuary, are recognized as revenue when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Firefighter contribution rates are established at 5.5 percent of salary. A state excise tax rebate is also received from the State of Florida under Florida Statutes, Chapter 175 (C.175) and the City in amounts sufficient to fund the Plan at an actuarially determined rate specified by state statute, C. 175.

The City's Annual Pension Cost and Net Pension Obligation for the year ended September 30, 2009 is as follows:

Annual Required Employer Contributions	\$ 601,664
Interest on set Net Pension Obligation	-
Adjustment to Annual Required Contribution	-
Annual Pension Cost	601,664
Increase (decrease) in Net Pension Obligation	-
Net Pension Obligation (credit), beginning of year	-
Net Pension Obligation (credit), end of year	\$ -

The annual required contribution for current year was determined as part of the September 30, 2008 (most recent) actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% to 15% per year (depending on service). Both (a) and (b) included an inflation component of 3.50%. The assumptions did not include post-retirement benefit increases.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

**2. Firefighters’ Retirement Fund (continued)**

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods at September 30, 2009 were 30 years. The Plan's three-year trend information is summarized as follows:

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/2007	\$ 624,664	100%	-
9/30/2008	642,825	100%	-
9/30/2009	704,462	100%	-

The City has calculated its pension liability (asset) as of September 30, 2009 in accordance with GA SB Statement No. 27. The City had no pension liability (asset) as of September 30, 2009 or at the prior year-end (September 30, 2008). The Plan's table of required supplementary information is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ([b-a]/c)
1999	\$ 12,887,811	\$ 9,304,219	\$ (3,583,592)	139%	\$ 1,985,393	(181)%
2000	13,884,790	11,037,197	(2,847,593)	126	1,744,823	(163)
2001	14,097,536	11,627,907	(2,469,629)	121	1,784,028	(138)
2002	13,438,085	12,275,088	(1,162,997)	110	1,968,250	(59)
2003	13,291,020	12,802,764	(488,256)	104	2,357,502	(21)
2004	13,356,895	13,507,266	150,371	99	2,575,437	6
2005	13,430,948	14,332,863	901,915	94	2,669,044	33
2006	13,980,555	15,274,151	1,293,596	92	2,874,322	48
2007	16,202,634	17,074,051	871,417	95	2,874,322	30
2008	16,640,718	17,558,541	917,823	95	2,981,145	30

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

**2. Firefighters' Retirement Fund (continued)**

<u>Schedule of Employer and State Contributions</u>		
<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Actual Percentage Contributed</u>
2004	354,870	100%
2005	469,459	100%
2006	545,644	100%
2007	624,664	100%
2008	642,825	100%
2009	704,462	100%

**3. Defined Contribution Plan**

Beginning January 1, 1996, the City began providing retirement benefits for all of its full-time employees not covered under the Florida Retirement System or the Municipal Firefighters' Pension Trust Fund through a non-contributory defined contribution plan administered by the ICMA under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2009-there were 212 Plan members in the defined contribution plan. Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate after one year of employment. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before six years are used to reduce the City's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the City Commission.

The City's total payroll in fiscal year ended September 30, 2009 was \$16,455,597. The City's contributions were calculated using the participant's salary amount of \$7,433,650. The City made the required contribution of \$743,365.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**B. DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as amended. This law stipulates that all assets and income of the plan must be held in trust for the exclusive benefit of the Plan participants and their beneficiaries. Although the City is the Trustee of the plan, the City has no administrative involvement and performs no investing function for the plan and has not, therefore, reported the plan in this financial report.

The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**C. SELF INSURANCE PROGRAM**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risk of loss. Under this program, for the year ended September 30, 2009, the City utilizes this fund to self-insure its first \$250,000 of property damage per occurrence (except wind, hail, and named storms, which has a deductible of 5% of total location value per building, subject to a minimum of \$500,000), and its first \$250,000 of any employee work injury. The City also self-insures all auto liability and the majority of general liability losses, except for Dunedin recreation summer camp and St. Andrews Links Golf Course, where separate insurance policies are utilized. All claims for general liability, automobile liability, and police professional liability of covered assets are included within the City's Self-Insurance Fund. The City provides all of its employees' health insurance under a commercial insurance plan.

The City purchases commercial stop-loss insurance for claims in excess of coverage provided by the Fund and for other risks of loss. Settled claims have not surpassed the premiums for this commercial coverage for the last three fiscal years.

All funds of the City participate in the program and make payments to the Self-Insurance Fund based on a current claims cost estimate to pay prior and current-year claims. The Self-Insurance Fund has not billed for nor reestablished a reserve for any catastrophic losses.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**C. SELF INSURANCE PROGRAM (CONTINUED)**

The current claims liability of \$361,226 reported in the Fund at September 30, 2009, based on information identified prior to the issuance of the financial statements, indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities including IBNR (incurred but not reported claims) are based on the estimated ultimate cost of settling the claims (excluding the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that would modify past experiences. Claims liabilities also include specific incremental claim adjustment expenses. As of April 7, 2010, all of those covered liabilities are still outstanding. Changes in the Fund's claims liability amount during the year ended September 30, 2009, are as follows:

Liability Balance September 30, 2008	Current Claim and Changes to Estimate	Liability Claim Payments	Liability Balance September 30, 2009
\$ 398,175	\$ 412,902	\$ 449,851	\$ 361,226

**D. POST-EMPLOYMENT BENEFITS**

Post-Employment Health Care Benefits

GASB Statement No. 45: *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, established new accounting standards for postretirement benefits. The new standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation. The effective date for implementation of GASB 45 by the City of Dunedin is October 1, 2008. Accordingly, the City did obtain an actuarial valuation in accordance with GASB 45 standards as of October 1, 2008, and discloses the following:

**Plan Description and Funding Policy**

Employees who retire from the City of Dunedin (City), and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City and approved by the City Commission. Retirees have 31 days to elect to enroll in the City's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2009, a total of 339 eligible retirees and dependents were participating in the City's health program.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**D. POST-EMPLOYMENT BENEFITS (CONTINUED)**

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City's annual OPEB cost for its plan for the current year is as follows:

	Annual OPEB Cost
Annual Required Contribution (ARC)	\$ 139,929
Adjustment to ARC	5,597
Annual OPEB Cost	145,526
Contributions made (pay-as-you-go basis)	50,187
Increase in Net OPEB Obligation	95,339
Net OPEB Obligation, beginning of year	-
Net OPEB Obligation, end of year	\$ 95,339

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009, were as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 145,526	34.5%	\$ 95,339

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**D. POST-EMPLOYMENT BENEFITS (CONTINUED)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the City 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, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation no prior year information is available.

**Actual Methods and Assumptions**

Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for this valuation are as follows:

Measurement Date	10/1/2008
Actuarial Cost Method	Projected Unit Credit with Linear to Decrement
Amortization Period	30 years
Amortization Method	Level Percent of Payroll
Discount Rate	4.00% Unfunded, 8.0% Fully-Funded
CPI	3.00%
Healthcare Cost Trend	Pre-Medicare: 9% (grading down to 5% in 2019) Post-medicare:9% (grading down to 5% in 2019)
Payroll Growth Rate	3.00% per year

\*The initial trend rate was based on actual experience. The subsequent year trend rates were selected based on a combination of City history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical CPI information.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE V – OTHER INFORMATION (CONTINUED)**

**E. CONTINGENCIES AND COMMITMENTS**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. Various other suits and claims, arising in the ordinary course of the City's operations, are pending against the City of Dunedin. These claims consist of personal injury, discrimination, property damage and sales tax. The ultimate effect of such litigation cannot be ascertained at this time, but are not expected to be material.

**F. FEDERAL AND STATE GRANTS**

The City participates in a number of federal and state grant programs. These programs are subject to audit by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the City does believe, the amount of disallowances, if any, would have a material effect on the financial position of the City.

**CITY OF DUNEDIN, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**NOTE VI – COMMUNITY REDEVELOPMENT AGENCY FUND**

The balance sheet as of September 30, 2009 and the statement of revenues, expenditures and changes in fund balance for the fiscal year ended September 30, 2009 are presented as follows:

**COMMUNITY REDEVELOPMENT AGENCY FUND**

BALANCE SHEET  
September 30, 2009

Assets

Cash and cash equivalents	\$ 1,885,426
Due from other governments	260,206
Prepaid items	462
Accrued interest receivable	<u>1,572</u>

Total Assets \$ 2,147,666

Liabilities

Accounts and contracts payable	\$ 146,071
Accrued expenses	6,268
Deposits payable	<u>3,500</u>

Total Liabilities 155,839

Fund Balance

Unreserved, Undesignated	<u>1,991,827</u>
Total Fund Balance	<u>1,991,827</u>

Total Liabilities and Fund Balance \$ 2,147,666

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**NOTE VI – COMMUNITY REDEVELOPMENT AGENCY FUND(CONTINUED)**

**COMMUNITY REDEVELOPMENT AGENCY FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

For the Fiscal Year Ended September 30, 2009

Revenues

Taxes:

Property	\$ 609,646
Intergovernmental	875,891
Investment earnings/(loss)	(12,496)
Other revenue	46,974
Total revenues	1,520,015

Expenditures

Current:

Economic environment	394,828
Capital Projects:	
Economic environment	880,307
Aid and grants	35,557
Total expenditures	1,310,692

Excess of Revenues over Expenditures	209,323
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Other Financing Sources (Uses)

Transfers out	(50,000)
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Net Change in Fund Balance	159,323
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Fund Balance - Beginning	1,832,504
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Fund Balance -Ending	\$ 1,991,827
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Revenues of the Community Redevelopment Agency Fund (CRA) include ad valorem taxes, investment earnings and cleaning and rental fees for greenmarket and craft shows held for the City of Dunedin in and the surrounding communities.

Expenditures of the CRA include the cost of certain land improvements and operating maintenance.

In order to accomplish the program described above the CRA transferred \$50,000 to the Dunedin Historical Society Fund during the year ended September 30, 2009.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DUNEDIN, FLORIDA  
SCHEDULES OF FUNDING PROGRESS  
SEPTEMBER 30, 2009**

Municipal Firefighters' Pension Trust Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/01/08	\$ 16,640,718	\$ 17,558,541	\$ 917,823	94.8%	\$ 2,981,145	30.8%
10/01/07	16,202,634	17,074,051	871,417	94.9%	2,874,332	30.3%
10/01/06	13,980,555	15,274,151	1,293,596	91.5%	2,669,044	48.5%
10/01/05	13,430,948	14,332,863	901,915	93.7%	2,738,385	32.9%
10/01/04	13,356,895	13,507,266	150,371	98.9%	2,575,437	5.8%
10/01/03	13,291,020	12,802,764	(488,256)	103.8%	2,357,502	-20.7%
10/01/02	13,438,085	12,275,088	(1,162,997)	109.5%	1,968,250	-59.1%
10/01/01	14,097,536	11,627,907	(2,469,629)	121.2%	1,784,025	-138.4%
10/01/00	13,884,790	11,037,197	(2,847,593)	125.8%	1,744,823	-163.2%

Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
10/01/08	\$ -	\$ 1,408,719	\$ 1,408,719	0.0%	\$ 15,825,548	8.9%

**CITY OF DUNEDIN, FLORIDA  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2009**

Municipal Firefighters' Pension Trust Fund

Fiscal Year	Annual Required Contribution	Actual City Contribution	State Contribution	Percentage Contributed	Net Pension Obligation (Overfunded)
2009	\$ 704,462	\$ 601,664	\$ 102,798	100%	N/A
2008	642,825	540,027	102,798	100%	N/A
2007	624,664	521,866	102,798	100%	N/A
2006	545,644	442,846	102,798	100%	N/A
2005	469,459	366,661	102,798	100%	N/A
2004	354,870	252,072	102,798	100%	N/A

Fiscal Year	City Contribution	Annual Required Contribution	Percentage Contributed
2009	\$ 50,187	\$ 145,526	34%

*“Dedicated To Quality Service”*



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# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

Special Revenue Funds are used to account for the receipt, custody, and expenditure of revenues from specific sources for which the City is required legally to limit expenditures to particular uses and to account separately for these resources.

## **Government Grants Fund**

To account for Federal, State and County grants, the use of which is restricted for certain projects.

## **Dunedin Stadium Fund**

To account for the receipt and disbursement of revenues from various recreational activities as mandated upon the issuance of Capital Improvement Recreation Certificates.

## **Impact Fees Fund**

To account for the receipt and disbursement of fees levied to pay for future parkland, fire department capital outlays, law enforcement capital outlays, and transportation capital outlays. This fund is also used to collect for and disburse to the County its share of transportation impact fees.

## **Fine Arts Center Fund**

To account for the City's support to the Dunedin Fine Arts Center. This fund is fully supported by transfers from the General Fund.

## **Dunedin Historical Society Fund**

To account for the City's support to the Dunedin Historical Society. This fund is fully supported by transfers from the General Fund.

## **Library Co-Op Fund**

To account for the receipt and disbursement of monies associated with the Library Co-Op.

## **Community Redevelopment Agency Fund**

To account for the receipt, custody and expenditure of property tax increment funds associated with related redevelopment projects.

## **G. Koutsourias Youth Fund**

To account for the receipt and disbursement of donated monies for recreation capital improvement and maintenance programs at facilities owned and operated by the City. Any improvements funded in this manner will become the property of the City.

## **Debt Service Funds**

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

### **Harbor View Dredging Debt Service Fund**

To accumulate monies from annual assessments levied on property owners for the payment of annual debt service applicable to Harbor View Villas.

### **Capital Improvement Debt Service Fund**

To accumulate monies for the payment of annual debt service applicable to the resurfacing of Palm Boulevard.

## **Capital Projects Funds**

Capital Project Funds are used to account for resources to be used for acquisition or construction of major capital improvement projects.

### **Stadium Capital Project Fund**

To account for the receipt of taxable and nontaxable note proceeds, along with proper allocation between taxable and nontaxable construction expenditures.

### **County Gas Tax Fund**

To account for the costs of road and street improvements; funded by proceeds of the Pinellas County gas tax.

### **Parks & Recreation Capital Improvement Fund**

To account for the renewal and replacement of recreation and parks equipment.

### **Capital Improvement Fund**

To account for the acquisition of significant equipment items. These acquisitions are funded primarily by transfers from the General Fund. Nominal equipment acquisitions are accounted for in departmental budgets.

### **One Cent Sales Tax Fund**

To account for expenditures incurred for infrastructure, funded by proceeds from the Pinellas County one cent sales tax.

City of Dunedin, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2009

	Special Revenue								Special Revenue Total
	Government Grants	Dunedin Stadium	Fine Arts Center	Dunedin Historical Society	Library Co-Op	Community Redevelopment Agency	G. Koutsourias Youth		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 333	\$ 2,267	\$ 1,021	\$ 2,681	\$ 449,640	\$ 1,885,426	\$ 33,089	\$	\$ 2,374,457
Accounts Receivable	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	260,206	-	-	260,206
Prepaid items	-	-	-	-	-	462	30	-	492
Accrued interest receivable	-	35	2	-	526	1,572	-	-	2,135
Deposits	-	500	-	-	-	-	-	-	500
Advances to other funds	-	-	-	-	-	-	-	-	-
Total assets	\$ 333	\$ 2,802	\$ 1,023	\$ 2,681	\$ 450,166	\$ 2,147,666	\$ 33,119	\$	\$ 2,637,790
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 159	\$ (15)	\$ (10)	\$ 22,669	\$ 30,453	\$ -	\$ -	\$ 53,256
Contracts payable	-	-	-	-	-	115,618	-	-	115,618
Accrued salaries payable	-	-	-	-	11,001	6,268	-	-	17,269
Deposits payable	-	500	-	-	-	3,500	-	-	4,000
Total liabilities	-	659	(15)	(10)	33,670	155,839	-	-	190,143
<b>FUND BALANCES</b>									
Reserved for public safety programs	333	-	-	-	-	-	-	-	333
Reserved for capital projects	-	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-	-	-
Unreserved, designated	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	-	2,143	1,038	2,691	416,496	1,991,827	33,119	-	2,447,314
Total fund balances	333	2,143	1,038	2,691	416,496	1,991,827	33,119	-	2,447,647
Total liabilities and fund balances	\$ 333	\$ 2,802	\$ 1,023	\$ 2,681	\$ 450,166	\$ 2,147,666	\$ 33,119	\$	\$ 2,637,790

City of Dunedin, Florida  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2009

	Debt Service		
	Harbor View Dredging	Capital Improvement	Debt Service Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ -	\$ 111,008	\$ 111,008
Due from other governments	-	-	-
Prepaid items	-	-	-
Accrued interest receivable	-	92	92
Deposits	-	-	-
Advances to other funds	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 111,100</u>	<u>\$ 111,100</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	-	-	-
Contracts payable	-	-	-
Accrued salaries payable	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Other current liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCES</u></b>			
Reserved for public safety programs	-	-	-
Reserved for capital projects	-	-	-
Reserved for debt service	-	111,100	111,100
Unreserved, designated	-	-	-
Unreserved, undesignated	-	-	-
Total fund balances	<u>-</u>	<u>111,100</u>	<u>111,100</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 111,100</u>	<u>\$ 111,100</u>

City of Dunedin, Florida  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2009

	Capital Projects						Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Parks & Recreation Capital Improvement	Capital Improvement	Capital Projects Total	Capital Projects Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 59,876	\$ 948,857	\$ 5,136	\$ 103,076	\$ 1,116,945	\$ 3,602,410	
Due from other governments	-	77,050	200,000	-	277,050	537,256	
Prepaid items	-	-	-	-	-	492	
Accrued interest receivable	35	724	-	92	851	3,078	
Deposits	-	-	-	-	-	500	
Advances to other funds	-	-	59,057	-	59,057	59,057	
Total assets	<u>\$ 59,911</u>	<u>\$ 1,026,631</u>	<u>\$ 264,193</u>	<u>\$ 103,168</u>	<u>\$ 1,453,903</u>	<u>\$ 4,202,793</u>	
<b>LIABILITIES</b>							
Accounts payable	-	\$ 430,748	\$ 80,952	\$ 25,517	\$ 537,217	\$ 590,473	
Contracts payable	-	65,454	-	-	65,454	181,072	
Accrued salaries payable	-	-	-	-	-	17,269	
Deposits payable	-	-	-	-	-	4,000	
Total liabilities	<u>-</u>	<u>496,202</u>	<u>80,952</u>	<u>25,517</u>	<u>602,671</u>	<u>792,814</u>	
<b>FUND BALANCES</b>							
Reserved for public safety programs	-	-	-	-	-	333	
Reserved for capital projects	-	-	124,184	-	124,184	124,184	
Reserved for Advances	-	-	59,057	-	59,057	59,057	
Reserved for debt service	-	-	-	-	-	111,100	
Unreserved, designated	59,911	-	-	77,651	137,562	137,562	
Unreserved, undesignated	-	530,429	-	-	530,429	2,977,743	
Total fund balances	<u>59,911</u>	<u>530,429</u>	<u>183,241</u>	<u>77,651</u>	<u>851,232</u>	<u>3,409,979</u>	
Total liabilities and fund balances	<u>\$ 59,911</u>	<u>\$ 1,026,631</u>	<u>\$ 264,193</u>	<u>\$ 103,168</u>	<u>\$ 1,453,903</u>	<u>\$ 4,202,793</u>	

*“Dedicated To Quality Service”*



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City of Dunedin, Florida  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended September 30, 2009

	Special Revenue							Special Revenue Total
	Government Grants	Dunedin Stadium	Fine Arts Center	Dunedin Historical Society	Library Co-Op	Community Redevelopment Agency	G. Koutsourias Youth	
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,646
Intergovernmental revenues	334,067	797,984	-	-	490,013	875,891	-	2,497,955
Charges for services	-	276,367	-	-	-	-	-	276,367
Impact fees	-	-	-	-	-	-	-	-
Investment earnings (loss)	-	(124)	(13)	-	(3,105)	(12,496)	(327)	(16,065)
Contributions and donations	-	-	-	-	-	-	7,973	7,973
Other revenue / grants	-	37	-	-	-	46,974	-	47,011
Total revenues	<u>334,067</u>	<u>1,074,264</u>	<u>(13)</u>	<u>-</u>	<u>486,908</u>	<u>1,520,015</u>	<u>7,646</u>	<u>3,422,887</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	394,828	-	394,828
Culture and recreation	-	239,257	82,497	33,277	652,186	-	7,159	1,014,376
Capital projects:								
General government	-	-	-	-	-	-	-	-
Public safety	3,657	-	-	-	-	-	-	3,657
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	880,307	-	880,307
Culture and recreation	-	-	-	50,000	176,065	-	-	226,065
Debt service:								
Principal	-	673,944	-	-	-	-	-	673,944
Interest	-	425,326	-	-	-	-	-	425,326
Aids and grants	331,184	-	65,700	54,000	-	35,557	-	486,441
Total expenditures	<u>334,841</u>	<u>1,338,527</u>	<u>148,197</u>	<u>137,277</u>	<u>828,251</u>	<u>1,310,692</u>	<u>7,159</u>	<u>4,104,944</u>
Excess of revenues over (under) expenditures	<u>(774)</u>	<u>(264,263)</u>	<u>(148,210)</u>	<u>(137,277)</u>	<u>(341,343)</u>	<u>209,323</u>	<u>487</u>	<u>(682,057)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	775	313,203	149,233	139,968	757,839	-	-	1,361,018
Transfers out	-	(125,000)	-	-	-	(50,000)	-	(175,000)
Total other financing sources (uses)	<u>775</u>	<u>188,203</u>	<u>149,233</u>	<u>139,968</u>	<u>757,839</u>	<u>(50,000)</u>	<u>-</u>	<u>1,186,018</u>
Net change in fund balances	1	(76,060)	1,023	2,691	416,496	159,323	487	503,961
Fund balances - beginning	332	78,203	15	-	-	1,832,504	32,632	1,943,686
<b>Fund balances - ending</b>	<u>\$ 333</u>	<u>\$ 2,143</u>	<u>\$ 1,038</u>	<u>\$ 2,691</u>	<u>\$ 416,496</u>	<u>\$ 1,991,827</u>	<u>\$ 33,119</u>	<u>\$ 2,447,647</u>

City of Dunedin, Florida  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended September 30, 2009

	Debt Service			Debt Service Total
	Harbor View Dredging	Capital Improvement		
<b>REVENUES</b>				
Taxes:				
Property	-	-	\$	-
Intergovernmental revenues	-	-		-
Charges for services	-	-		-
Impact fees	-	-		-
Investment earnings / (loss)	-	(538)		(538)
Contributions and donations	-	-		-
Other revenue	-	-		-
Total revenues	-	(538)		(538)
<b>EXPENDITURES</b>				
Current:				
General government	-	-		-
Public safety	-	-		-
Transportation	-	-		-
Economic environment	-	-		-
Culture and recreation	-	-		-
Capital projects:				
General government	-	-		-
Public safety	-	-		-
Transportation	-	-		-
Economic environment	-	-		-
Culture and recreation	-	-		-
Debt service:				
Principal	-	95,655		95,655
Interest	-	16,179		16,179
Aids and grants	-	-		-
Total expenditures	-	111,834		111,834
Revenues over (under) expenditures	-	(112,372)		(112,372)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	111,836		111,836
Transfers out	(163,698)	-		(163,698)
Total other financing sources (uses)	(163,698)	111,836		(51,862)
Net change in fund balances	(163,698)	(536)		(164,234)
Fund balances - beginning	163,698	111,636		275,334
<b>Fund balances - ending</b>	-	\$ 111,100		\$ 111,100

City of Dunedin, Florida  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2009**

	Capital Projects					Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Parks & Recreation Capital Improvement	Capital Improvement	Capital Projects Total	
<b>REVENUES</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 609,646
Intergovernmental revenues	-	574,956	200,000	-	774,956	3,272,911
Charges for services	-	-	-	-	-	276,367
Impact fees	-	-	-	-	-	-
Investment earnings / (loss)	(209)	(4,277)	118	(541)	(4,909)	(21,512)
Contributions and donations	-	-	13,000	-	13,000	20,973
Other revenue	-	-	-	-	-	47,011
Total revenues	(209)	570,679	213,118	(541)	783,047	4,205,396
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	28,859	28,859	28,859
Public safety	-	-	-	14,140	14,140	14,140
Transportation	-	3,165	-	-	3,165	3,165
Economic environment	-	-	-	-	-	394,828
Culture and recreation	46,947	-	38,857	-	85,804	1,100,180
Capital projects:						
General government	-	-	-	43,891	43,891	43,891
Public safety	-	-	-	44,031	44,031	47,688
Transportation	-	1,050,543	-	-	1,050,543	1,050,543
Economic environment	-	-	-	-	-	880,307
Culture and recreation	84,522	-	719,230	-	803,752	1,029,817
Debt service:						
Principal	-	-	-	-	-	769,599
Interest	-	-	-	-	-	441,505
Aids and grants	-	-	-	-	-	486,441
Total expenditures	131,469	1,053,708	758,087	130,921	2,074,185	6,290,963
Revenues over (under) expenditures	(131,678)	(483,029)	(544,969)	(131,462)	(1,291,138)	(2,085,567)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	145,000	191,510	700,800	107,000	1,144,310	2,617,164
Transfers out	-	-	-	-	-	(338,698)
Total other financing sources (uses)	145,000	191,510	700,800	107,000	1,144,310	2,278,466
Net change in fund balances	13,322	(291,519)	155,831	(24,462)	(146,828)	192,899
Fund balances - beginning	46,589	821,948	27,410	102,113	998,060	3,217,080
<b>Fund balances - ending</b>	<b>\$ 59,911</b>	<b>\$ 530,429</b>	<b>\$ 183,241</b>	<b>\$ 77,651</b>	<b>\$ 851,232</b>	<b>\$ 3,409,979</b>

City of Dunedin, Florida  
Government Grants Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Grants - federal	\$ -	\$ -	\$ 334,067	\$ 334,067
Total revenues	<u>-</u>	<u>-</u>	<u>334,067</u>	<u>334,067</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public safety	-	-	-	-
Capital outlay:				
Public safety	-	-	3,657	(3,657)
Aids and grants	-	-	331,184	(331,184)
Total expenditures	<u>-</u>	<u>-</u>	<u>334,841</u>	<u>(334,841)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(774)</u>	<u>(774)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	-	-	775	775
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>775</u>	<u>775</u>
Net change in fund balance	-	-	1	1
Fund balances - beginning	<u>332</u>	<u>332</u>	<u>332</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 332</u></u>	<u><u>\$ 332</u></u>	<u><u>\$ 333</u></u>	<u><u>\$ 1</u></u>

City of Dunedin, Florida  
Stadium Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services:				
Blue Jay ticket sales	\$ 100,000	\$ 100,000	\$ 276,367	\$ 176,367
Parking/concessions	150,000	150,000	-	(150,000)
Intergovernmental revenues	797,984	797,984	797,984	-
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(124)	(124)
Other miscellaneous revenue	-	-	37	37
Total revenues	<u>1,047,984</u>	<u>1,047,984</u>	<u>1,074,264</u>	<u>26,280</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation				
Concessions/novelties	199,357	203,203	239,257	(36,054)
Debt service				
Principal	658,418	673,944	673,944	-
Interest	438,769	423,243	425,326	(2,083)
Total expenditures	<u>1,296,544</u>	<u>1,300,390</u>	<u>1,338,527</u>	<u>(38,137)</u>
Revenues over (under) expenditures	<u>(248,560)</u>	<u>(252,406)</u>	<u>(264,263)</u>	<u>(11,857)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	299,203	299,203	313,203	14,000
Transfers out	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>174,203</u>	<u>174,203</u>	<u>188,203</u>	<u>14,000</u>
Net change in fund balances	(74,357)	(78,203)	(76,060)	2,143
Fund balances - beginning	<u>78,203</u>	<u>78,203</u>	<u>78,203</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 3,846</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,143</u></u>	<u><u>\$ 2,143</u></u>

City of Dunedin, Florida  
 Fine Arts Center Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
 For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ (13)	\$ (13)
Total revenues	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	81,708	81,708	82,497	(789)
Capital:				
Culture and recreation	-	-	-	-
Aids and grants	65,700	65,700	65,700	-
Total expenditures	<u>147,408</u>	<u>147,408</u>	<u>148,197</u>	<u>(789)</u>
Revenues over (under) expenditures	<u>(147,408)</u>	<u>(147,408)</u>	<u>(148,210)</u>	<u>(802)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	147,408	147,424	149,233	1,809
Total other financing sources	<u>147,408</u>	<u>147,424</u>	<u>149,233</u>	<u>1,809</u>
Net change in fund balances	-	16	1,023	1,007
Fund balances - beginning	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 15</u></u>	<u><u>\$ 31</u></u>	<u><u>\$ 1,038</u></u>	<u><u>\$ 1,007</u></u>

City of Dunedin, Florida  
Dunedin Historical Society  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	35,968	35,968	33,277	2,691
Capital:				
Culture and recreation	-	-	50,000	(50,000)
Aids and grants	54,000	54,000	54,000	-
Total expenditures	<u>89,968</u>	<u>89,968</u>	<u>137,277</u>	<u>(47,309)</u>
Revenues over (under) expenditures	<u>(89,968)</u>	<u>(89,968)</u>	<u>(137,277)</u>	<u>(47,309)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	89,968	89,968	139,968	50,000
Total other financing sources	<u>89,968</u>	<u>89,968</u>	<u>139,968</u>	<u>50,000</u>
Net change in fund balances	-	-	2,691	2,691
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,691</u></u>	<u><u>\$ 2,691</u></u>

City of Dunedin, Florida  
Dunedin Library Co-Op  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Intergovernmental revenues	\$ 490,012	\$ 490,012	\$ 490,013	\$ 1
Investment earnings / (loss)	-	-	(3,105)	(3,105)
Total revenues	<u>490,012</u>	<u>490,012</u>	<u>486,908</u>	<u>(3,104)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	682,609	682,609	652,186	30,423
Capital:				
Culture and recreation	178,201	178,201	176,065	2,136
Total expenditures	<u>860,810</u>	<u>860,810</u>	<u>828,251</u>	<u>32,559</u>
Revenues over (under) expenditures	<u>(370,798)</u>	<u>(370,798)</u>	<u>(341,343)</u>	<u>29,455</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	<u>757,839</u>	<u>757,839</u>	<u>757,839</u>	<u>-</u>
Total other financing sources	<u>757,839</u>	<u>757,839</u>	<u>757,839</u>	<u>-</u>
Net change in fund balances	387,041	387,041	416,496	29,455
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 387,041</u></u>	<u><u>\$ 387,041</u></u>	<u><u>\$ 416,496</u></u>	<u><u>\$ 29,455</u></u>

**City of Dunedin, Florida**  
**Community Redevelopment Agency Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 607,986	\$ 607,986	\$ 609,646	\$ 1,660
Intergovernmental revenues:				
Grants - state	1,300,000	1,300,000	875,891	(424,109)
Miscellaneous revenues:				
Investment earnings / (loss)	18,000	18,000	(12,496)	(30,496)
Other revenues / grants	18,000	18,000	46,974	28,974
Total revenues	<u>1,943,986</u>	<u>1,943,986</u>	<u>1,520,015</u>	<u>(423,971)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Economic environment	305,877	470,877	430,385	40,492
Capital projects:				
Economic environment	2,217,000	2,052,000	880,307	1,171,693
Total expenditures	<u>2,522,877</u>	<u>2,522,877</u>	<u>1,310,692</u>	<u>1,212,185</u>
Revenues over (under) expenditures	<u>(578,891)</u>	<u>(578,891)</u>	<u>209,323</u>	<u>788,214</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Net change in fund balances	(578,891)	(578,891)	159,323	738,214
Fund balances - beginning	<u>1,832,504</u>	<u>1,832,504</u>	<u>1,832,504</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 1,253,613</u>	<u>\$ 1,253,613</u>	<u>\$ 1,991,827</u>	<u>\$ 738,214</u>

City of Dunedin, Florida  
G. Koutsourais Youth Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ (327)	\$ (327)
Contributions and donations	-	-	7,973	7,973
Other revenues	-	-	-	-
Total revenues	-	-	7,646	7,646
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	-	-	7,159	(7,159)
Capital projects:				
Culture and recreation	-	-	-	-
Total expenditures	-	-	7,159	(7,159)
Revenues over (under) expenditures	-	-	487	487
Fund balances - beginning	32,632	32,632	32,632	-
<b>Fund balances - ending</b>	<b><u>\$ 32,632</u></b>	<b><u>\$ 32,632</u></b>	<b><u>\$ 33,119</u></b>	<b><u>\$ 487</u></b>

City of Dunedin, Florida  
 Capital Improvement Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
 For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ (538)	\$ (538)
Total revenues	<u>-</u>	<u>-</u>	<u>(538)</u>	<u>(538)</u>
<b><u>EXPENDITURES</u></b>				
Debt service:				
Principal	95,656	104,578	95,655	8,923
Interest	16,180	7,258	16,179	(8,921)
Total expenditures	<u>111,836</u>	<u>111,836</u>	<u>111,834</u>	<u>2</u>
Revenues over (under) expenditures	<u>(111,836)</u>	<u>(111,836)</u>	<u>(112,372)</u>	<u>(536)</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	111,836	111,836	111,836	-
Total other financing sources	<u>111,836</u>	<u>111,836</u>	<u>111,836</u>	<u>-</u>
Net change in fund balances	-	-	(536)	(536)
Fund balances - beginning	<u>111,636</u>	<u>111,636</u>	<u>111,636</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 111,636</u></u>	<u><u>\$ 111,636</u></u>	<u><u>\$ 111,100</u></u>	<u><u>\$ (536)</u></u>

City of Dunedin, Florida  
 Stadium Capital Project Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
 For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ (209)	\$ (209)
Total revenues	<u>-</u>	<u>-</u>	<u>(209)</u>	<u>(209)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	60,000	60,000	46,947	13,053
Capital projects:				
Culture and recreation	85,000	85,000	84,522	478
Total expenditures	<u>145,000</u>	<u>145,000</u>	<u>131,469</u>	<u>13,531</u>
Revenues over (under) expenditures	<u>(145,000)</u>	<u>(145,000)</u>	<u>(131,678)</u>	<u>13,322</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	145,000	145,000	145,000	-
Transfers out				
Total other financing sources (uses)	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Net change in fund balances	-	-	13,322	13,322
Fund balances - beginning	<u>46,589</u>	<u>46,589</u>	<u>46,589</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 46,589</u></u>	<u><u>\$ 46,589</u></u>	<u><u>\$ 59,911</u></u>	<u><u>\$ 13,322</u></u>

City of Dunedin, Florida  
County Gas Tax Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Local option gas tax	\$ 370,000	\$ 370,000	\$ 574,956	\$ 204,956
Miscellaneous revenues:				
Investment earnings / (loss)	63,400	63,400	(4,277)	(67,677)
Total revenues	433,400	433,400	570,679	137,279
<b><u>EXPENDITURES</u></b>				
Current:				
Transportation	-	-	3,165	(3,165)
Capital projects:				
Transportation	920,000	920,000	1,050,543	(130,543)
Total expenditures	<u>920,000</u>	<u>920,000</u>	<u>1,053,708</u>	<u>(133,708)</u>
Deficiency of revenues				
Revenues over (under) expenditures	<u>(486,600)</u>	<u>(486,600)</u>	<u>(483,029)</u>	<u>3,571</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	170,000	200,247	191,510	(8,737)
Total other financing sources	<u>170,000</u>	<u>200,247</u>	<u>191,510</u>	<u>(8,737)</u>
Net change in fund balances	(316,600)	(286,353)	(291,519)	(5,166)
Fund balances - beginning	<u>821,948</u>	<u>821,948</u>	<u>821,948</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ 505,348</u></u>	<u><u>\$ 535,595</u></u>	<u><u>\$ 530,429</u></u>	<u><u>\$ (5,166)</u></u>

City of Dunedin, Florida  
Parks & Recreation Capital Improvement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Grants - state	\$ 317,500	\$ 317,500	\$ 200,000	\$ (117,500)
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	118	118
Contributions	-	-	13,000	13,000
Total revenues	<u>317,500</u>	<u>317,500</u>	<u>213,118</u>	<u>(104,382)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation	55,000	49,102	38,857	10,245
Capital outlay:				
Culture and recreation	798,000	887,668	719,230	168,438
Aids and grants	-	-	-	-
Total expenditures	<u>853,000</u>	<u>936,770</u>	<u>758,087</u>	<u>178,683</u>
Revenues over (under) expenditures	<u>(535,500)</u>	<u>(619,270)</u>	<u>(544,969)</u>	<u>74,301</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	485,800	650,800	700,800	50,000
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total other financing sources (uses)	<u>465,800</u>	<u>630,800</u>	<u>700,800</u>	<u>70,000</u>
Net change in fund balances	(69,700)	11,530	155,831	144,301
Fund balances - beginning	<u>27,410</u>	<u>27,410</u>	<u>27,410</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ (42,290)</u>	<u>\$ 38,940</u>	<u>\$ 183,241</u>	<u>\$ 144,301</u>

City of Dunedin, Florida  
Capital Improvement Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
For the Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ 348	\$ 348	\$ (541)	\$ (889)
Total revenues	<u>348</u>	<u>348</u>	<u>(541)</u>	<u>(889)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	-	28,859	(28,859)
Public safety	-	9,950	14,140	(4,190)
Capital outlay:				
General government	115,000	104,040	43,891	60,149
Public safety	57,000	56,209	44,031	12,178
Total expenditures	<u>172,000</u>	<u>170,199</u>	<u>130,921</u>	<u>39,278</u>
Revenues over (under) expenditures	<u>(171,652)</u>	<u>(169,851)</u>	<u>(131,462)</u>	<u>38,389</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	157,000	157,000	107,000	(50,000)
Total other financing sources (uses)	<u>157,000</u>	<u>157,000</u>	<u>107,000</u>	<u>(50,000)</u>
Net change in fund balances	(14,652)	(12,851)	(24,462)	(11,611)
Fund balances - beginning	<u>102,113</u>	<u>102,113</u>	<u>102,113</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 87,461</u>	<u>\$ 89,262</u>	<u>\$ 77,651</u>	<u>\$ (11,611)</u>

# **Internal Service Funds**

Internal Service Funds are utilized to finance and account for services and commodities furnished by a designated department to other departments within the City.

## **Vehicle Maintenance Fund**

This fund is utilized to account for the cost of automotive and other motorized equipment of the City. The acquisition cost of new or upgraded equipment is financed through user departments, and the asset value is simultaneously contributed to the Vehicle Maintenance Fund. The cost of replacement of existing equipment is financed through funded depreciation charges.

## **Building Maintenance Fund**

This fund is utilized to account for the cost of providing custodial and building maintenance services to the various departments. The departments are charged for these services based upon the total square footage of each area. Capital assets constructed by the Building Maintenance Department are charged to the various departments upon the completion of the project.

## **Self – Insurance Fund**

To account for the City's limited self-insurance program, wherein all funds are assessed charges based on damage claims accrued and on allocated proration of insurance premiums.

**City of Dunedin**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**September 30, 2009**

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,851,981	\$ 589,000	\$ 4,216,492	\$ 7,657,473
Inventories	87,112	-	-	87,112
Interest receivable	1,188	845	3,412	5,445
Deposits	-	-	60,000	60,000
Total current assets	<u>2,940,281</u>	<u>589,845</u>	<u>4,279,904</u>	<u>7,810,030</u>
Noncurrent assets:				
Capital assets:				
Buildings	464,718	2,165,458	-	2,630,176
Improvements other than buildings	4,744	-	-	4,744
Machinery and equipment	11,583,478	137,951	4,757	11,726,186
Less: accumulated depreciation	<u>(7,812,161)</u>	<u>(638,222)</u>	<u>(4,757)</u>	<u>(8,455,140)</u>
Total capital assets, net of accumulated depreciation	<u>4,240,779</u>	<u>1,665,187</u>	<u>-</u>	<u>5,905,966</u>
Total assets	<u>7,181,060</u>	<u>2,255,032</u>	<u>4,279,904</u>	<u>13,715,996</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	44,617	97,602	75,350	217,569
Accrued salaries payable	14,436	15,903	2,695	33,034
Accrued interest payable	33,371	-	-	33,371
Capital leases payable - current	467,931	-	-	467,931
Total current liabilities	<u>560,355</u>	<u>113,505</u>	<u>78,045</u>	<u>751,905</u>
Noncurrent liabilities:				
Capital leases payable	1,485,268	-	-	1,485,268
Compensated absences	106,486	122,535	31,832	260,853
OPEB liability	2,276	2,938	524	5,738
Claims liabilities	-	-	361,226	361,226
Total noncurrent liabilities	<u>1,594,030</u>	<u>125,473</u>	<u>393,582</u>	<u>2,113,085</u>
Total liabilities	<u>2,154,385</u>	<u>238,978</u>	<u>471,627</u>	<u>2,864,990</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,287,580	1,665,187	-	3,952,767
Unrestricted	2,739,095	350,867	3,808,277	6,898,239
Total net assets	<u>\$ 5,026,675</u>	<u>\$ 2,016,054</u>	<u>\$ 3,808,277</u>	<u>\$ 10,851,006</u>

**City of Dunedin**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 3,155,091	\$ 1,355,627	\$ 2,350,780	\$ 6,861,498
Miscellaneous revenue	725	27,314	101,818	129,857
Total operating revenues	<u>3,155,816</u>	<u>1,382,941</u>	<u>2,452,598</u>	<u>6,991,355</u>
Operating expenses:				
Personal services	573,303	750,374	203,614	1,527,291
Supplies and services	1,001,812	583,721	1,923,295	3,508,828
Depreciation	1,066,992	115,394	-	1,182,386
Total operating expenses	<u>2,642,107</u>	<u>1,449,489</u>	<u>2,126,909</u>	<u>6,218,505</u>
Operating income / (loss)	<u>513,709</u>	<u>(66,548)</u>	<u>325,689</u>	<u>772,850</u>
Nonoperating revenues (expenses):				
Investment earnings / (loss)	(7,013)	(8,544)	(20,148)	(35,705)
Interest/amortization expense	(44,571)	-	-	(44,571)
Gain / (Loss) on sale of capital assets	55,014	-	-	55,014
Total nonoperating revenues (expenses)	<u>3,430</u>	<u>(8,544)</u>	<u>(20,148)</u>	<u>(25,262)</u>
Income before contributions and transfers	517,139	(75,092)	305,541	747,588
Transfers in	-	314,801	-	314,801
Transfers out	-	(250,000)	(77,000)	(327,000)
Change in net assets	517,139	(10,291)	228,541	735,389
Total net assets - beginning	<u>4,509,536</u>	<u>2,026,345</u>	<u>3,579,736</u>	<u>10,115,617</u>
<b>Total net assets - ending</b>	<u><u>\$ 5,026,675</u></u>	<u><u>\$ 2,016,054</u></u>	<u><u>\$ 3,808,277</u></u>	<u><u>\$ 10,851,006</u></u>

**City of Dunedin**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2009**

	<b>Vehicle Maintenance</b>	<b>Building Maintenance</b>	<b>Self Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,155,091	\$ 1,355,627	\$ 2,350,780	\$ 6,861,498
Payments to suppliers	(1,270,703)	(1,107,856)	(1,914,453)	(4,293,012)
Payments to employees	(563,303)	(802,466)	(233,186)	(1,598,955)
Other operating revenue	725	27,314	101,818	129,857
Net cash provided by (used in) operating activities	<u>1,321,810</u>	<u>(527,381)</u>	<u>304,959</u>	<u>1,099,388</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	314,801	-	314,801
Transfers out	-	(250,000)	(77,000)	(327,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>64,801</u>	<u>(77,000)</u>	<u>(12,199)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	55,014	-	-	55,014
Proceeds of capital debt	981,141	-	-	981,141
Purchase of capital assets	(107,470)	(435,130)	-	(542,600)
Principal paid on capital debt	(340,059)	-	-	(340,059)
Interest paid on capital debt	(44,791)	-	-	(44,791)
Net cash provided by (used in) capital and related financing activities	<u>543,835</u>	<u>(435,130)</u>	<u>-</u>	<u>108,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings / (loss)	<u>(8,201)</u>	<u>(5,835)</u>	<u>(23,560)</u>	<u>(37,596)</u>
Net cash provided by (used in) investing activities	<u>(8,201)</u>	<u>(5,835)</u>	<u>(23,560)</u>	<u>(37,596)</u>
Net increase (decrease) in cash and cash equivalents	1,857,444	(903,545)	204,399	1,158,298
Cash and cash equivalents - October 1	<u>994,537</u>	<u>1,492,545</u>	<u>4,012,093</u>	<u>6,499,175</u>
Cash and cash equivalents - September 30	<u>\$ 2,851,981</u>	<u>\$ 589,000</u>	<u>\$ 4,216,492</u>	<u>\$ 7,657,473</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating income / (loss)	<u>\$ 513,709</u>	<u>\$ (66,548)</u>	<u>\$ 325,689</u>	<u>\$ 772,850</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	1,066,992	115,394	-	1,182,386
(Increase) decrease in				
Inventories	39,048	-	-	39,048
Prepaid items	(405)	-	-	(405)
Increase (decrease) in				
Accounts payable	(307,534)	(524,135)	65,791	(765,878)
Accrued expenses	2,504	(18,918)	(415)	(16,829)
Claims liabilities	-	-	(36,949)	(36,949)
Compensated absences / OPEB	7,496	(33,174)	(29,157)	(54,835)
Increase in deposits receivable	-	-	(20,000)	(20,000)
Total adjustments	<u>808,101</u>	<u>(460,833)</u>	<u>(20,730)</u>	<u>326,538</u>
Net cash provided by (used in) operating activities	<u>\$ 1,321,810</u>	<u>\$ (527,381)</u>	<u>\$ 304,959</u>	<u>\$ 1,099,388</u>

# Statistical Section

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

Contents Page

## **Financial Trends**

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.....E-1

## **Revenue Capacity**

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.....E-8

## **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.....E-12

## **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.....E-17

## **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.....E-20

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

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## **Financial Trends**

City of Dunedin, Florida  
 Net Assets by Component  
 Last Seven Fiscal Years <sup>1</sup>  
 (accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>							
Invested in capital assets, net of related debt	\$ 49,216,594	\$ 41,859,854	\$ 40,891,053	\$ 29,656,802	\$ 19,580,030	\$ 25,673,683	\$ 21,070,522
Restricted	666,759	1,492,721	1,580,164	1,452,082	11,747,673	2,263,755	4,122,498
Unrestricted	18,042,556	14,346,049	14,337,285	21,095,377	15,959,974	15,434,163	13,621,877
Total governmental activities net assets	\$ 67,925,909	\$ 57,698,624	\$ 56,808,502	\$ 52,204,261	\$ 47,287,677	\$ 43,371,601	\$ 38,814,897
<b>Business type activities:</b>							
Invested in capital assets, net of related debt	32,324,908	31,123,487	30,462,861	44,330,427	46,477,869	45,351,725	45,740,661
Restricted	12,119,646	11,491,080	13,757,080	4,677,025	4,443,428	4,897,856	5,240,067
Unrestricted	6,829,020	10,189,363	8,530,258	5,042,180	4,144,475	6,374,375	5,789,297
Total business type activities net assets	\$ 51,273,574	\$ 52,803,930	\$ 52,750,199	\$ 54,049,632	\$ 55,065,772	\$ 56,623,956	\$ 56,770,025
<b>Primary government:</b>							
Invested in capital assets, net of related debt	81,541,502	72,983,341	71,353,914	73,987,229	66,057,899	71,025,408	66,811,183
Restricted	12,786,405	12,983,801	15,337,244	6,129,107	16,191,101	7,161,611	9,362,565
Unrestricted	24,871,576	24,535,412	22,867,543	26,137,557	20,104,449	21,808,538	19,411,174
Total primary government activities net assets	\$ 119,199,483	\$ 110,502,554	\$ 109,558,701	\$ 106,253,893	\$ 102,353,449	\$ 99,995,557	\$ 95,584,922

**City of Dunedin, Florida**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003
<b>EXPENSES</b>							
<b>Governmental activities:</b>							
General government	\$ 3,681,315	\$ 2,578,302	\$ 2,964,692	\$ 2,489,508	\$ 2,177,358	\$ 1,616,858	\$ 1,747,698
Public safety	12,653,234	12,240,372	12,120,351	11,453,193	11,287,223	10,279,511	10,035,496
Physical environment	-	825	869	650	834	23,346	3,640
Transportation	1,839,363	2,610,475	(662,178)	2,125,973	2,258,259	1,337,617	1,905,403
Economic development	507,328	323,734	87,537	58,935	88,207	91,417	34,645
Culture and recreation	9,931,370	10,727,942	10,829,741	9,009,384	9,559,058	8,071,251	7,758,198
Interest on long term debt	834,618	866,910	966,878	1,085,875	837,648	904,118	828,206
<b>Total governmental activities expenses</b>	<b>29,447,228</b>	<b>29,348,560</b>	<b>26,307,890</b>	<b>26,223,518</b>	<b>26,208,587</b>	<b>22,324,118</b>	<b>22,313,286</b>
<b>Business type activities:</b>							
Solid waste	4,571,427	4,832,211	4,947,866	4,619,519	5,156,394	4,541,315	4,199,414
Water / sewer utility	18,511,182	17,899,287	17,244,324	14,490,880	14,197,584	14,278,420	13,479,564
Reclaimed water	-	(25,237)	(5,549)	1,622,107	1,478,474	1,453,574	1,485,628
Stormwater utility	1,615,538	1,729,016	1,365,579	1,196,132	1,207,654	1,173,210	1,255,618
Marina	478,476	469,475	471,605	432,949	353,576	252,462	275,201
Golf course	603,161	613,178	699,414	682,164	595,229	470,054	371,330
<b>Total business type activities expenses</b>	<b>25,779,784</b>	<b>25,517,930</b>	<b>24,723,239</b>	<b>23,043,751</b>	<b>22,988,910</b>	<b>22,169,035</b>	<b>21,066,755</b>
<b>Total primary government expenses</b>	<b>\$ 55,227,012</b>	<b>\$ 54,866,490</b>	<b>\$ 51,031,129</b>	<b>\$ 49,267,269</b>	<b>\$ 49,197,497</b>	<b>\$ 44,493,153</b>	<b>\$ 43,380,041</b>
<b>PROGRAM REVENUES</b>							
<b>Governmental activities:</b>							
Charges for services	5,352,945	5,762,057	5,206,427	5,514,108	4,731,225	4,241,434	4,336,349
Operating grants and contributions	415,025	190,371	407,785	543,267	588,149	465,311	363,014
Capital grants and contributions	10,311,831	1,426,814	951,232	1,375,691	3,664,873	2,417,088	1,728,855
<b>Total governmental activities program revenues</b>	<b>16,079,801</b>	<b>7,379,242</b>	<b>6,565,444</b>	<b>7,433,066</b>	<b>8,984,247</b>	<b>7,123,833</b>	<b>6,428,218</b>
<b>Business type activities:</b>							
Charges for services	23,213,802	23,228,886	22,449,361	21,323,934	20,188,223	20,268,203	17,513,348
Operating grants and contributions	-	571,527	113,645	-	-	3,666	-
Capital grants and contributions - parking fee	973,045	763,242	104,997	316,281	290,976	613,275	1,626,430
<b>Total business type activities revenues</b>	<b>24,186,847</b>	<b>24,563,655</b>	<b>22,668,003</b>	<b>21,640,215</b>	<b>20,479,199</b>	<b>20,885,144</b>	<b>19,139,778</b>
<b>Total primary government program revenues</b>	<b>\$ 40,266,648</b>	<b>\$ 31,942,897</b>	<b>\$ 29,233,447</b>	<b>\$ 29,073,281</b>	<b>\$ 29,463,446</b>	<b>\$ 28,008,977</b>	<b>\$ 25,567,996</b>
<b>NET EXPENSE</b>							
Governmental activities	(13,367,427)	(21,969,318)	(19,742,446)	(18,790,452)	(17,224,340)	(15,200,285)	(15,885,068)
Business type activities	(1,592,937)	(954,275)	(2,055,236)	(1,403,536)	(2,509,711)	(1,283,891)	(1,926,977)
<b>Total primary government net (expense) / revenue</b>	<b>\$ (14,960,364)</b>	<b>\$ (22,923,593)</b>	<b>\$ (21,797,682)</b>	<b>\$ (20,193,988)</b>	<b>\$ (19,734,051)</b>	<b>\$ (16,484,176)</b>	<b>\$ (17,812,045)</b>

\* GASB 34 implemented in Fiscal Year 2002

**City of Dunedin, Florida**  
**Changes in Net Assets (Continued)**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>							
<b>Taxes:</b>							
Property taxes	\$ 8,364,594	\$ 9,212,358	\$ 9,982,922	\$ 8,844,774	\$ 7,662,303	\$ 7,063,015	\$ 6,016,687
Utility service taxes	4,713,985	4,248,062	4,273,255	4,253,827	4,095,884	4,134,755	4,306,796
Infrastructure sales surtax	4,727,908	3,708,123	3,188,280	3,603,251	3,509,710	3,163,833	2,995,546
Half cent sales tax	1,808,035	1,983,182	2,083,144	2,178,564	2,131,371	2,068,375	1,955,366
Franchise taxes	2,811,613	2,474,338	2,600,247	2,618,432	2,222,492	2,094,111	2,004,600
Other taxes	73,668	102,781	76,095	-	439,041	434,986	127,504
State revenue sharing	1,134,958	1,276,949	1,378,296	1,411,285	1,370,847	1,158,923	904,694
Grants and contributions not restricted to specific programs	-	-	-	-	21,397	20,833	36,586
Unrestricted investment earnings	(85,633)	340,398	664,200	825,776	302,899	303,299	235,644
Gain / (loss) on sale of capital assets	149,744	-	236,061	25,885	(54,221)	976	17,582
Transfers	(104,160)	(486,751)	(135,813)	(54,758)	(561,305)	(686,117)	(145,014)
<b>Total governmental activities revenues</b>	<u>23,594,712</u>	<u>22,859,440</u>	<u>24,346,687</u>	<u>23,707,036</u>	<u>21,140,418</u>	<u>19,756,989</u>	<u>18,455,991</u>
<b>Business type activities:</b>							
Unrestricted investment earnings	(43,434)	521,255	614,206	332,637	415,439	454,492	480,696
Loss on sale of capital assets	1,855	-	5,784	-	(25,215)	(2,787)	(86,543)
Transfers	104,160	486,751	135,813	54,758	561,305	686,117	145,014
<b>Total business type activities</b>	<u>62,581</u>	<u>1,008,006</u>	<u>755,803</u>	<u>387,395</u>	<u>951,529</u>	<u>1,137,822</u>	<u>539,167</u>
<b>Total primary government revenues</b>	<u>\$ 23,657,293</u>	<u>\$ 23,867,446</u>	<u>\$ 25,102,490</u>	<u>\$ 24,094,431</u>	<u>\$ 22,091,947</u>	<u>\$ 20,894,811</u>	<u>\$ 18,995,158</u>
<b>CHANGE IN NET ASSETS</b>							
Governmental activities	10,227,285	890,122	4,604,241	4,916,584	3,916,078	4,556,704	2,570,923
Business type activities	(1,530,356)	53,731	(1,299,433)	(1,016,141)	(1,558,182)	(146,069)	(1,387,810)
<b>Total primary government</b>	<u>\$ 8,696,929</u>	<u>\$ 943,853</u>	<u>\$ 3,304,808</u>	<u>\$ 3,900,443</u>	<u>\$ 2,357,896</u>	<u>\$ 4,410,635</u>	<u>\$ 1,183,113</u>

**City of Dunedin, Florida**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property</u>	<u>Franchise</u>	<u>Utility Service</u>	<u>Total</u>
2000	\$ 4,654,231	\$ 2,019,343	\$ 3,369,613	\$ 10,043,187
2001	4,984,444	2,364,513	3,606,292	10,955,249
2002	5,416,600	1,905,024	4,178,073	11,499,697
2003	6,016,687	2,004,600	4,306,796	12,328,083
2004	7,063,015	2,094,111	4,134,755	13,291,881
2005	7,662,303	2,222,492	4,095,884	13,980,679
2006	8,844,774	2,618,432	4,253,827	15,717,033
2007	9,982,922	2,600,247	4,273,255	16,856,424
2008	9,212,358	2,474,338	4,248,062	15,934,758
2009	8,364,594	2,811,613	4,713,985	15,890,192

**City of Dunedin, Florida**  
**Fund Balances - Governmental Funds**  
**Last Seven Fiscal Years**  
(modified accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003
<b>General fund:</b>							
Reserved	\$ 571,254	\$ 1,542,808	\$ 1,547,748	\$ 1,172,899	\$ 1,186,618	\$ 1,391,468	\$ 1,358,170
Unreserved	7,470,489	6,392,564	7,039,453	7,382,400	6,657,589	7,058,463	6,903,068
<b>Total general fund</b>	<u>\$ 8,041,743</u>	<u>\$ 7,935,372</u>	<u>\$ 8,587,201</u>	<u>\$ 8,555,299</u>	<u>\$ 7,844,207</u>	<u>\$ 8,449,931</u>	<u>\$ 8,261,238</u>
<b>All other governmental funds:</b>							
Reserved, reported in:							
Special revenue funds	1,338,467	362,015	3,347,439	478,190	11,533,793	2,989,856	3,284,622
Unreserved, reported in:							
Special revenue funds	4,576,547	4,417,004	998,488	7,473,489	4,676,052	2,675,596	1,199,498
Capital projects funds	667,991	911,711	814,596	3,545,504	1,393,716	1,291,290	2,335,611
<b>Total all other governmental funds</b>	<u>\$ 6,583,005</u>	<u>\$ 5,690,730</u>	<u>\$ 5,160,523</u>	<u>\$ 11,497,183</u>	<u>\$ 17,603,561</u>	<u>\$ 6,956,742</u>	<u>\$ 6,819,731</u>

**City of Dunedin, Florida**  
**Change in Fund Balances - Governmental Funds**  
**Last Seven Fiscal Years <sup>1</sup>**  
(modified accrual basis of accounting)

	2009	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>							
Taxes	\$ 15,890,192	\$ 15,934,758	\$ 16,856,424	\$ 15,717,033	\$ 13,980,679	\$ 13,291,881	\$ 12,328,083
Licenses, fees and permits	445,622	491,412	561,566	840,240	962,809	639,369	555,621
Intergovernmental	18,955,257	8,971,822	8,026,149	8,824,756	10,444,576	9,028,401	7,888,959
Charges for services	5,679,455	5,558,004	5,236,041	5,066,509	4,825,858	5,021,375	4,482,710
Fines and forfeits	184,190	210,618	220,350	229,994	176,260	280,435	228,503
Interest earnings	(64,719)	338,180	729,396	1,069,178	419,102	283,811	284,889
Miscellaneous	556,292	880,385	726,037	889,520	1,563,088	1,101,400	1,095,500
<b>Total revenues</b>	<b>41,646,289</b>	<b>32,385,179</b>	<b>32,355,963</b>	<b>32,637,230</b>	<b>32,372,372</b>	<b>29,646,672</b>	<b>26,864,265</b>
<b>EXPENDITURES</b>							
General government	3,543,512	3,661,825	3,629,824	3,598,907	3,241,021	3,053,704	2,978,588
Public safety	11,876,309	11,653,936	11,395,437	10,741,490	10,533,630	9,601,978	8,829,569
Physical environment	-	825	869	650	834	23,346	3,640
Transportation	1,869,700	1,957,496	2,173,323	1,905,992	1,992,043	1,915,753	1,729,077
Economic development	394,828	323,734	87,537	58,935	88,207	91,417	34,411
Culture and recreation	8,126,402	8,670,406	9,028,183	8,020,637	7,781,134	7,089,003	6,513,513
Debt service:							
Principal	2,356,923	1,668,241	4,428,527	2,252,986	2,877,448	940,349	1,051,871
Interest	835,723	887,607	989,180	937,599	772,714	658,745	708,873
<b>Total expenditures</b>	<b>29,003,397</b>	<b>28,824,070</b>	<b>31,732,880</b>	<b>27,517,196</b>	<b>27,287,031</b>	<b>23,374,295</b>	<b>21,849,542</b>
<b>Excess of revenues over expenditures</b>	<b>12,642,892</b>	<b>3,561,109</b>	<b>623,083</b>	<b>5,120,034</b>	<b>5,085,341</b>	<b>6,272,377</b>	<b>5,014,723</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Capital outlay	(11,924,208)	(2,794,170)	(6,832,634)	(13,930,227)	(3,989,158)	(9,963,391)	(4,843,057)
Sale of capital assets	1,181,800	-	230,507	-	-	-	-
Aids and grants	(515,203)	(170,801)	(75,100)	(80,000)	(17,232)	(223,351)	(130,334)
Debt proceeds	-	-	-	3,900,000	9,784,806	4,900,000	-
Transfers in	3,870,555	5,028,788	2,500,023	2,292,929	1,434,793	1,941,309	3,655,949
Transfers out	(3,962,516)	(5,746,548)	(2,750,637)	(2,698,022)	(2,257,455)	(2,601,240)	(4,699,068)
<b>Total other financing sources (uses)</b>	<b>(11,349,572)</b>	<b>(3,682,731)</b>	<b>(6,927,841)</b>	<b>(10,515,320)</b>	<b>4,955,754</b>	<b>(5,946,673)</b>	<b>(6,016,510)</b>
<b>Net change in fund balances</b>	<b>\$ 1,293,320</b>	<b>\$ (121,622)</b>	<b>\$ (6,304,758)</b>	<b>\$ (5,395,286)</b>	<b>\$ 10,041,095</b>	<b>\$ 325,704</b>	<b>\$ (1,001,787)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.8%</b>	<b>6.1%</b>	<b>16.2%</b>	<b>8.9%</b>	<b>11.8%</b>	<b>4.2%</b>	<b>5.1%</b>

**City of Dunedin, Florida**  
**General Governmental Expenditures and Transfers by Function <sup>1</sup>**  
**Last Ten Fiscal Years <sup>2</sup>**

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment	Culture and Recreation	Capital Outlay	Debt Service	Transfers Out	Other	Total
2000	\$ 2,649,740	\$ 6,985,014	\$ -	\$ 1,415,125	\$ 30,752	\$ 5,154,231	\$ 2,970,597	\$ 427,951	\$ 3,794,371	\$ 188,674	\$ 23,556,455
2001	2,678,492	7,519,792	-	1,380,579	16,552	5,566,053	5,304,436	1,191,106	5,234,139	130,817	29,021,966
2002	2,709,928	8,095,414	3,883	1,610,750	19,552	5,927,263	14,147,879	1,758,032	9,301,711	118,900	43,693,312
2003	2,978,588	8,829,569	3,640	1,729,077	34,411	6,513,513	4,843,057	1,760,744	4,699,068	130,334	31,522,001
2004	3,053,704	9,601,978	23,346	1,915,753	91,417	7,089,003	9,963,391	1,599,094	2,601,240	223,351	36,162,277
2005	3,241,021	10,533,630	834	1,992,043	88,207	7,781,134	3,989,158	3,650,162	2,257,455	17,232	33,550,876
2006	3,598,907	10,741,490	650	1,905,992	58,935	8,020,637	13,930,227	3,190,585	2,698,022	80,000	44,225,445
2007	3,629,824	11,395,437	869	2,173,323	87,537	9,028,183	6,832,634	5,417,707	2,750,637	75,100	41,391,251
2008	3,661,825	11,653,936	825	1,957,496	323,734	8,670,406	2,794,170	2,555,848	5,746,548	170,801	37,535,589
2009	3,543,512	11,876,309	0	1,869,700	394,828	8,126,402	11,924,208	3,192,646	3,962,516	515,203	45,405,324

<sup>1</sup> Includes general, special revenue, debt service and capital projects funds.

<sup>2</sup> Prior years were for general fund only. Values have been restated to include all governmental funds. Restatement also includes previously classified fiduciary trust funds reclassified to special revenue funds.

## **Revenue Capacity**

**City of Dunedin, Florida**  
**Taxable Assessed Value and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Residential Property	Real Commercial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Direct Taxable Rate <sup>1</sup>	Annual Percentage Change
2000	\$ 1,039,333,140	\$ -	\$ 120,760,140	\$ -	\$ 1,160,093,280	4.1166	4.7%
2001	1,116,536,710	-	123,146,410	-	1,239,683,120	4.1166	6.9%
2002	1,209,259,620	-	126,843,340	-	1,336,102,960	4.1166	7.8%
2003	1,336,079,740	-	126,792,910	-	1,462,872,650	4.1166	9.5%
2004	1,479,772,000	-	127,929,960	-	1,607,701,960	4.4253	9.9%
2005	1,632,193,900	-	127,960,240	-	1,760,154,140	4.4253	9.5%
2006	1,873,992,400	-	123,476,459	-	1,997,468,859	4.4253	13.5%
2007	2,242,890,164	-	102,039,260	-	2,344,929,424	4.0934	17.4%
2008	2,446,825,022	-	106,309,880	-	2,553,134,902	3.5597	8.9%
2009	1,936,899,887	-	86,727,617	-	2,023,627,504	3.5597	-13.7%

<sup>1</sup> Tax rates are expressed in rates per \$1,000.

City of Dunedin, Florida  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	City	County	School	Transit District	EMS	Other	Total
2000	4.1166	5.8540	8.6660	0.6501	0.6470	1.6557	21.5894
2001	4.1166	6.0040	8.4330	0.6501	0.7470	1.6562	21.6069
2002	4.1166	6.1410	8.4870	0.6501	0.6600	1.6562	21.7109
2003	4.1166	6.1410	8.4490	0.6319	0.6600	1.6562	21.6547
2004	4.4253	6.1410	8.2430	0.6319	0.6600	1.6562	21.7574
2005	4.4253	6.1410	8.1220	0.6377	0.6600	1.6557	21.6417
2006	4.4253	6.1410	8.3900	0.6377	0.6600	1.6555	21.9095
2007	4.0934	5.4700	8.2100	0.6074	0.6300	1.6378	20.6486
2008	3.5597	4.8730	7.7310	0.5601	0.5832	0.3866	17.6936
2009	3.5597	4.8730	8.0610	0.5601	0.5832	1.5551 (1)	19.1921

(1) Other includes:

Pinellas County Planning Council	0.0170
Juvenile Welfare Board	0.7915
Southwest Florida Water Management District	0.3866
Anclote River Basin	0.3600
	<u>1.5551</u>

City of Dunedin, Florida  
Principal Taxpayers  
Current Year / Base Year

Taxpayer	September 30, 2009		September 30, 2006	
	Taxable Assessed Value	Percentage of Total Assessed Valuation	Taxable Assessed Value	Percentage of Total Assessed Valuation
MacAlpine Place Apt.	\$ 31,500,000	1.56%	\$ 30,600,000	1.55%
Pinellas Marina LLC	30,842,568	1.52%		
Chesapeake Apartments	14,560,000	0.72%	14,350,000	0.73%
MHC Lake Haven LLC	10,650,000	0.53%		
Publix Supermarkets, Inc	8,625,000	0.43%	7,905,000	0.40%
Coastal Palms SDM LLC	8,500,000	0.42%		
Odyssey DP	8,300,000	0.41%		
Wells Fargo Bank NA	7,950,764	0.39%		
Allen, William	7,835,513	0.39%		
SES Group - Windemere	7,663,267	0.38%		
Lessor, Jason K.			9,570,000	0.48%
Nielson Media Research, Inc.			9,000,000	0.46%
Olympia Development Group			7,306,400	0.37%
Scottish Towers			7,300,000	0.37%
Dallas / Corp Sqyare			7,250,000	0.37%
<b>SUB-TOTAL:</b>	<b>136,427,112</b>	<b>6.75%</b>	<b>93,281,400</b>	<b>4.73%</b>
<b>ALL OTHERS:</b>	<b>1,887,200,392</b>	<b>93.25%</b>	<b>1,884,035,459</b>	<b>95.27%</b>
<b>TOTAL:</b>	<b>\$ 2,023,627,504</b>	<b>100.00%</b>	<b>\$ 1,977,316,859</b>	<b>100.00%</b>

Source: Pinellas County Property Appraiser

**City of Dunedin, Florida**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxable Assessed Valuation</b>	<b>Millage Tax Rate</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Collections in Subsequent Years</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections to Total Tax Levy</b>
2000	\$ 1,160,093,280	4.1166	\$ 4,775,640	\$ 4,646,928	97.3	\$ 7,302	\$ 4,654,230	97.5
2001	1,239,683,120	4.1166	5,103,280	4,979,917	97.6	4,527	4,984,444	97.7
2002	1,336,102,960	4.1166	5,500,201	5,404,247	98.3	12,353	5,416,600	98.5
2003	1,465,153,950	4.1166	6,031,453	5,775,310	95.8	18,885	5,794,195	96.1
2004	1,607,701,960	4.4253	7,114,563	6,758,409	95.0	19,296	6,777,705	95.3
2005	1,760,154,140	4.4253	7,789,210	7,294,487	93.7	21,835	7,316,322	93.9
2006	1,997,468,859	4.4253	8,839,399	8,327,443	94.2	28,254	8,355,697	94.5
2007	2,344,929,424	4.0934	9,598,734	9,016,741	93.9	11,716	9,028,457	94.1
2008	2,553,134,902	3.5597	9,088,394	8,075,170	88.9	439,190	8,514,360	93.7
2009	2,023,627,504	3.5597	8,253,934	7,161,307	86.8	593,641	7,754,948	94.0

*“Dedicated To Quality Service”*



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# **Debt Capacity**

**City of Dunedin, Florida**  
**Ratios of Outstanding Debt by Type**  
**Last Seven Fiscal Years**

Fiscal Year	Governmental Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	Special Assessment Bonds	Capital Leases	Sewer Bonds	Capital Leases			
2003	\$ 12,329,768	\$ 3,909,120	\$ 18,121,267	\$ -	\$ 34,360,155	2.86%	\$ 1,060
2004	16,651,043	2,891,746	16,690,824	-	36,233,613	2.94%	1,092
2005	24,151,757	1,651,020	14,727,981	-	40,530,758	3.25%	1,215
2006	22,968,165	911,361	14,005,615	-	37,885,141	2.64%	1,006
2007	21,411,326	1,387,855	28,252,680	-	51,051,861	4.82%	1,359
2008	19,730,418	1,312,117	26,843,018	-	47,885,553	4.57%	1,331
2009	17,373,495	1,953,199	24,693,131	-	44,019,825	4.20%	1,223

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements  
<sup>1</sup> See the schedule of Demographic and Economic Statistics on page E-17 for personal income and population data

City of Dunedin, Florida  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 September 30, 2009

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	APPLICABLE TO CITY OF DUNEDIN	
		PERCENT <sup>1</sup>	AMOUNT
Pinellas County	\$ 22,696,083	2.770%	\$ 628,681
Pinellas County School Board	31,263,083	2.770%	865,987
Total overlapping debt			1,494,668
Total direct debt <sup>2</sup>			-
Total direct and overlapping debt			1,494,668
Overall debt to F/Y 2009 taxable value			0.07%
Overall debt to per capita			\$ 41.53

<sup>1</sup> Applicable net debt percentage is based on ratio of City to County taxable values

<sup>2</sup> The City of Dunedin currently does not have any general obligation debt.

(1) Applicable Net Debt percentage is based on ratio of City to County taxable values

**City of Dunedin, Florida  
Revenue Bond Coverage  
Water and Sewer Revenue Bonds  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for		Debt Service Requirements <sup>3</sup>	Coverage Ratio
			Operating Expenses <sup>2</sup>	Debt Service		
2000	\$ 12,407,343	\$ 9,262,585	\$ 3,144,758	\$ 2,418,001	1.30	
2001	12,754,343	8,599,158	4,155,185	2,536,574	1.64	
2002	12,903,529	8,934,854	3,968,675	2,674,907	1.48	
2003	13,727,330	10,875,971	2,851,359	2,490,469	1.14	
2004	15,674,310	11,840,458	3,833,852	2,315,772	1.65	
2005	15,078,269	11,728,757	3,349,512	1,924,713	1.74	
2006	16,012,925	12,115,834	3,897,091	1,944,756	2.00	
2007	16,828,565	12,821,283	4,007,282	1,949,609	2.06	
2008	18,397,808	13,239,576	5,158,232	2,465,204	2.09	
2009	17,227,189	13,989,999	3,237,190	2,583,954	1.25	

<sup>1</sup> Total revenues (including investment income), exclusive of impact fees, grant revenue from the Water/Sewer, Stormwater and Reclaimed Water Funds.

<sup>2</sup> Operating expenses are the costs of operation and maintenance of the system, exclusive of depreciation.

<sup>3</sup> Includes principal and interest of water and sewer revenue bonds and debt issued in parity with the water and sewer revenue bonds. It does not include debt defeasance transactions.

City of Duneedin, Florida  
Schedule of Debt Service Ratio

Description	Actual September 30 2009	Budget September 30 2009	Proposed Budget September 30 2010
Total Governmental Revenues	\$ 41,646,289	\$ 41,156,615	\$ 32,059,236
Internal Service Revenues:			
Rental Income	-	23,803	24,517
Non-Operating:			
Investment earnings	(35,705)	269,104	176,491
Total Internal Services Revenues	(35,705)	292,907	201,008
Total Annual Revenues - September 30	41,610,584	41,449,522	32,260,244
Total Annual General Government Debt Service exclusive of Enterprise Funds, Internal Service Funds and Special Assessment Debt Service	2,458,373	2,518,260	2,509,222
Debt Service Ratio	5.91%	6.08%	7.78%
Total Capacity Debt Service (12.5%)	5,201,323	5,181,190	4,032,531
Less: Current Debt Service	2,458,373	2,518,260	2,509,222
Excess Debt Service Available	2,742,950	2,662,930	1,523,309
Excess Outstanding Debt Service Available			
10 Years	21,376,783	20,753,161	11,871,684
20 Years	34,739,702	33,726,245	19,292,836

City of Dunedin, Florida  
 Schedule of Total Annual Debt Service  
 Last Two Fiscal Years plus Next Year

Debt Description	September 30 2008	September 30 2009	Proposed Budget September 30 2010
Spring Training Facilities - Bank of America	\$ 1,075,185	\$ 1,075,185	\$ 1,075,185
Blue Jays - Spring Training Facilities	24,086	24,086	24,086
Palm Boulevard - Sunbank	111,953	111,890	104,577
Capital Improvement Bond - MLK / Shapiro property	585,805	585,805	585,805
Community Center	661,344	721,294	719,569
<b>Total Annual General Government Debt Service</b>	<b>\$ 2,458,373</b>	<b>\$ 2,518,260</b>	<b>\$ 2,509,222</b>

## **Demographic and Economic Information**

**City of Dunedin, Florida  
Demographic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>Per Capita Income <sup>2</sup></b>	<b>Median Age <sup>3</sup></b>	<b>School Enrollment <sup>4</sup></b>	<b>Unemployment Rate / Percent <sup>5</sup></b>
2000	35,691	\$ 30,633	44.2	4,834	2.0
2001	36,574	31,658	43.0	4,967	3.4
2002	36,865	31,321	43.0	4,960	3.7
2003	37,081	32,408	43.9	5,019	3.4
2004	37,217	33,167	43.7	4,996	3.1
2005	37,426	33,316	44.0	5,014	2.9
2006	37,574	35,607	44.2	4,879	2.6
2007	37,662	38,085	43.0	5,376	4.0
2008	37,561	28,223	48.2	5,204	7.5
2009	35,988	29,093	47.6	5,876	10.6

**Data Source:**

- 1 [city-data.com/cty/Dunedin-Florida.html](http://city-data.com/cty/Dunedin-Florida.html)
- 2 [city-data.com/cty/Dunedin-Florida.html](http://city-data.com/cty/Dunedin-Florida.html)
- 3 [muninetguide.com/states/florida/municipality/Dunedin.php](http://muninetguide.com/states/florida/municipality/Dunedin.php)
- 4 [schools.fizber.com/florida/dunedin/](http://schools.fizber.com/florida/dunedin/)
- 5 [city-data.com/cty/Dunedin-Florida.html](http://city-data.com/cty/Dunedin-Florida.html)



**City of Dunedin, Florida**  
**Full-time Equivalent City Government Employees**  
**Last Four Fiscal Years at September 30**

<b>Function</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
General Government	58	62	61	62
Public Safety				
Fire	22	22	24	24
Paramedics	33	33	33	33
Culture and recreation	93	95	101	101
Highways and streets				
Engineering	16	17	15	15
Maintenance	11	12	16	16
Facilities	12	24	23	23
Fleet Services	9	9	9	9
Solid Waste	28	28	28	28
Water	32	32	32	32
Wastewater	42	45	45	45
Stormwater	13	13	14	14
<b>TOTAL</b>	<u>369</u>	<u>392</u>	<u>401</u>	<u>402</u>

## **Operating Information**

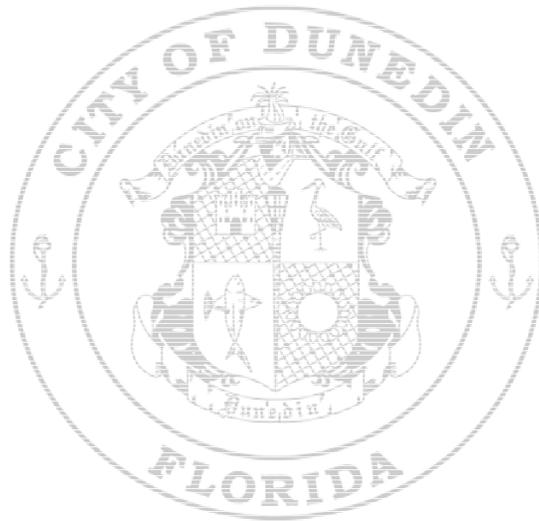
**City of Dunedin, Florida**  
**Operating Indicators by Function**  
**as of September 30**

<b>Function</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Fire</b>				
Number of calls answered	111	704	108	108
EMS responses	4,895	5,372	5,472	5,472
Other calls	1,816	384	1,295	1,295
Inspections	1,484	1,376	1,007	1,007
Investigations	77	55	71	71
<b>Highways and streets</b>				
Streets paved (miles)	130	130	130	130
Streets unimproved (miles)	3	3	3	3
Street lights	3,568	3,568	3,568	3,540
<b>Culture and recreation</b>				
Recreation facilities - parks (acres)	322.0	322.0	322.0	322.0
Recreation facilities - beaches (acres)	36.6	36.6	36.6	36.6
Library materials	131,098	128,977	147,444	136,350
Library annual circulation	483,303	443,157	434,678	412,569
Library registered borrowers	27,477	32,858	29,994	17,302
<b>Solid waste</b>				
Customers serviced	14,596	14,546	14,496	14,390
Refuse / recycling collected (tons)	56,692	47,525	50,518	51,414
<b>Water</b>				
New connections - regular	11,536	11,394	11,363	11,363
New connections - reclaimed	3,343	3,323	3,383	3,233
Average daily consumption - regular (000's)	3,269,000	3,396,000	3,546,000	3,616,000
Average daily consumption - reclaimed (000's)	2,800,000	3,139,000	3,269,000	3,173,000
Operating wells	26	26	26	26
<b>Sewer (wastewater)</b>				
Miles of sanitary sewers	128	128	128	128
Lift stations	42	42	42	42
Average daily sewage treatment (000's)	4,613,000	4,382,000	4,382,000	4,900,000

City of Dunedin, Florida  
**Capital Asset and Facility Statistics by Function**  
as of September 30

Function	2009	2008	2007	2006
<b>Fire</b>				
Fire stations	3	3	3	3
<b>Culture and recreation</b>				
Baseball fields	12	12	12	12
Baseball stadium / training facility (seating capacity)	5,509	5,509	5,509	5,500
Basketball - indoor courts	1	1	1	1
Basketball - outdoor courts	5	5	5	5
Community center	1	1	1	1
Fishing areas	15	14	14	7
Golf courses	2	2	2	2
Library	2	2	1	1
Marina (slips)	194	194	194	194
Multi-purpose indoor court	1	1	1	1
Nature center	1	1	1	1
Parks	31	30	30	22
Picnic areas	15	15	15	7
Public boat ramps	1	1	1	1
Recreation centers	3	3	3	3
Senior center	1	1	1	1
Soccer / football fields	4	4	4	4
Softball fields	3	3	3	3
State and county parks	4	4	4	4
Swimming pools	1	1	1	1
Tennis courts	11	11	11	11
Utility playfields	4	4	4	4
<b>Water</b>				
Water mains (miles)	172	172	172	166
Water plants	1	1	1	1
Fire hydrants	1,220	1,220	1,206	1,185
<b>Sewer (wastewater)</b>				
Mains	150	150	149	165
Treatment plants	1	1	1	1
Storm sewers (miles)	128	128	100	38

*“Dedicated To Quality Service”*



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**CITY OF DUNEDIN, FLORIDA**  
**SINGLE AUDIT AND OTHER AUDITOR REPORTS**  
**YEAR ENDED SEPTEMBER 30, 2009**

**CITY OF DUNEDIN, FLORIDA  
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## **SINGLE AUDIT AND OTHER REQUIRED REPORTS**

**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***

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 24, 2010. Our audit was modified to include reference to other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the City's Municipal Firefighters' Pension Trust Fund as described in our report on the City's financial statements. The financial statements of the City's Municipal Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

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. We consider the deficiencies described as IC 2009-01, IC 2009-02, and IC 2009-03 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiency described as IC 2009-04 in the accompany schedule of findings and questioned costs to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City in a separate letter dated September 24, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Mayor and Members of the City Commission, federal and state awarding agencies, pass-through entities and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

  
LarsonAllen LLP

Tampa, Florida  
September 24, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR FEDERAL AWARDS PROGRAM AND  
STATE FINANCIAL ASSISTANCE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE**

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

**Compliance**

We have audited the compliance of the City of Dunedin, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. The City's major federal programs and state projects are identified in summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, 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 or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009.

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

### **Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

*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 or state project 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 or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described as IC 2009-05 in the accompanying schedule of findings and questioned costs to be a material weakness.

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

### **Schedule of Expenditures of Federal Awards and State Financial Assistance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2009, and have issued our report thereon dated September 24, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole.

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

This report is intended solely for the information and use of management, the Mayor and Members of the City Commission, federal and state awarding agencies, pass-through entities and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Tampa, Florida  
September 24, 2010

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal/State Agency Federal Program/State Project</u>	<u>CFDA CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b><u>FEDERAL AWARDS</u></b>				
<b><u>Department of Agriculture</u></b>				
<b>Direct Program</b>				
Cooperative Forestry Assistance (Tree Bank Project)	10.664	14040	\$ 15,000	\$ 15,000
<b><u>Department of Justice</u></b>				
<b>Direct Program</b>				
Edward Byrne Memorial Justice Grant Program (Community Policing Mobility)	16.738	2009 JAGD-PINE-4 T8-220	2,885	2,885
<b><u>Department of Transportation</u></b>				
<b>Passed through Florida Department of Transportation</b>				
Highway Planning and Construction (Roanoke St & NY Ave Sidewalk Project)	20.205	FPN 41964715801	150,000	98,694
<b><u>Department of Homeland Security</u></b>				
<b>Passed through the State of Florida, Division of Emergency Management</b>				
Repetitive Flood Claims	97.092	09-RF-41-08-62-02-215	405,000	<u>405,000</u>
<b>Total federal awards</b>				<u>521,579</u>

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal/State Agency Federal Program/State Project</u>	<u>CFDA CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<b><u>STATE FINANCIAL ASSISTANCE</u></b>				
<b><u>Executive Office of the Governor</u></b>				
<b>Direct Program</b>				
Economic Development Transportation Fund (Gateway Redevelopment Project)	31.002	OT09-010	1,300,000	842,007
<b><u>Department of Environmental Protection</u></b>				
<b>Direct Program</b>				
Florida Recreation Development Assistance Program (Splash Park)	37.017	AO8150	200,000	200,000
<b><u>Department of Community Affairs</u></b>				
<b>Direct Program</b>				
Florida Forever Act (Weaver Park)	52.002	08-CT-C1-07-F7-J1-097	4,515,000	<u>3,500,000</u>
<b>Total state financial assistance</b>				<u>4,542,007</u>
<b>Total federal awards and state financial assistance</b>				<u>\$ 5,063,586</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
YEAR ENDED SEPTEMBER 30, 2009**

**NOTE I – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the activity of all federal awards and state financial assistance of the City and is presented on the accrual basis of accounting. The information presented is in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments and Non-Profits Organizations*, and Chapter 10.550, Rules of the Auditor General of the State of Florida.

**NOTE II – CONTINGENCIES**

The federal programs and state projects listed in the Schedule of Expenditures of Federal Awards and State Financial Assistance are subject to financial and compliance audits by grantor agencies, which, if instances of material noncompliance are found, may result in disallowable expenditures, and affect the City's continued participation in specific programs or projects. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS:**

<u>Financial Statements</u>	<u>Results</u>	
Type of auditors’ report issued:	Unqualified	
<b>Internal control over financial reporting:</b>		
Material weakness(es) identified?	Yes	
Significant deficiencies identified not considered to be a material weakness(es)	Yes	
Noncompliance material to financial statements noted?	No	
<u>Awards and Financial Assistance</u>	<u>Federal</u>	<u>State</u>
<b>Internal control over major programs:</b>		
Material weakness(es) identified?	Yes	Yes
Significant deficiencies identified not considered to be a material weakness(es)	None reported	None reported
Type of auditors’ report issued on compliance for major programs/projects?	Unqualified	Unqualified
Any audit findings disclosed that are required to be reported in accordance with –		
Circular A-133 section .501 (a)	None reported	N/A
Florida Single Audit Act	N/A	None reported

**Identification of Major Programs/Projects**

<u>Federal</u>	<u>Name of Program or Cluster</u>
CFDA 97.092	Repetitive Flood Claims
<u>State</u>	<u>Name of Program or Cluster</u>
CSFA 31.002	Economic Development Transportation Fund
CSFA 52.002	Florida Forever Act

**CITY OF DUNEDIN, FLORIDA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
 FEDERAL PROGRAMS AND STATE PROJECTS  
 YEAR ENDED SEPTEMBER 30, 2009**

	<u><b>Federal</b></u>	<u><b>State</b></u>
Dollar threshold used to distinguish between Type A and Type B programs/projects:	\$300,000	\$300,000
Auditee qualified as low-risk auditee?	No	N/A

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS:**

**IC 2009-01**

Criteria

City management is responsible for establishing and maintaining internal controls for the proper recording of all the City’s receipts and disbursements, including reclassifications between funds, year-end accruals, and activity of all investing and savings accounts.

Condition

As part of the audit, we proposed audit adjustments to revise the City's books at year-end. The following errors below were not detected by management and were subsequently adjusted after audit inquiry:

- The State of Florida State Board Administration (SBA) Local Government Investment Pool Fund B investment held by the City was not recorded at fair value as of September 30, 2009.
- Various other account balances contained misstatements, including accrued interest payable on outstanding debt, a reserve for code enforcement receivables, an intergovernmental receivable relating to the One Cent Sales Tax, and non-recognition of prior year’s accrued utility tax and franchise tax revenues.

Cause

A formal year-end closing process of the accounting records was not performed.

Effect

The design of the internal controls over recording receipts and disbursements, including reclassifications, could affect the ability of the City to detect or prevent recording errors or a misappropriation of assets or other fraudulent activity.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

Recommendation

We recommend that the City's internal controls be supplemented through additional steps to the periodic closing of its accounting records in order to document that express verification, review and necessary approvals be made prior to commencement of the external audit. Personnel with an adequate understanding of the accounts should be assigned verification and review responsibility, and the responsibility for insuring the overall completeness and timeliness of the closing process should be expressly designated. Key steps in the closing process shall include ensuring that general ledger account balances are properly reconciled to supporting schedules, and all revenues and receivables as well as expenses and related liabilities are recorded in the proper period. By implementing these controls to enhance accountability and establish formality in the review process, such errors may be prevented in future periods.

Views of responsible officials and planned corrective actions

Management concurs with this finding. The recommended entries were made. Year-end closing procedures will be documented and management will review the implementation and ensure procedures, including ensuring that general ledger account balances are properly reconciled and all entries are recorded accurately, are followed during the closing process. Corrective actions will be implemented during the closing process for the fiscal year ended September 30, 2010.

**IC 2009-02**

Criteria

Reconciliations of subsidiary information to the general ledger balances should be performed for all major account balances on a monthly basis and reviewed by management or supervisory personnel as appropriate.

Condition

Certain reconciliations that should have been performed during the fiscal year were either not performed or were incomplete. Deficiencies in the City's ongoing reconciliation processes include the following:

- Payroll entries that are automatically uploaded to general ledger are not reconciled to the payroll register that is prepared and reviewed by the payroll department at the conclusion of each pay period.
- The payroll file that is electronically submitted to the financial institution each pay date is not reconciled to the total reported on the payroll register before the withdrawal request is initiated.
- The City maintains an imprest account with its claims processor relating to its self insurance fund. No reconciliation is performed between the account balance information provided by the claims processor and the balance per the City's records.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

- The number of boat slips reserved at the City's marina in a given period is not reconciled to cash received relating to reservation fees for said period. Consequently, it is difficult to determine whether the appropriate amount of cash was collected and revenues recorded for boat slip rentals actually provided.
- The City's departments responsible for licensing and permitting do not reconcile the number of licenses and permits issued to the cash collected within a given period.

Cause

The reconciliation items noted above are not a part of the City's normal payroll processing, self insurance payment analysis or marina and license and permit revenue analysis procedures.

Effect

Errors, misstatements, or fraud may not be prevented or detected in a timely manner.

Recommendation

We recommend that the City implement procedures to prepare the payroll, self insurance, and revenue reconciliations described above on a consistent and timely basis.

Views of responsible officials and planned corrective actions

Management concurs with this finding. A reconciliation of the imprest account, for the self-insurance fund, has been reconciled through the July statement in 2010. Written monthly reconciliation procedures will be developed and implemented for all City accounts. Management will review reconciliations on a regular basis. Appropriate department personnel will be trained to provide reconciliations.

Monthly procedures will be developed and implemented for FY 2011, and during the year ended September 30, 2010 closing process reconciliation procedures will be conducted (October through December 2010).

**IC 2009-03**

Criteria

City management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the City. In addition, City management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Condition

The City does not have adequate segregation of accounting functions, which is necessary to ensure adequate internal controls.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

Cause

The City's internal control for approval of expenditures made with a purchasing card is not properly designed because a department director reviews all purchasing card expenditures for a particular department each billing cycle, including his or her own. Likewise, the Human Resources Director is responsible for reviewing and approving all pay rate changes made based on submitted pay rate change request forms. However, the Human Resources Director also has administrative rights for the payroll application enabling her to manipulate pay rates and other related data. In addition, the City does not have a properly designed control to ensure that an independent review and approval of changes to residential and commercial utility rates and other pertinent billing information occurs on a timely basis.

Effect

A lack of segregation of duties in the specific areas identified above may result in the City's inability to prevent or detect misappropriation of City assets. A lack of segregation of duties also can result in errors recorded on the financial statements, and in some instances, lost revenues to the City. This was evidenced by the report from other auditors dated February 26, 2010, in relation to an analysis of the City's utility billing operations for fiscal year 2009. Specifically, the report identified the magnitude of an error involving stormwater commercial rates that were not correctly calculated and billed for a portion of commercial rates in the City's utility billing system in previous fiscal years.

Recommendation

We recommend that a qualified individual such as the City Manager review purchasing card expenditures incurred by departmental directors at the end of each billing cycle so as to avoid directors reviewing and approving their own billing statements. Secondly, we recommend that the Human Resources Director's administrative rights to the HR/payroll system be replaced with read-only access. Also, we recommend assigning an independent person to review the processes of the utility billing function and, in particular, verify that inputs such as utility rate changes have been correctly and promptly recorded into the system by staff within the department. These steps will rectify the segregation of duties issues currently present within the City.

Views of responsible officials and planned corrective actions

Management concurs with this finding. The Human Resources Director no longer has administrative rights to the payroll system. A procedure has been implemented to ensure the utility rates for FY 2010 and, as entered for the start of the 2011 fiscal year are reviewed and approved by management before implementation and initial billing.

The purchasing card program will be reviewed and revised policies and procedures put in place to ensure proper segregation of duties. Additional layers of purchasing card transactions will be implemented to ensure appropriate use of the purchasing card.

Two of the three specific components have been corrected. The purchasing card policy and controls will be developed and implemented during the first quarter of FY 2011.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

**IC 2009-04**

Criteria

The City assesses a connection fee to residential and commercial customers who apply for reclaimed water services. The fee is typically charged over a period of approximately twenty years.

Condition

The City's current system for tracking fees, recording collections, and monitoring non-collections associated with reclaimed water connection services is ineffective.

Cause

The City's account billing structure is maintained by customer rather than by property. Furthermore, there is not currently an organized means to track the number of payments remaining on individual customer accounts.

Effect

Billing and collection efforts become difficult and time consuming when the owners of commercial or residential properties that use the service relocate. Also, because of the City's inability to track payment history systematically, the City may under or over charge certain customers.

Recommendation

We recommend that the City establish primary identifying account information according to property address rather than by customer. We further recommend developing a reliable system to monitor the payment history and future collection requirements for each account so as to ensure that connection fee charges are assessed for the appropriate number of periods, thereby avoiding any potential under or over billings.

Views of responsible officials and planned corrective actions

Management concurs with this finding. There are two specific components within this comment to be addressed:

- As proposed in the FY 2011 Operating Budget the City will hire an HTE System Administrator whose first and primary function will be to correct these types of inconsistencies in the system. Additional controls and procedures will be implemented as needed during this process.
- The reclaimed water receivables files will be audited by finance staff, upon completion of the audit, the City will use the utility billing module, which is designed for this express purpose.

This process will take six to twelve months to complete.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS:**

**IC 2009-05**

Criteria

The City has a responsibility to ensure compliance with all requirements of federal and state grants awarded. In addition, both OMB Circular A-133 and the Florida Single Audit Act require management to prepare a complete and accurate Schedule of Expenditures of Federal Awards and State Financial Assistance.

Condition

The City does not have a dedicated resource to track individual grants that are awarded to the City and monitor compliance. Historically, the City has relied on personnel of a particular department within the City that applies for the grant to be responsible for ensuring that all compliance requirements are properly addressed.

A complete and accurate Schedule of Expenditures of Federal Awards and State Financial Assistance was not available at the commencement of the audit. City personnel created the schedule during the audit with the assistance of the auditors.

Cause

Because the City does not have a centralized resource to monitor grant compliance, the City is susceptible to material non-compliance with one or more requirements of federal programs or state projects.

Effect

The design of the controls over the grants reporting process (including the preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance) affects the City's ability to report their financial data consistent with the assertions of management. Also, instances of noncompliance with major grant compliance due to lack of monitoring controls in place could compromise the City's eligibility to receive future grant funding at desired levels.

Recommendation

We recommend that the City assign the responsibility to certain personnel to oversee all aspects of grant compliance within the City. Although the operation of the grant (i.e. the expenditure of grant proceeds) may reside within the particular department receiving the funds, the ultimate responsibility for ensuring that all compliance requirements are met should be assigned to certain qualified individuals in a singular department within the City.

**CITY OF DUNEDIN, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL PROGRAMS AND STATE PROJECTS  
YEAR ENDED SEPTEMBER 30, 2009**

Views of responsible officials and planned corrective actions

Management concurs with this finding. Grant procedures and controls will be implemented to ensure appropriate record keeping and tracking of expenses. Management is evaluating the feasibility of creating an additional accounting position to be responsible, among other control issues, for monitoring and compliance.

Grant procedures and controls will be implemented and departmental personnel trained by the end of the first quarter of FY 2011, as well as a final recommendation concerning appropriate staffing levels.

\* \* \* \* \*

The person responsible for the corrective actions listed in the above comments is:

Jeffrey Yates  
Finance Director  
City of Dunedin, Florida  
750 Milwaukee Avenue  
Dunedin, Florida 34698

**SECTION IV – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS:**

**IC 2009-05**

Please refer to the details for this item above in Section III.

**SECTION V – OTHER ISSUES:**

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to Federal programs and State projects.



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**MANAGEMENT LETTER  
BASED ON RULE 10.554(1)(I) OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

We have audited the financial statements of the City of Dunedin, Florida (the "City"), as of and for the fiscal year ended September 30, 2009 and have issued our report thereon dated September 24, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 24, 2010, should be considered in conjunction with this management letter.

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

- 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 significant findings and recommendations made in the preceding annual financial audit report. The finding reported in the prior year has not been corrected and is reported in IC 2009-04 in the schedule of findings and questioned costs.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City's policy complied with Section 218.415, Florida Statutes. However, we noted that at times during fiscal year ended September 30, 2009, the City did not comply with its policy. Refer to the finding MLC 2009-02 listed at Appendix A.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, our recommendations are listed at Appendix A.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.



LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

Honorable Mayor and  
Members of the City Commission  
City of Dunedin, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(l), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2009 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, 2009. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

*Larson Allen LLP*  
LarsonAllen LLP

Tampa, Florida  
September 24, 2010

APPENDIX A

**MLC 2009-01**

**Purchasing card usage**

Upon performing a walkthrough of transactions involving purchasing card authorization, usage, and approval, we specifically analyzed the process to increase purchasing limits for card holders. We noted one instance in which an individual's credit limit was increased from \$2,500 total and \$500 per purchase to \$5,000 total and \$1,000 per purchase. The request was initiated via phone call from the departmental director to the purchasing manager, who is responsible for implementing such authorized requests.

To ensure that all requests related to the City's usage of purchasing cards are properly documented, we recommend that a manual change request form be completed, signed by both employee and supervisor, and then provided to the purchasing manager to process.

Views of responsible officials and planned corrective actions

Management concurs with this finding. The purchasing card program, along with the approval and signature process will be reviewed. Controls and procedures will be adjusted to ensure best practices and maximization of the program.

This review and implementation will be completed by the end of the second quarter in FY 2011 (March).

**MLC 2009-02**

**Investment Policy**

While the City's investment policy for fiscal 2009 is in compliance with F.S. 218.415, we noted instances where management did not comply with the City's investment policy. Noncompliance includes the lack of written investment procedures and internal controls, maintaining current information as required for authorized financial dealers, institutions and investment pools, and required quarterly reporting.

We recommend that management strictly adheres to the City's written investment policies, and management should closely monitor the City's investment activity to ensure compliance with the stated policies.

Views of responsible officials and planned corrective actions

Management concurs with this finding. The City adopted a revised investment policy February 18, 2010. The revised policy includes the components suggested by the auditors. The City will issue its first investment report for year ended September 30, 2010, the fourth quarter of FY 2011. The broker/dealer list is currently being reviewed by the staff in conjunction with the City's financial consultant to ensure compliance.

Implemented in FY 2010.

APPENDIX A

**MLC 2009-03**

**Cash Collection and Reconciliation – MLK Center and Highland Pool**

Cash collected at the City's MLK Center and the Highland Pool is routed to the Community Center to be counted and reconciled at that location. This process is conducive for errors or potential improprieties to occur since cash is not reconciled at each respective location. As a more effective control policy, we recommend that both locations utilize the City's RecTrac software to process registration and sales transactions rather than performing a manual process. Use of this application will allow reconciliations to be performed on a more automated basis and will minimize the potential for errors.

Views of responsible officials and planned corrective actions

Management concurs with this finding. Written cash handling controls and procedures, as well as cash handling training, will be developed to reduce the risk of errors or potential impropriety. Finance staff will work with the Parks & Recreation staff to evaluate the use of RecTrac for this and other cash intensive programs citywide.

This process will be completed by the end of the second quarter of FY 2011.



# CITY OF DUNEDIN

"Dedicated to Quality Service"

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September 22, 2010

To the Honorable Mayor, City Commissioners, and City Manager

As part of the annual audit process and the preparation of the City's audited financial statements, as presented in the *Comprehensive Annual Financial Report (CAFR)*, the external auditor produces the "Single Audit and Other Reports" document. These reports focus on areas of possible control weaknesses.

These comments provide the opportunity for continued improvement and assessment. During the next year, we will systematically address each of these issues and work with the external auditor to achieve a reasonable, cost effective solution.

The auditor's comments are broken down into varying degrees of risk, falling into the following categories:

- *Material Weakness* – A material weakness is a deficiency or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented.
- *Deficiency in Internal Control* – A deficiency in internal controls 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.
- *Significant Deficiency* – A significant 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.
- *Management Letter Comments* – A management letter comment is a recommendation by the external auditor that may improve financial management.

The auditor's comments are focused on the City's internal control structure and as such they do not opine on the accuracy of the information, but more so the processes and procedures that lead to the production of the financial statements. The accuracy of the information provided to the auditors for their review is the responsibility of management.

Internal controls provide a reasonable assurance, through documented procedures, that financial information is accurate and the opportunity for misstatement or theft is minimized. Creating an internal control environment and culture is the responsibility of management. When evaluating the internal control environment and processes, the concept of cost/benefit must be applied. Simply stated, does the cost of the internal control outweigh the benefits? The cost/benefit considerations of internal controls include cross-training personnel, additional personnel, changing job duties, and the assurance that the current control structure remains intact. There are, however, other cost effective compensating controls implemented by the City to ensure the control structure. These controls include active monitoring and supervisory review.

The following is the list of comments from the auditors. Each comment will include the auditor's comments and then the response from management, including the remediation plan and time frame for implementation.

### ***Material Weaknesses***

*Comment:* As part of the audit, the external auditor proposed audit adjustments to revise the City's books at year-end. The following errors were not detected by management and were subsequently adjusted after the audit inquiry:

- The State of Florida State Board of Administration (SBA) Local Government Investment Pool Fund B investment held by the City was not recorded at fair market value as of September 30, 2009.
- Various other account balances contained misstatements, including accrued interest payable on outstanding debt, a reserve for code enforcement receivables, an intergovernmental receivable relating to the One Cent Sales Tax, and non-recognition of prior year's accrued utility tax and franchise tax revenues.

The failure to detect these errors was caused by a lack of a formalized year-end closing process for the accounting records.

*Response and Corrective Action:* Management concurs with this finding. The recommended entries were made. Year-end closing procedures will be documented and management will review the implementation and ensure that procedures, including ensuring that general ledger account balances are properly reconciled and all entries are recorded accurately, are followed during the closing process.

*Implementation Period:* During the closing process for the fiscal year ended September 30, 2010.

*Comment:* Certain reconciliations that should have been performed during the fiscal year were either not performed or were incomplete. Deficiencies in the City's ongoing reconciliation processes include the following:

- Payroll entries that are automatically uploaded to the general ledger are not reconciled to the payroll register that is prepared and reviewed by the payroll department (Human Resources) at the conclusion of each pay period.
- The payroll file that is electronically submitted to the financial institution each pay date is not reconciled to the total reported on the payroll register before the withdrawal request is initiated.
- The City maintains an imprest account<sup>1</sup> with its claims processor relating to its self-insurance fund. No reconciliation is performed between the account balance information provided by the claims processor and the balance per the City's records.
- The number of boat slips reserved at the City's marina in a given period is not reconciled to the cash received relating to reservation fees for the same period. Consequently, it is difficult to determine whether the appropriate amount of cash was collected and revenues recorded for boat slip rental actually provided.
- The City's departments responsible for licensing and permitting do not reconcile the number of licenses and permits issued to the cash collected within a given period.

These reconciliation items result from the lack of a formalized internal control process and procedure related to the reconciliation of City accounts.

*Response and Corrective Action:* Management concurs with this finding. A reconciliation of the imprest account, for the self-insurance fund, has been reconciled through the July statement in 2010. Written monthly reconciliation procedures will be developed and implemented for all City accounts. Management will review reconciliations on a regular basis. Appropriate department personnel will be trained to provide reconciliations.

*Implementation Period:* Monthly procedures will be developed and implemented for FY 2011, and during the year ended September 30, 2010 closing process reconciliation procedures will be conducted (October through December 2010).

---

<sup>1</sup> An imprest account is a self-checking account, in this case used by the City's third party administrator to administer small claims, which has a fixed balance which the City replenishes on a regular basis. The balance maintained in this account is \$60,000.

*Comment:* The City does not have adequate segregation of accounting functions, which is necessary to ensure internal controls.

The lack of segregation was demonstrated in the following instances:

- The City's internal control for approval of expenditures made with a purchasing card is not properly designed because a department director reviews all purchasing card expenditures for a particular department each billing cycle, including his or her own.
- The Human Resources Director is responsible for reviewing and approving all pay rate changes made based on submitted pay rate change request forms. However, the Human Resources Director also has administrative rights for the payroll application enabling potential manipulation of pay rates and other related data.
- The City does not have a properly designed control to ensure that an independent review and approval of changes to residential and commercial utility rates and other pertinent information occurs on a timely basis.

*Response and Corrective Action:* Management concurs with this finding. The Human Resources Director no longer has administrative rights to the payroll system. A procedure has been implemented to ensure the utility rates for FY 2010 and, as entered for the start of the 2011 fiscal year, are reviewed and approved by management before implementation and initial billing.

The purchasing card program will be reviewed with revised policies and procedures put in place to ensure proper segregation of duties. Additional layers of purchasing card transaction controls will be implemented to ensure appropriate use of the purchasing card.

*Implementation Period:* Two of the three specific components have been corrected. The purchasing card policy and controls will be developed and implemented during the first quarter of FY 2011.

---

*Comment:* The City does not have a dedicated resource to track individual grants that are awarded to the City and monitor compliance. Historically, the City has relied on personnel of a particular department within the City that applies for the grant to be responsible for ensuring that all compliance requirements are properly addressed.

A complete and accurate schedule of Expenditures of Federal Awards and State Financial Assistance was not available at the commencement of the audit. City personnel created the schedule during the audit with the assistance of the auditor.

Because of the lack of a centralized resource to monitor grant compliance, the City is susceptible to material non-compliance with one or more requirements of federal programs or state projects.

*Response and Corrective Action:* Management concurs with this finding. Grant procedures and controls will be implemented to ensure appropriate record keeping and tracking of expenses. Management is evaluating the feasibility of creating an additional accounting position to be responsible, among other control issues, for monitoring and compliance.

*Implementation Period:* Grant procedures and controls will be implemented and departmental personnel trained by the end of the first quarter of FY 2011, as well as a final recommendation concerning appropriate staffing levels.

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### ***Significant Deficiencies***

*Comment:* The City's current system for tracking fees, recording collections, and monitoring non-collections associated with reclaimed water connection services is ineffective.

The ineffectiveness of this process is due to the City's billing structure being maintained by customer rather than by property. Furthermore, there is not currently an organized means to track the number of payments remaining on individual customer accounts.

*Response and Corrective Action:* Management concurs with this finding. There are two specific components within this comment to be addressed:

- As proposed in the FY 2011 Operating Budget, the City will hire an HTE System Administrator whose first and primary function will be to correct these types of inconsistencies in the system. Additional controls and procedures will be implemented as needed during this process.
- The reclaimed water receivables files will be audited by finance staff, and upon completion of the audit, the City will use the utility billing module, which is designed for this express purpose.

*Implementation Period:* This process will take six to twelve months to complete.

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### ***Management Letter Comments***

*Comment:* Upon performing a walkthrough of transactions involving purchasing card authorization, usage, and approval, the auditor specifically analyzed the process to increase purchasing limits for card holders. They noted one instance in which an individual's credit limit was increased from \$2,500 total and \$500 per purchase to \$5,000 total and \$1,000 per purchase. The request was initiated via a phone call from the departmental director to the purchasing manager, who is responsible for implementing such authorized requests.

To ensure that all requests related to the City's usage of purchasing cards are properly documented, the auditor recommends that a manual change request form be completed, signed by both employee and supervisor, and then provided to the purchasing manager to process.

*Response and Corrective Action:* Management concurs with this finding. The purchasing card program, along with the approval and signature process, will be reviewed. Controls and procedures will be adjusted to ensure best practices and maximization of the program.

*Implementation Period:* This review and implementation will be completed by the end of the second quarter in FY 2011 (March).

---

*Comment:* While the City's investment policy for fiscal 2009 is in compliance with F.S. 218.415, the auditor noted instances where management did not comply with the City's investment policy. Noncompliance includes the lack of written investment procedures and internal controls, maintaining current information as required for authorized financial dealers, institutions and investment pools, and required quarterly reporting.

The auditor recommends that management strictly adheres to the City's written investment policies, and management should closely monitor the City's investment activity to ensure compliance with the stated policy.

*Response and Corrective Action:* Management concurs with this finding. The City adopted a revised investment policy on February 18, 2010. The revised policy includes the components suggested by the auditors. The City will issue its first investment report for year ended September 30, 2010, the fourth quarter of FY 2011. The broker/dealer list is currently being reviewed by the staff in conjunction with the City's financial consultant to ensure compliance.

*Implementation Period:* Implemented in FY 2010.

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*Comment:* The cash collected at the City's MLK Center and the Highlander Pool is routed to the Community Center to be counted and reconciled at that location. The process is conducive for errors or potential improprieties to occur since cash is not reconciled at each respective location. As a more effective control policy, the auditors recommend that both locations utilize the City's RecTrac software to process registration and sales transactions rather than performing a manual process. Use of this application will allow reconciliations to be performed on a more automated basis and will minimize the potential for errors.

*Response and Corrective Action:* Management concurs with this finding. Written cash handling controls and procedures, as well as cash handling training, will be developed to reduce the risk of errors or potential impropriety. Finance staff will work with the Parks & Recreation staff to evaluate the use of RecTrac for this and other cash intensive programs citywide.

*Implementation Period:* This process will be completed by the end of the second quarter of FY 2011.

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***Conclusion***

As mentioned earlier, the annual audit process provides management the opportunity to review its internal control structure and operational controls. The issues discussed by the auditor gives us valuable information and direction for areas to focus on in the coming year. As we progress through these items, we will review the sustainability of the controls as well as the cost/benefit.

During this process, we will also evaluate our staffing level and allocation to ensure that the appropriate segregation of duties exists and the right positions are in place to best safeguard the public purse. Any recommended changes will be taken through the appropriate procedures.

It is important to note that due to the timing of the FY 2009 audit, it is unlikely that the majority of these comments will be resolved in time to be reflected in the FY 2010 audit. It is the intent of management to provide regular updates of the progress toward resolving these items.

Please feel free to contact me should you have any additional questions or concerns.

Respectfully Submitted,



Jeffrey A. Yates  
Director of Finance