

Greetings from



CITY OF DUNEDIN, FL
FISCAL YEAR ENDED
September 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

"Dedicated to Quality Service"

“Dedicated To Quality Service”



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CITY OF DUNEDIN, FLORIDA

Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2011

CITY COMMISSION

DAVE EGGERS
Mayor

RON BARNETTE
Vice Mayor

JULIE SCALES
Commissioner

JULIE WARD BUJALSKI
Commissioner

DAVE CARSON
Commissioner

CITY MANAGER

ROBERT DISPIRITO

FINANCE DIRECTOR

JEFFREY A. YATES

DEPUTY FINANCE DIRECTOR

ANNETTE B. STAHURA, CPA

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, 2011**

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CITY OF DUNEDIN

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WEB SITE: www.dunedingov.com

March 14, 2012

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, 2011. 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 CliftonLarsonAllen 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, 2011, 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, 2011, 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. There is 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.

"The City of Dunedin does not discriminate on the basis of race, color, national origin, sex, religion, age, political affiliation, marital status, sexual orientation and disabled status in employment or the provision of services"

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 35,000. 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 City 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 four-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 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 and the One Cent Sales Tax Fund, these comparisons are presented on pages B-8 and B-9 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented on pages D10 – D20.

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 (29%). Industrial and commercial land uses comprise only one percent and four percent, respectively, of the City's land area. Major employers include the Pinellas County School System, Mease Hospital Dunedin (a medical complex), Mease Manor (a retirement facility), the City of Dunedin, Ocean Optics, and Coca-Cola North America. The City also has one industrial area. 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 17,248 people in September 2011, and unemployment for Pinellas County was 10.3 percent.

The retirement population continues to influence the local economy. Approximately twenty-eight percent of Dunedin's residents were of retirement age (65 and over) in 2010. The median age was 51.3 years of age in 2010. The local economy is also influenced during the winter months by a seasonal population of approximately 4,000 people. As of 2010, the population was 35,321; female 53.6 percent, male 46.4 percent. Per capita income in Dunedin was \$29,215 for 2010.

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, the 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 approved Bank of America (checking) and State Board of Administration investment pools, Florida SAFE local government investment pool, and governmental money market accounts. These investments remained highly liquid with a weighted average maturity of one day. The City's average yield on investments (excluding pension funds) as of September 30, 2011 was .024 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 increased 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's Division of Retirement. At September 30, 2011, the City contributed 4.91 percent of regular employee, 6.27 percent of senior management, and 4.42 percent of deferred retirement option program participant's 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 ten percent of employee's gross wages.

All employees hired subsequent to December 31, 2009 who qualify, participate in the City's defined contribution plan with the City's contribution rate at eight percent of employee's gross wages.

Additional information on the City's pension arrangements can be found on pages C-37 to C-43 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 CliftonLarsonAllen LLP who provided their expertise through this audit.

Respectfully submitted,

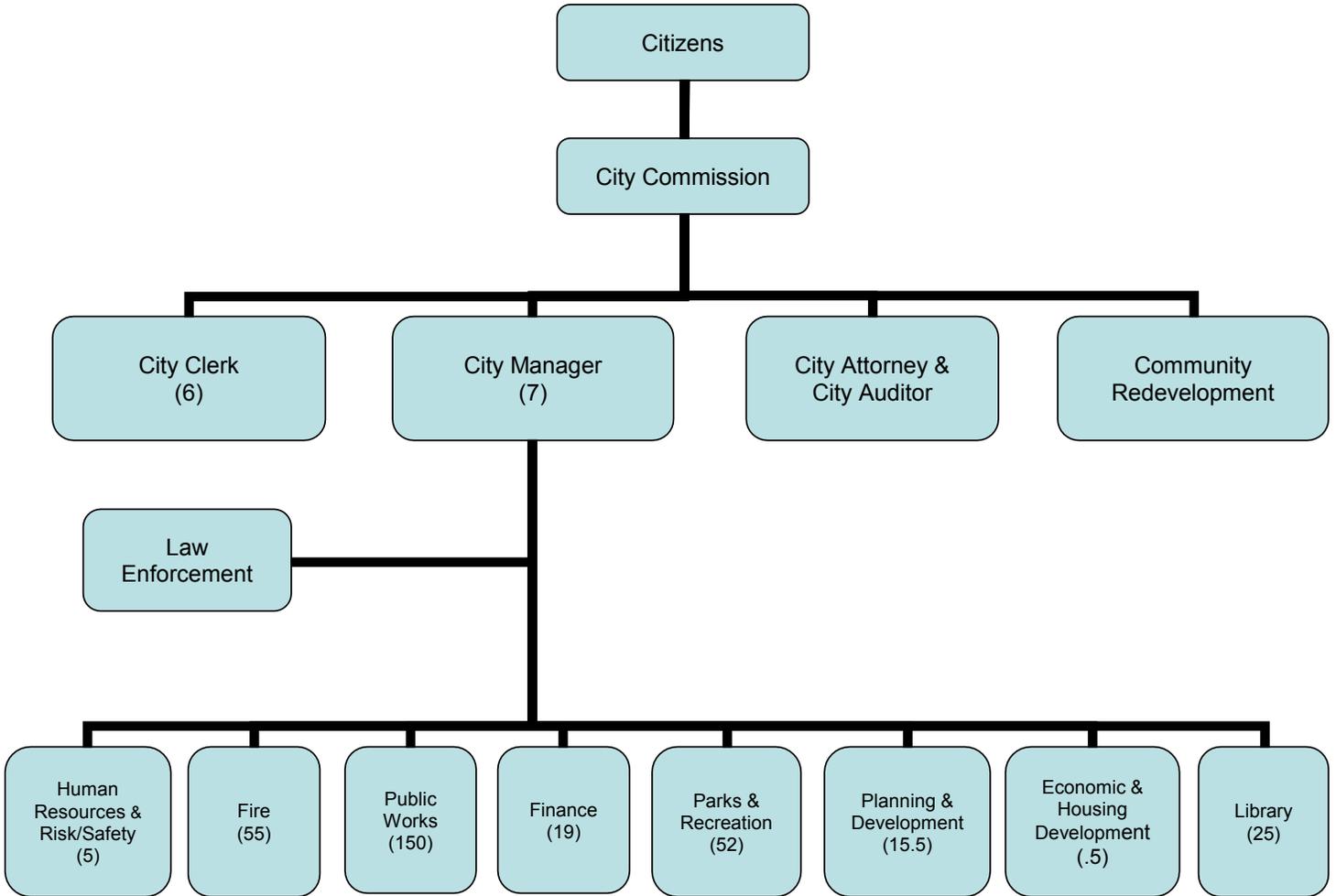


Robert DiSpirito
City Manager



Jeffrey A. Yates
Finance Director

City of Dunedin Organizational Chart



Total Authorized Staffing = 339

* 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of the Dunedin Community Redevelopment Agency which is presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2011, 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 statement 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 provides 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 and the Dunedin Community redevelopment Agency of the City as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the One Cent Sales Tax 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 Note VI to the financial statements, the City adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended September 30, 2011. Adoption of the provisions of this statement results in significant changes to the classifications and components of fund balances.

As discussed in Note VII, Prior Period Adjustment, of the notes to the financial statements, certain errors resulting in an understatement of infrastructure assets were discovered during the current year. Accordingly, adjustments have been made to net assets of the government-wide financial statements as of September 30, 2010, to correct the errors.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012 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 assessing the results of our audit.

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

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial 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.



CliftonLarsonAllen LLP

Tampa, Florida
March 12, 2012

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, 2011. 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 7 – 10 of this report.

Financial Highlights

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$123,579,934 (*net assets*). Of this amount, \$20,862,826 (*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 \$2,162,128 (1.78 percent). Net assets supporting governmental activities increased by \$1,516,885 (2.24 percent) and business-type activities net assets increased by \$645,243 (1.20 percent).
 - The increase in net assets for governmental activity reflects a prior period adjustment to infrastructure (see page C-49 of this report for details) of \$2,370,513 and a \$497,794 (1.81 percent) reduction of expenses combined with a net reduction of \$2,030,271 (7.06 percent) in revenues, largely made up of a \$1,296,603 (6.22 percent) reduction of tax revenue. Other decreases in revenue account for the additional net reduction of \$733,668 and are specifically identifiable on the "Changes in Net Assets" (A-8) table included later in the Management Discussion and Analysis (MD&A).
 - The increase in net assets for business-type activities can be partially attributed to an increase in expenses of \$640,837 (2.68 percent) with charges for services decreasing \$90,514 (0.38 percent).
- On September 30, 2011 the City's governmental funds reported combined ending fund balances of \$10,934,197, a decrease of \$2,136,942 (16.35 percent) from the FY 2010 amount of \$13,071,139.
 - The decrease is partially due to a \$1,084,680 (12.42 percent) reduction of fund balance in the general fund. Of the \$1,084,680 reduction, \$653,032 is due to a reduction of unrestricted fund balance in the general fund, going from \$7,658,106 of unrestricted fund balance on September 30, 2010, to \$7,005,074 on September 30, 2011. The FY 2011 unrestricted fund balance of \$7,005,074 represents 30.71 percent of the total \$22,810,487 general fund expenditures.
- The City's total debt decreased by \$3,421,702 (8.34 percent) during the current fiscal year. This decrease is the result of net changes in the outstanding debt. These changes can be found later in the MD&A in the "Outstanding Debt" (A-20) table.

Overview of the 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* are designed to 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 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 may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 fourteen 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 major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* 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-9 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-21 – D-24 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-18 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-52 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information regarding pension funding can be found on page C-50 – C-52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages D-1 – D-24 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 \$123,579,934 at September 30, 2011.

By far the largest portion of the City’s net assets (73.38 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, improvements other than buildings, and machinery and equipment), less any related outstanding debt. The City uses these capital assets to provide service to residents; 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 pay for these liabilities.

City of Dunedin, Florida						
Net Assets						
September 20, 2010 and 2011						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 17,538,600	\$ 19,403,966	\$ 23,109,252	\$ 25,394,535	\$ 40,647,852	\$ 44,798,501
Capital Assets	71,780,106	69,749,907	55,999,427	56,664,684	127,779,533	126,414,591
Total Assets	89,318,706	89,153,873	79,108,679	82,059,219	168,427,385	171,213,092
Current liabilities	1,591,037	2,003,484	3,196,409	3,836,220	4,787,446	5,839,704
Long-term liabilities outstanding:						
Due within one year	2,090,079	1,823,145	344,154	1,598,098	2,434,233	3,421,243
Due in more than one year	16,379,867	17,586,406	21,245,905	22,947,933	37,625,772	40,534,339
Total Liabilities	20,060,983	21,413,035	24,786,468	28,382,251	44,847,451	49,795,286
Net Assets:						
Invested in capital assets, net of related debt	55,114,437	52,017,214	35,573,590	33,375,182	90,688,027	85,392,396
Restricted	3,309,277	919,351	8,719,804	9,734,525	12,029,081	10,653,876
Unrestricted	10,834,009	14,804,273	10,028,817	10,567,261	20,862,826	25,371,534
Total net assets	\$ 69,257,723	\$ 67,740,838	\$ 54,322,211	\$ 53,676,968	\$ 123,579,934	\$ 121,417,806

An additional portion of the City's net assets (9.73 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$20,862,826 (16.88 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2011, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for September 30, 2010.

There was a \$1,014,721 (10.42 percent) decrease in restricted net assets reported in conjunction with the City's business-type activities. This net decrease was the result of a \$187,085 (3.18 percent) decrease of net assets restricted for capital asset replacement and an \$827,636 (21.46 percent) decrease in the net assets restricted for debt service.

The government's net assets increased by \$2,162,128 (1.78 percent), from the FY 2010 amount of \$121,417,806 during the current fiscal year. The increase is the net impact of a \$2,370,513 restatement addition to infrastructure and a \$208,385 reduction in total net assets. The \$208,385 is further broken down to a \$195,554 net reduction in governmental activities and a \$12,831 net reduction in business-type activities.

The table on the following page reflects the changes in net assets for fiscal years ended September 30, 2011 and 2010:

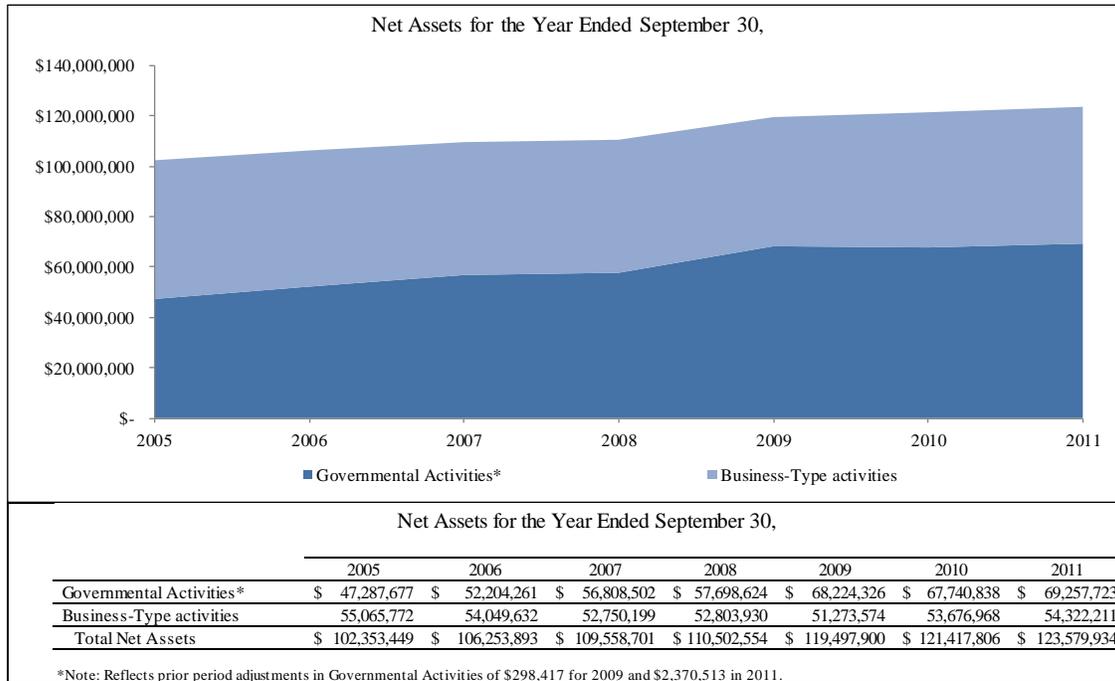
City of Dunedin, Florida
Changes in Net Assets
September 30, 2010 and 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues						
Charges for services	\$ 5,257,061	\$ 5,568,711	\$ 23,614,305	\$ 23,704,819	\$ 28,871,366	\$ 29,273,530
Operating grants and contributions	137,880	228,748	7,113	-	144,993	228,748
Capital grants and contributions	1,656,723	1,941,343	822,883	628,771	2,479,606	2,570,114
General revenues:						
Property taxes	6,540,293	7,277,630	-	-	6,540,293	7,277,630
Other taxes	13,017,633	13,576,899	-	-	13,017,633	13,576,899
Grants and contributions not restricted to specific programs	-	1,639	-	-	-	1,639
Other	126,231	171,122	78,508	144,196	204,739	315,318
Total Revenues	26,735,821	28,766,092	24,522,809	24,477,786	51,258,630	53,243,878
Expenses:						
General government	2,169,100	2,499,304	-	-	2,169,100	2,499,304
Public safety	11,514,839	11,691,457	-	-	11,514,839	11,691,457
Physical environment	314,305	-	-	-	314,305	-
Transportation	2,248,772	2,226,040	-	-	2,248,772	2,226,040
Economic development	384,451	467,325	-	-	384,451	467,325
Culture and recreation	9,599,618	9,772,233	-	-	9,599,618	9,772,233
Interest on long-term debt	700,290	772,810	-	-	700,290	772,810
Solid waste	-	-	4,957,784	4,577,524	4,957,784	4,577,524
Water/Sewer utility	-	-	17,122,361	16,661,525	17,122,361	16,661,525
Stormwater utility	-	-	1,892,990	1,792,841	1,892,990	1,792,841
Marina	-	-	491,495	484,848	491,495	484,848
Golf Course	-	-	71,010	378,065	71,010	378,065
Total Expenses	26,931,375	27,429,169	24,535,640	23,894,803	51,467,015	51,323,972
Increase (decrease) in net assets before transfers	(195,554)	1,336,923	(12,831)	582,983	(208,385)	1,919,906
Transfers	(658,074)	(1,820,411)	658,074	1,820,411	-	-
Increase (decrease) in net assets	(853,628)	(483,488)	645,243	2,403,394	(208,385)	1,919,906
Net assets as of October 1	67,740,838	68,224,326	53,676,968	51,273,574	121,417,806	119,497,900
Prior Period Adjustment *	2,370,513	-	-	-	2,370,513	-
Net assets as of September 30	69,257,723	67,740,838	54,322,211	53,676,968	123,579,934	121,417,806

* Details regarding this prior period adjustment can be found on page C-49 of this report.

The City's total revenues decreased by \$1,985,248 (3.73 percent) and total expenses increased \$143,043 (0.28 percent). Applicable to total revenues, property taxes decreased \$737,337 (10.13 percent), charges for services decreased \$402,164 (1.37 percent), and capital grants and contributions decreased \$284,620 (14.66 percent). As to total expenses, general government decreased \$330,204 (13.21 percent), public safety decreased \$176,618 (1.51 percent), transportation increased \$22,732 (1.02 percent), economic environment decreased \$82,874 (17.73 percent), culture and recreation decreased \$172,615 (1.77 percent), solid waste increased

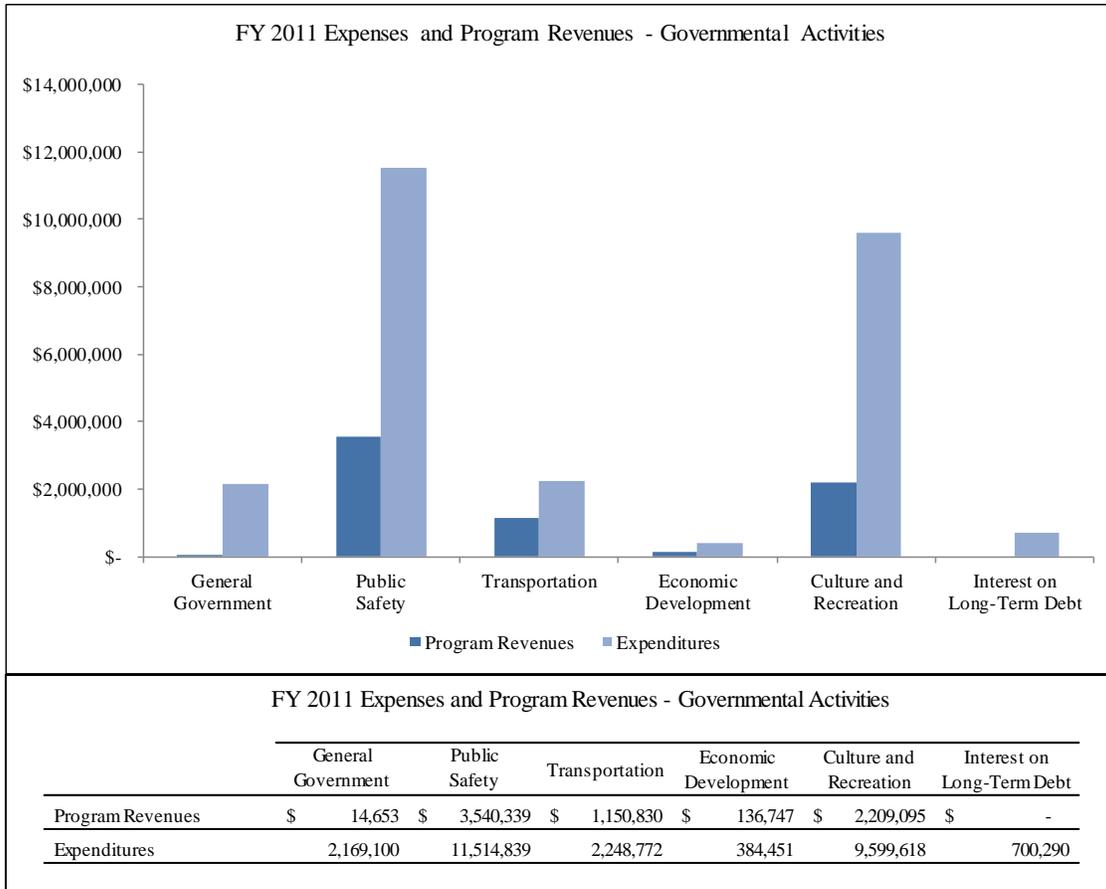
\$380,260 (8.31 percent), and the water/sewer utilities increased \$460,836 (2.77 percent). The analysis below separately considers the operations of governmental and business-type activities in further detail. As indicated in the graph, as net assets have increased over time, the governmental and business-type activities have increased proportionately.



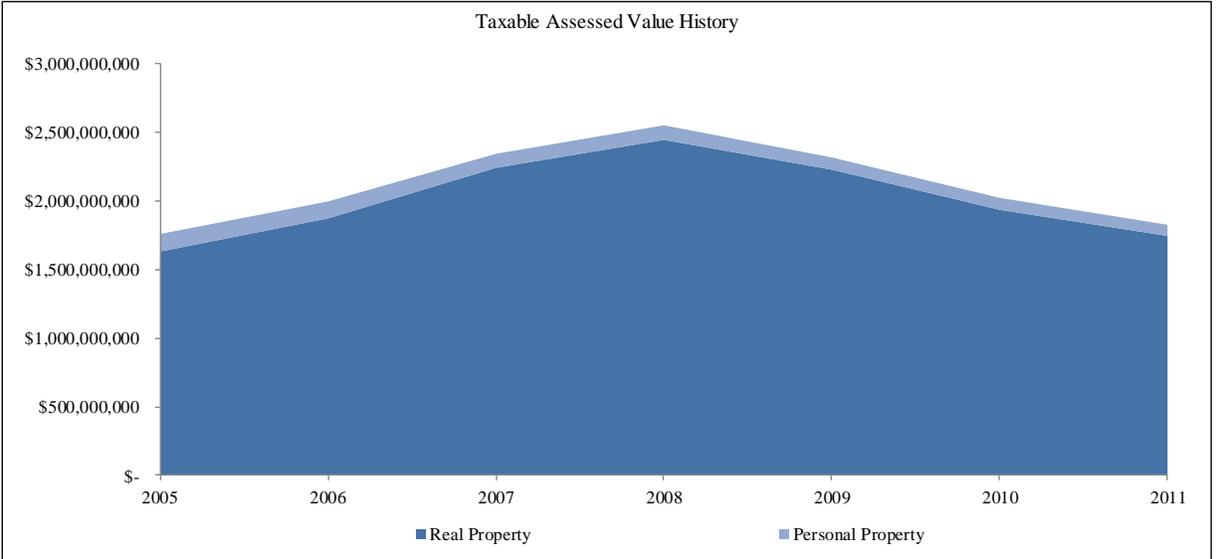
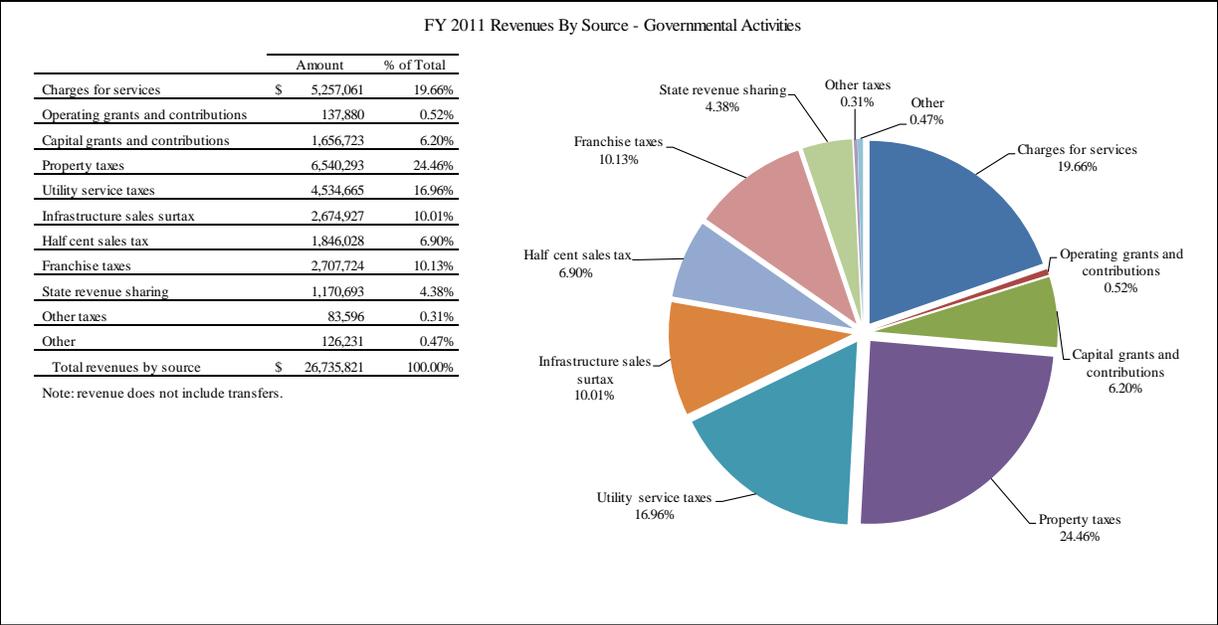
Governmental activities. Governmental activities increased the City’s net assets by \$1,516,885 (2.24 percent), thereby accounting for 70.2 percent of the total change in net assets of the City. The increase is largely the net impact of the following:

- As discussed in the notes to the financial statements on page C-49, there was a prior period adjustment to infrastructure of \$2,370,513.
- Property taxes decreased by \$737,337 (10.13 percent) during the year. Most of this decrease is due to a 9.70 percent decrease in ad valorem assessed value with no increase to the prior year’s millage rate of 3.5597.
- Other tax revenue decreased by \$559,266 (4.12 percent) during the year. This is reflective of changes in weather patterns and the impact of utility taxes.

As indicated in the graph below, for FY 2011 there does not seem to be a direct correlation of program revenue versus expenses. This would not be unexpected as projects extend across fiscal years and in addition various strategies could affect spending patterns.



For the most part, the reduction in Governmental Activities expenses, \$497,794 (1.81 percent) reflects the budgetary reductions taken to address similar declines in revenues. Governmental activities are largely driven by ad valorem revenue (approximately 24.5% of governmental activities as indicated by the following graph). As indicated in the Taxable Assessed Value graph below, over the last few years there has been a marked decline in the taxable assessed values and the corresponding ad valorem revenue. This decline can be directly linked to the decline in expenditures.



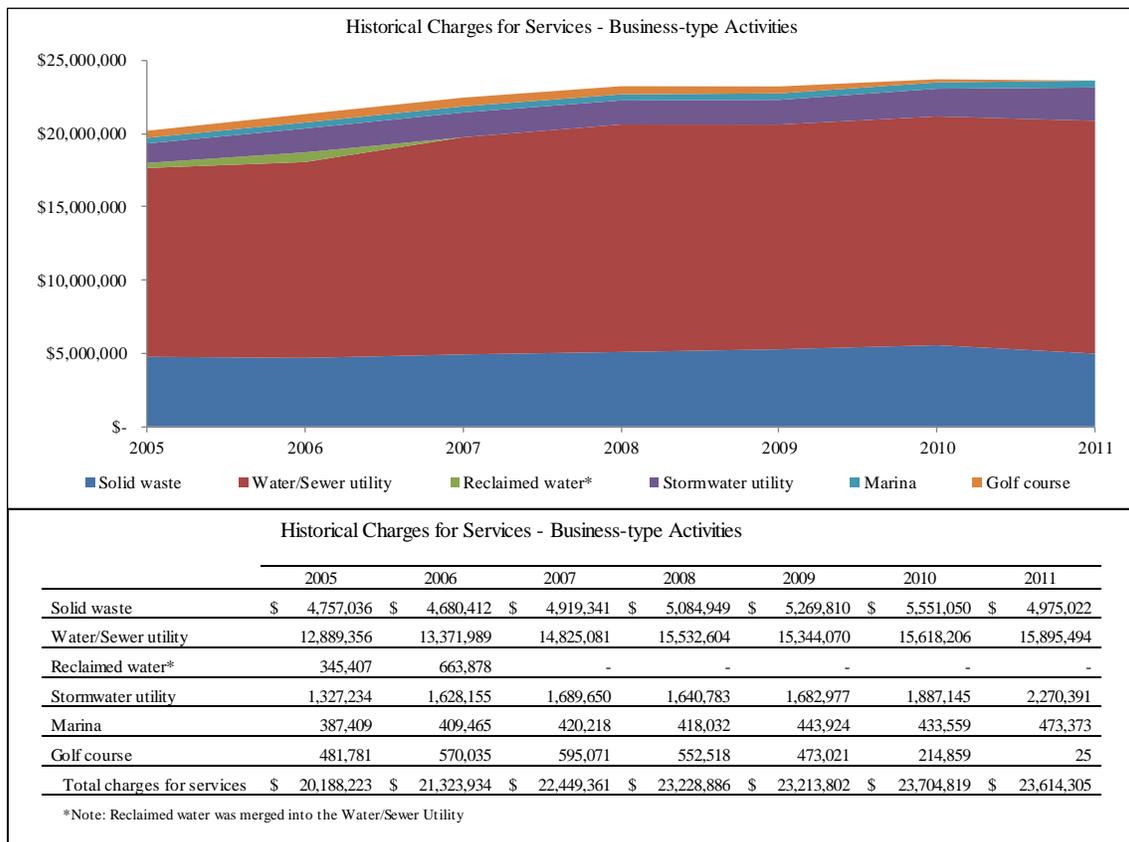
Taxable Assessed Value History

	2005	2006	2007	2008	2009	2010	2011
Real Property	\$1,632,193,900	\$1,873,992,400	\$2,242,890,164	\$2,446,825,022	\$2,229,596,220	\$1,936,899,887	\$1,746,107,273
Personal Property	127,960,240	123,476,459	102,039,260	106,309,880	89,119,848	86,727,617	81,301,215
Total Taxable Assessed Value	1,760,154,140	1,997,468,859	2,344,929,424	2,553,134,902	2,318,716,068	2,023,627,504	1,827,408,488

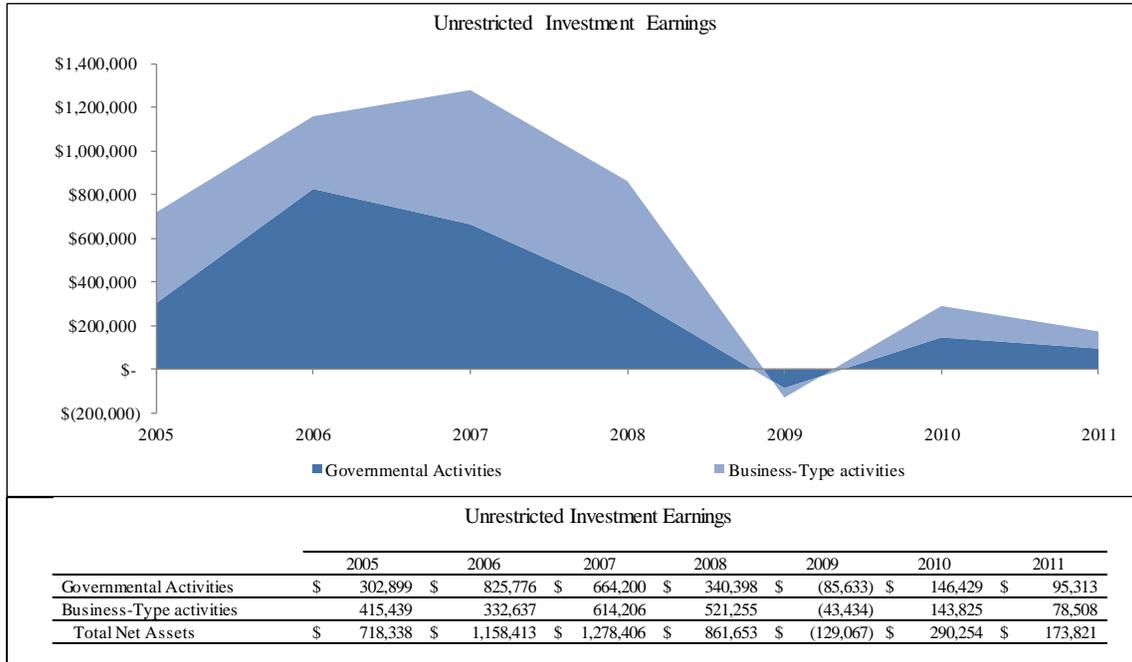
Business-type activities. Business type activities increased the City’s net assets by \$645,243, accounting for all of the growth in the government’s net assets. Key elements of this increase are as follows:

- Transfers to business-type activities amounted to \$658,074, however, before transfers, business-type activities expenditures exceeded revenue by \$12,831, the net impact of which is the \$645,243 increase to net assets.

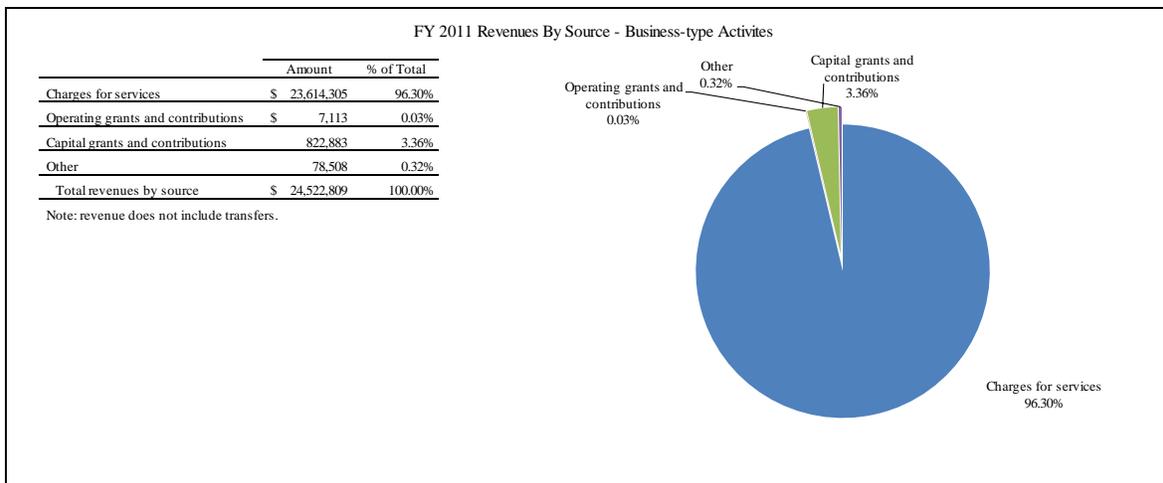
- Charges for services for business-type activities decreased by 0.38 percent (\$90,514).
 - This is largely due to a decrease in solid waste of \$576,028, which can partially be attributed to a 7.57 percent rate decrease (\$420,214) and partially to a reduction in solid waste revenue of 2.81 percent (\$155,814).
 - The decrease is also attributable to a \$214,834 reduction from the City’s golf course which reflects a change in management and the course being contracted out.
 - Offsetting the decreases in solid waste and the golf course, the water/sewer utility fund increased \$277,288 (1.78 percent) as a result of a scheduled 2.75 percent rate increase. Revenue from usage, adjusted for the rate increase, decreased by 0.97 percent, or \$152,213.
 - Additionally, stormwater utility increased \$383,246, primarily due to a 23.5 percent rate increase.

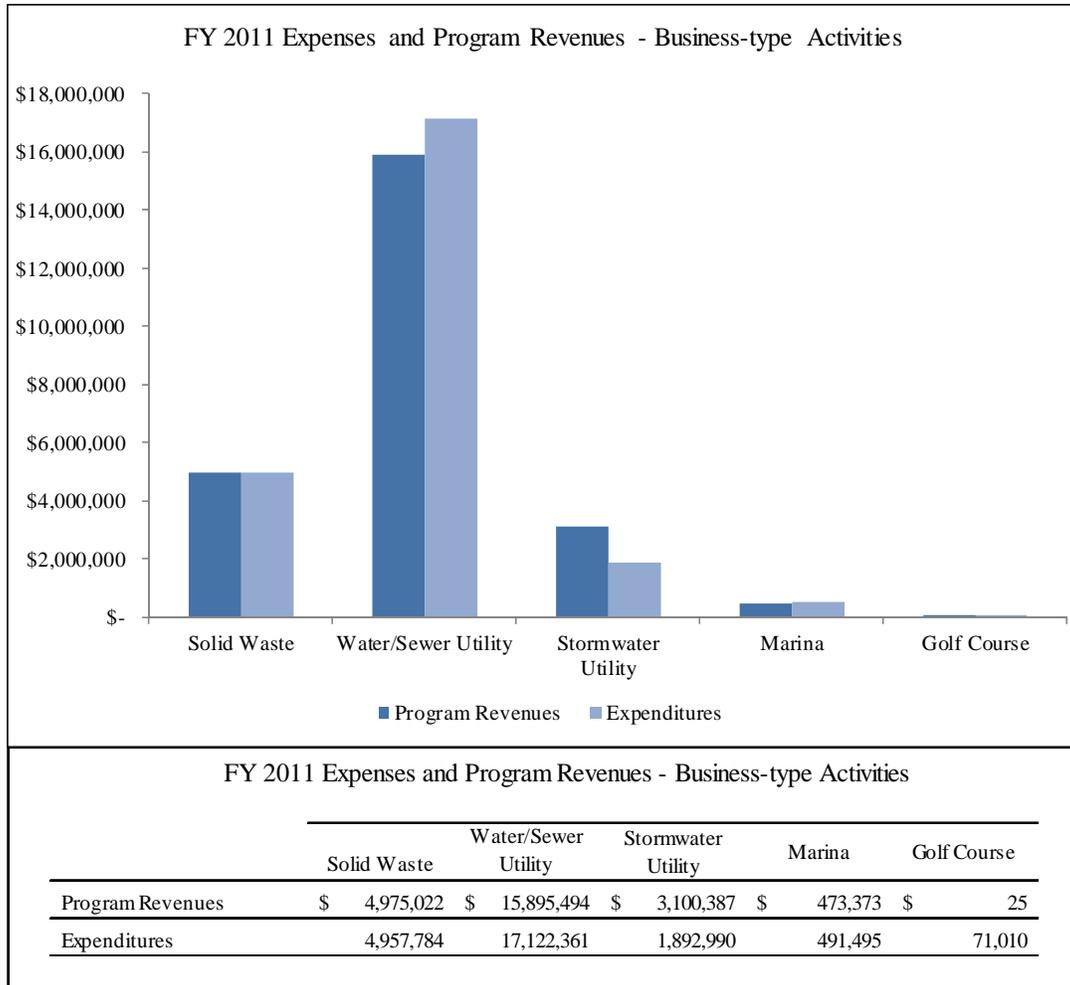


Investment earnings for the City continued to reflect market trends with gains in 2011 relatively smaller compared to the prior year. Investment earnings decreased by \$116,433 (40.11 percent); Governmental activities decreased by \$51,116 (34.91 percent) and Business-type activities decreased by \$65,317 (45.41 percent).



The largest component of business-type activities are the utilities, with the largest being water/sewer utilities. Program expenses are closely related to the program revenues, as business-type activities are intended to be self-funding.

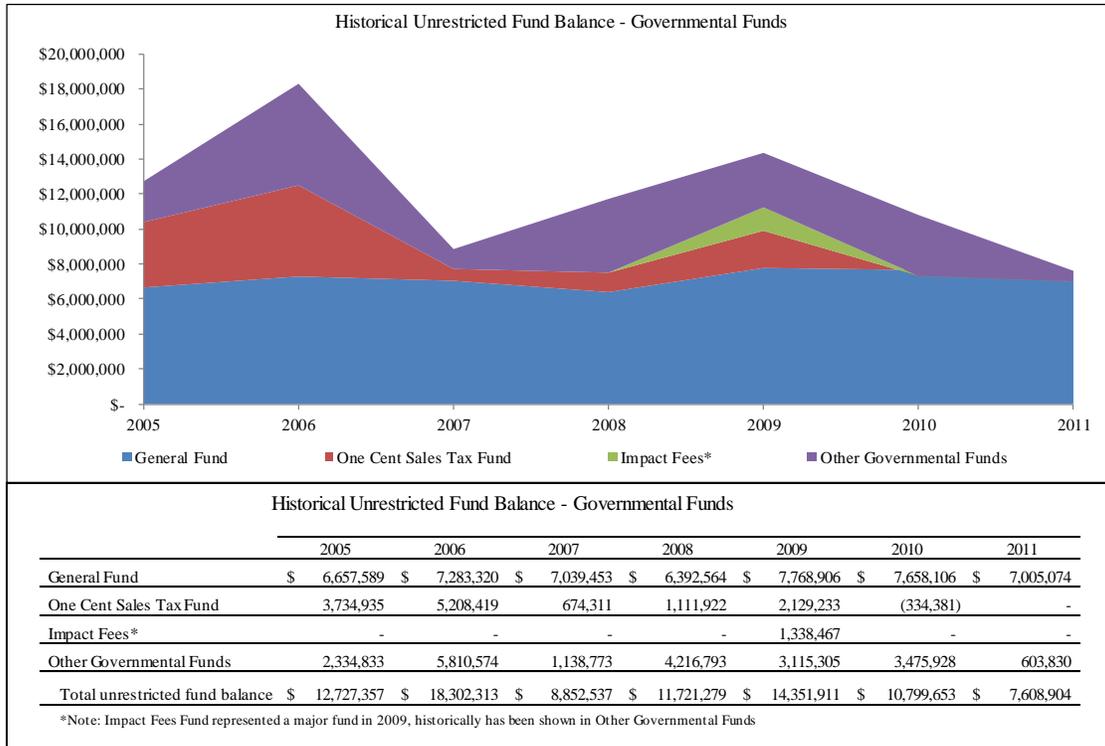




Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The graph below depicts the trend in recent years of unrestricted fund balances of various funds. It is quite evident that the General Fund unrestricted balance has remained relatively flat, which relates to the City's policy of restricting use of General Fund reserves as well as its reluctance to use reserves to balance the budget.

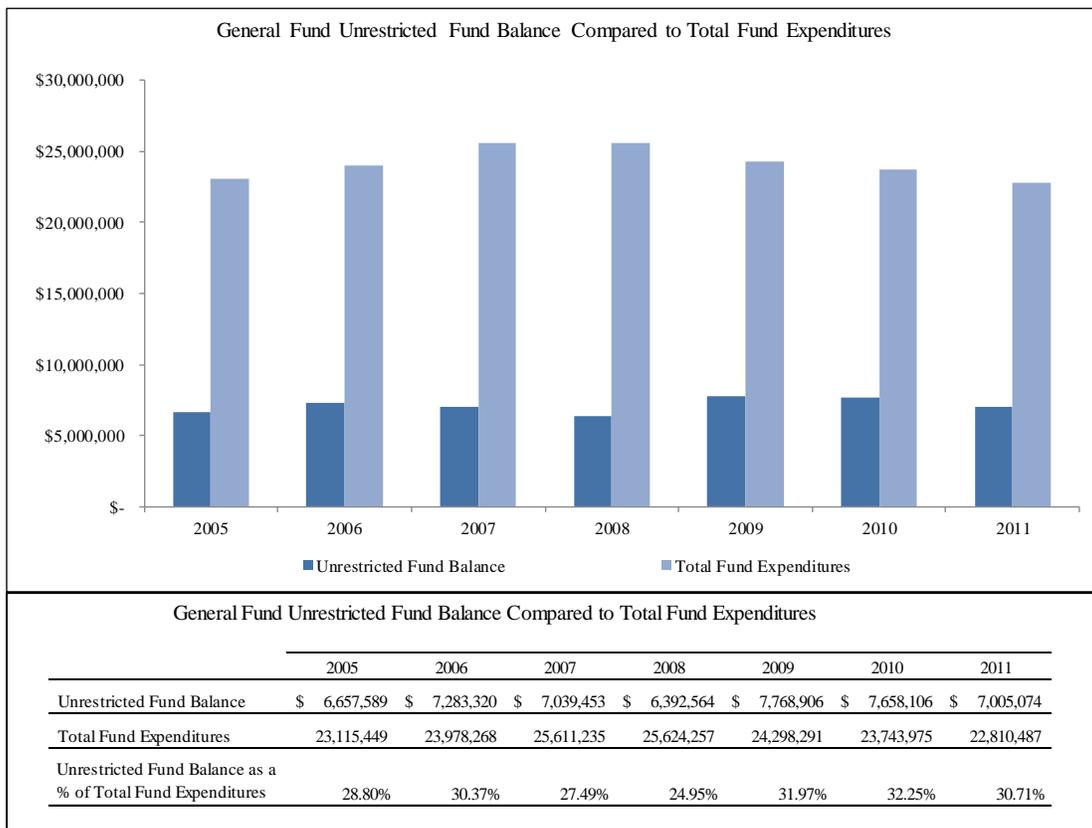


During fiscal year 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This GASB standard does not affect the calculation of fund balance, but fundamentally alters the various components used to report it. In doing so, GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. Fund balances are reported in classifications based on whether the amounts are spendable or nonspendable. Spendable amounts are further classified based on the extent to which there are external and/or internal constraints in how fund balance amounts may be spent. Additional detail concerning the GASB Statement No. 54 reporting can be found in the notes to the financial statements on pages C-47 – C-49 of this report.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$10,934,197, a decrease of \$2,136,942 in comparison with the prior year. GASB Statement No. 54 requires fund balance to be shown as: Nonspendable \$16,017, Restricted \$3,309,276, and Unrestricted \$7,608,904. Unrestricted fund balance, which is available for spending at the government’s discretion, is made up of (1) Committed fund balance of \$603,830, (2) Assigned fund balance of \$2,020,923, and (3) Unassigned fund balance of \$4,984,151.

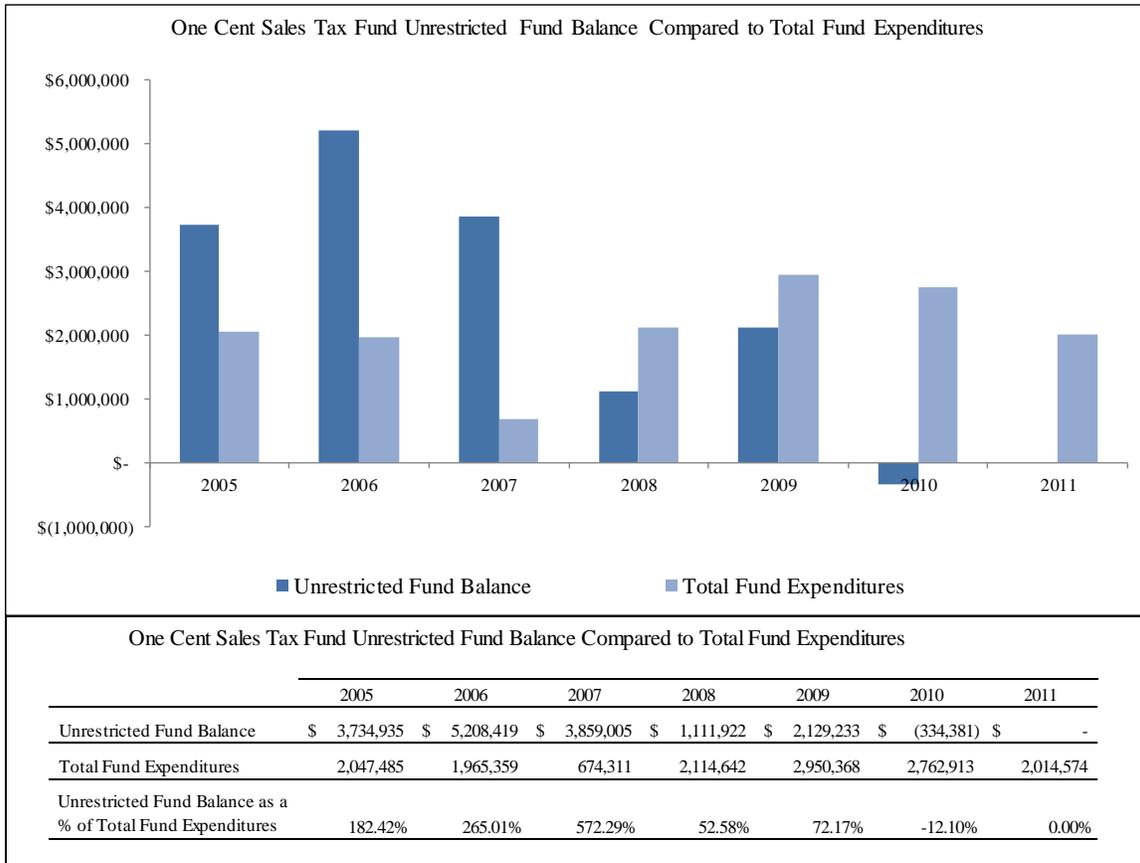
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$7,005,074, while total fund balance reached \$7,647,737. As a measure of general fund’s liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures, as displayed in the

graph below. Unrestricted fund balance represents 30.71 percent of total general fund expenditures, while total fund balance represents 33.53 percent of that same amount.



The fund balance of the City’s general fund decreased by \$1,084,680 (12.42 percent) during the current fiscal year. The primary driver of the change was the net increase in transfers of \$1,320,536 from September 30, 2010 to September 30, 2011. Although operating expenses decreased \$933,488 (3.93 percent), revenues decreased by the greater amount of \$1,087,094. The general fund revenues \$23,202,605, outpaced expenditures \$22,810,487, by \$392,118.

The one-cent sales tax fund has a total fund balance of \$295,804, all of which is restricted. The net increase in fund balance during the current year in one-cent sales tax fund was \$123,299 (71.48 percent). This increase can be attributed to savings of \$213,793 on a planned lease payment which was subsequently not required due to the delivery of a new fire truck occurring later than planned. The revenues from the current fiscal year were \$2,692,873 while the expenditures were \$2,014,574. Of this total amount, 40.96 percent, or \$825,091 was spent on debt service. Of the remaining \$1,189,483, \$878,791 was spent on the Pinehurst Road reconstruction project, \$147,086 for corridor studies and enhancements, \$119,478 for recreational football field lighting, and the remaining \$44,128 spent on other infrastructure projects.



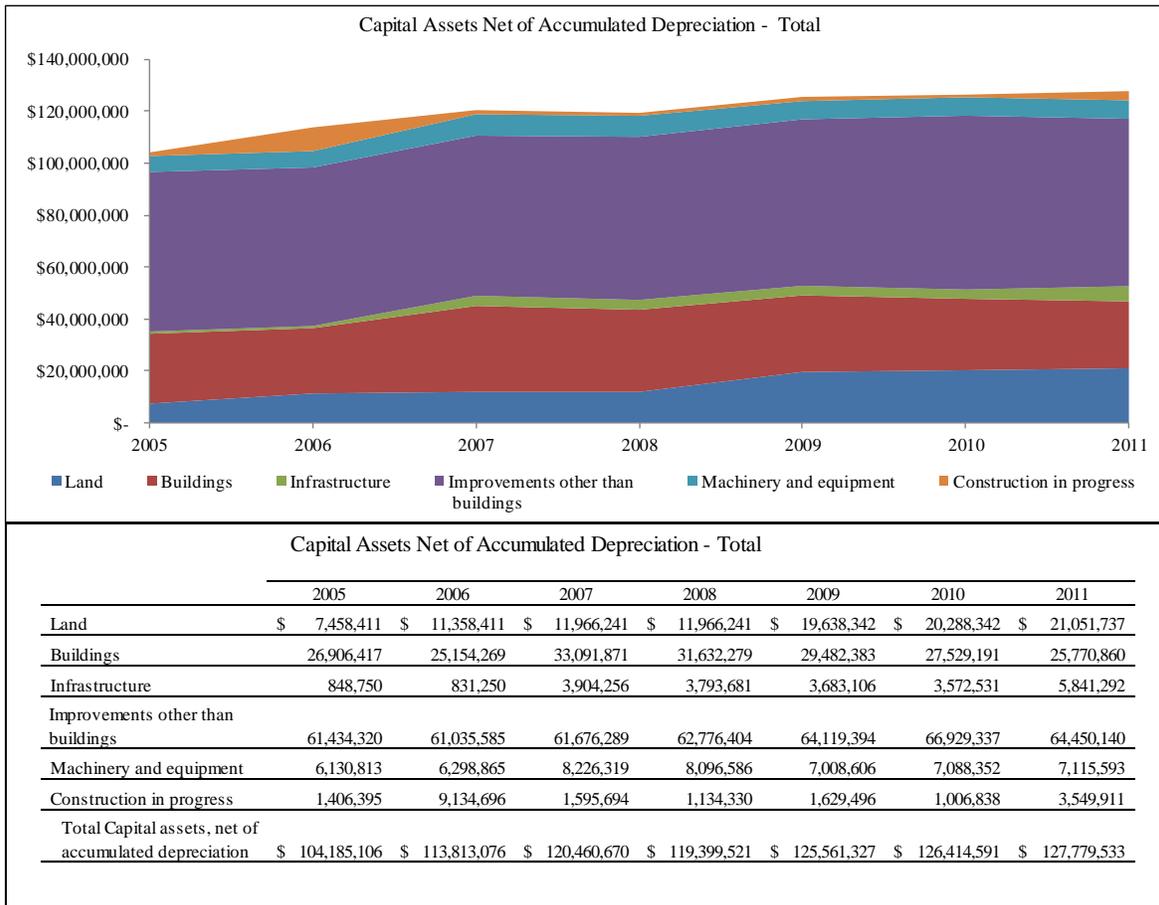
Proprietary funds. The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the water/sewer fund at the end of the year amounted to \$37,592,860, solid waste amounted to \$1,443,989, and stormwater utility amounted to \$10,204,841. The total growth of net assets for these three funds was (\$1,166,482), (\$512,684), and \$2,151,553 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City’s business-type activities.

General Fund Budgetary Highlights

During the year there was a \$22,366 (0.10 percent) decrease in expenditure appropriations between the original and final amended budget and a \$1,499,327 (6.31 percent) increase in estimated revenues.

Capital Asset and Debt Administration



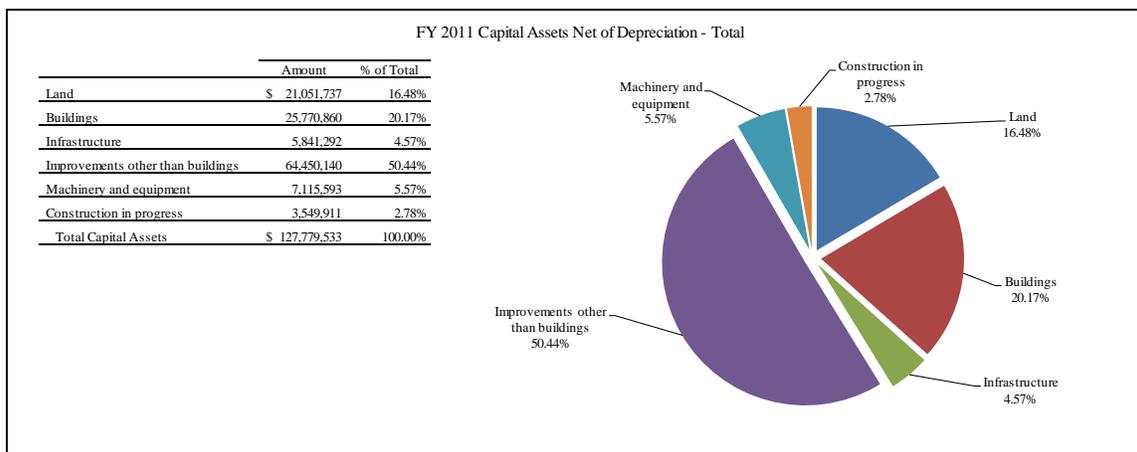
Capital assets. The City's total investment in capital assets for its government and business-type activities as of September 30, 2011, amounts to \$127,779,533 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 1.08 percent (a 2.91 percent increase for governmental activities and a 1.17 percent decrease for business-type activities.)

City of Dunedin, FL
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 19,422,841	\$ 18,659,446	\$ 1,628,896	\$ 1,628,896	\$ 21,051,737	\$ 20,288,342
Buildings	23,807,596	25,132,065	1,963,264	2,397,126	25,770,860	27,529,191
Infrastructure	5,841,292	3,572,531	-	-	5,841,292	3,572,531
Improvements other than building	16,553,176	15,839,871	47,896,964	51,089,466	64,450,140	66,929,337
Machinery and equipment	5,995,424	6,266,799	1,120,169	821,553	7,115,593	7,088,352
Construction in progress	159,777	279,195	3,390,134	727,643	3,549,911	1,006,838
Total Capital Assets	\$ 71,780,106	\$ 69,749,907	\$ 55,999,427	\$ 56,664,684	\$ 127,779,533	\$ 126,414,591

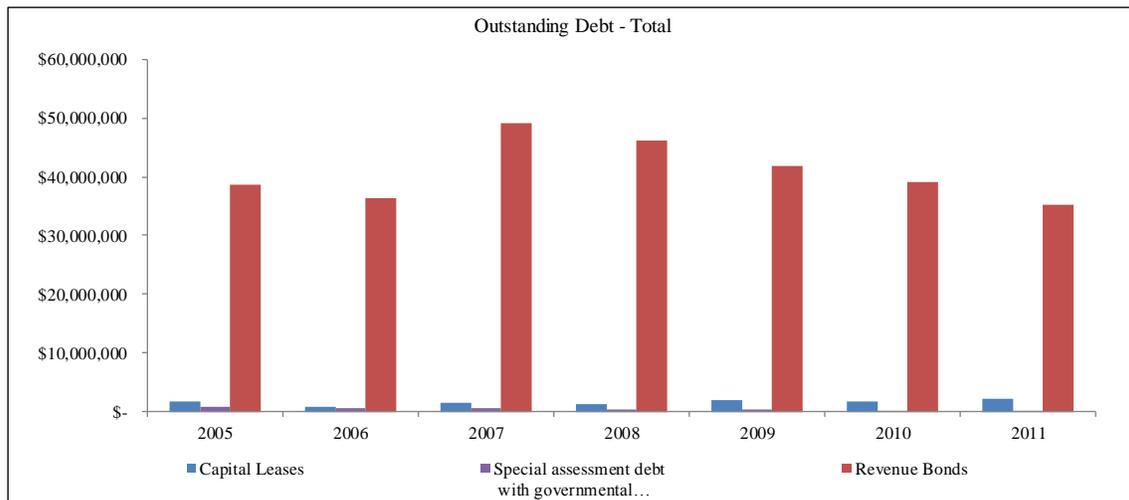
The changes in the capital assets can be specifically attributed to the following:

- Governmental activities' capital assets saw an increase of \$2,030,199 (2.91 percent) due to an increase in land of \$763,395 (4.09 percent), a prior period adjustment to infrastructure of \$2,370,513 (66.35 percent) (see page C-49 of this report for details) along with a decrease in infrastructure of \$101,752 (2.85 percent), an increase in improvements other than buildings of \$713,305 (4.50 percent) and a \$1,715,262 decrease in all other asset categories, reflecting the net impact of increases to assets and the depreciation process. Additional detail concerning the Governmental activities' capital assets can be found in note IV.A on pages C-20 to C-23 of the Notes to the Financial Statements.
- Business-type activities' capital assets realized a decrease of \$665,257 (1.17 percent) due to the net impact of a decrease in buildings of \$433,862 (18.10 percent), a decrease in improvements other than buildings of \$3,192,502 (6.25 percent), and a \$2,961,107 increase in all other asset categories, reflecting the net impact of increases to assets and the depreciation process. Additional detail concerning the Business-type Activities' capital asset can be found in note IV.A on pages C-20 to C-23 of the Notes to the Financial Statements.



Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,600,999. Of this amount, \$2,174,240 comprises capital leases and \$92,337 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder, \$35,334,422, of the City's debt represents bond secured solely by specific revenue sources (i.e., revenue bonds).

City of Dunedin, FL Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Capital leases	\$ 2,174,240	\$ 1,657,493	\$ -	\$ -	\$ 2,174,240	\$ 1,657,493
Special Assessment debt with governmental commitment	-	-	92,337	180,570	92,337	180,570
Revenue bonds	14,491,429	16,075,706	20,842,993	23,108,932	35,334,422	39,184,638
Total Liabilities	\$ 16,665,669	\$ 17,733,199	\$ 20,935,330	\$ 23,289,502	\$ 37,600,999	\$ 41,022,701



Outstanding Debt - Total							
	2005	2006	2007	2008	2009	2010	2011
Capital Leases	\$ 1,651,020	\$ 911,361	\$ 1,387,855	\$ 1,312,117	\$ 1,953,200	\$ 1,657,493	\$ 2,174,240
Special assessment debt with governmental commitment	766,989	629,795	489,333	345,450	264,883	180,570	92,337
Revenue Bonds	38,679,050	36,343,985	49,174,673	46,227,986	41,801,743	39,184,638	35,334,422
Total Outstanding Debt	\$ 41,097,059	\$ 37,885,141	\$ 51,051,861	\$ 47,885,553	\$ 44,019,826	\$ 41,022,701	\$ 37,600,999

The City's total debt decreased by \$3,421,702 (8.34 percent) during the current fiscal year. This decrease primarily reflects the continued debt service. On October 29, 2011, the City entered into a lease-purchase agreement to finance \$994,655 in vehicles. This five-year capital lease has a 3.43% interest rate and provides for annual payments of \$213,793.

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

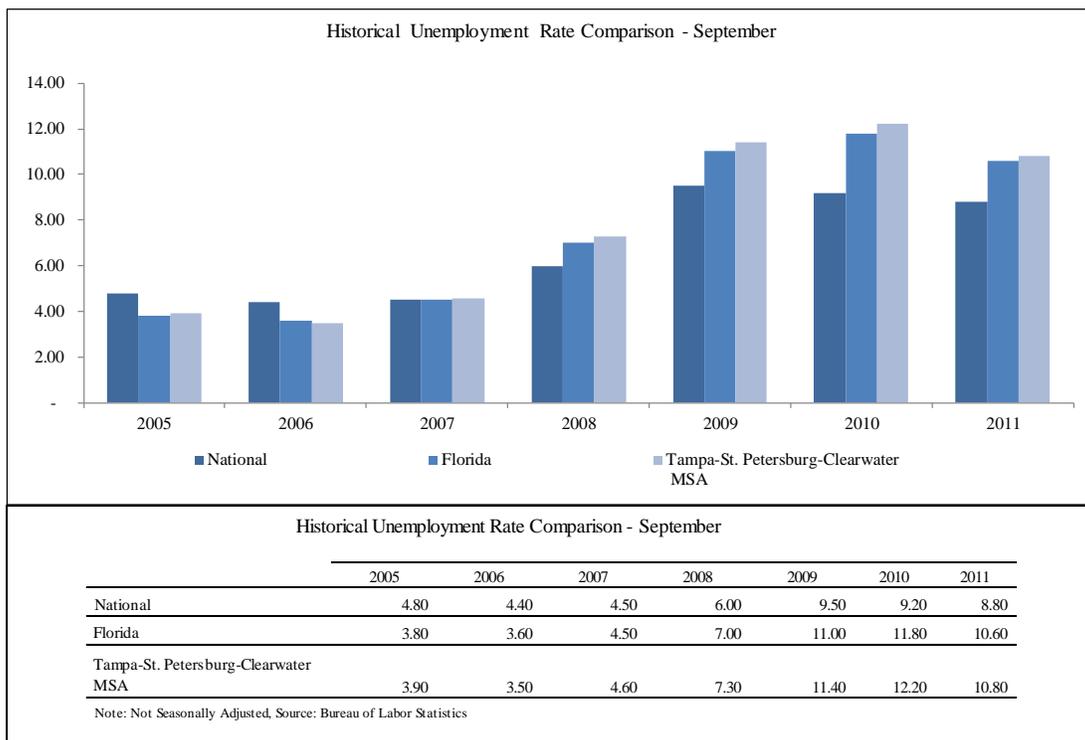
- The City's overall outstanding ratio of total annual general government debt service, exclusive of enterprise fund, internal service fund, and special assessment debt service to total annual general government revenue shall not exceed 12.5 percent; the City's current ratio is 8.47 percent.
- The City's maximum ratio of outstanding capital debt to the property tax base shall not exceed 20 percent; the City's current ratio is 2.06 percent.
- The City's use of revenue bonds may be 100% of total debt; the City's current ratio is 93.97 percent.

The City maintains its "A2" rating from Moody's investment services for the Water and Sewer System and all parity debt and an A+ rating from Standard & Poor's on its underlying rating for the City's sales tax revenue bonds.

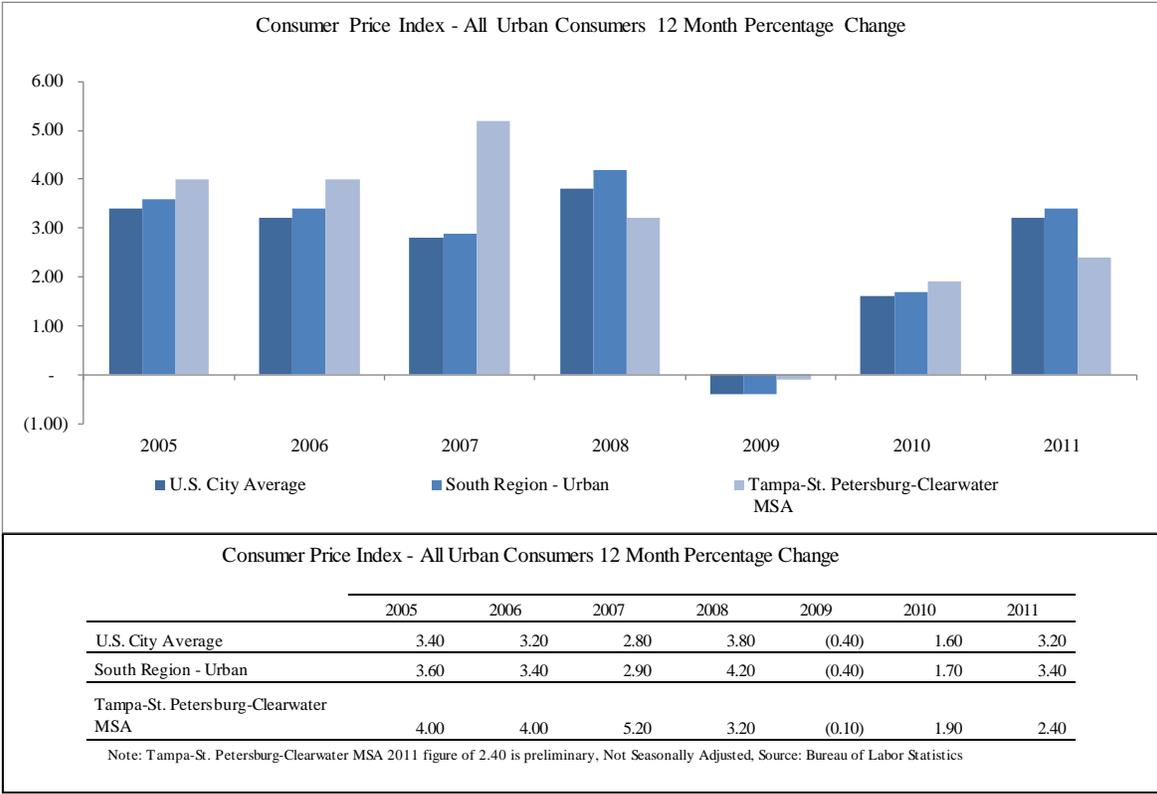
Additional information on the City's long-term debt can be found in note IV.B on pages C-24 to C-37 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Tampa Bay MSA changed from 12.20 at September 2010 to 10.80 at September 2011, which is a decrease of 1.4 percent. This compares unfavorably to the state's average unemployment rate of 10.60 percent and the national average rate of 8.80 percent.



- The occupancy rate of the City’s downtown has remained high in the downtown area, with minimal vacancies.
- The City is substantially built out and thereby minimizes any major growth impacts.
- The City is largely residential, at 79.45 percent of assessed value.
- Inflationary trends in the region were below the national average for 2011, with the national average at 3.2 percent and the Tampa-St. Petersburg-Clearwater MSA at 2.4 percent.



All of these factors were considered in preparing the City’s budget for FY 2012. At September 30, 2011, unrestricted fund balance in the general fund was \$7,005,074. The adopted FY 2012 operating and capital budget appropriated \$1,971,686 of this amount for spending in FY 2012.

The water/sewer utility rates remained the same in FY 2012 and the stormwater utility rates were increased by \$1.40 per month, or 18.9% in FY 2012. This rate increase in the stormwater utility was necessary to provide for near-term operations and provide limited capital funding for the implementation of the Master Drainage Plan.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Director of Finance, 750 Milwaukee Ave., City of Dunedin, Florida, 34698.

Basic Financial Statements

City of Dunedin, Florida
Statement of Net Assets
September 30, 2011

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash, cash equivalents, and investments	\$ 17,254,337	\$ 5,449,288	\$ 22,703,625
Receivables, net of allowance for doubtful accounts	90,989	3,303,421	3,394,410
Internal balances	(2,221,180)	2,221,180	-
Due from other governments	1,872,191	447,550	2,319,741
Inventories	115,285	776,947	892,232
Prepaid items	13,690	2,628	16,318
Accrued interest receivable	-	4,319	4,319
Deposits	100,650	150	100,800
Restricted assets:			
Cash and cash equivalents	-	8,052,114	8,052,114
Charges receivable	-	2,497,766	2,497,766
Deferred charges	-	353,889	353,889
Net Pension Assets	312,638	-	312,638
Capital assets, net of accumulated depreciation			
Land	19,422,841	1,628,896	21,051,737
Buildings	23,807,596	1,963,264	25,770,860
Infrastructure	5,841,292	-	5,841,292
Improvements other than buildings	16,553,176	47,896,964	64,450,140
Machinery and equipment	5,995,424	1,120,169	7,115,593
Construction in progress	159,777	3,390,134	3,549,911
Total assets	<u>89,318,706</u>	<u>79,108,679</u>	<u>168,427,385</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	\$ 1,191,915	\$ 1,438,282	\$ 2,630,197
Accrued interest payable	239,476	139,408	378,884
Unearned revenue	142,991	272,205	415,196
Due to other governments	16,655	-	16,655
Liabilities payable from restricted assets	-	1,346,514	1,346,514
Noncurrent liabilities:			
Due within one year	2,090,079	344,154	2,434,233
Due in more than one year	16,379,867	21,245,905	37,625,772
Total liabilities	<u>20,060,983</u>	<u>24,786,468</u>	<u>44,847,451</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	55,114,437	35,573,590	90,688,027
Restricted for:			
Public programs	58,299	-	58,299
Capital projects	2,629,618	5,690,612	8,320,230
Debt Service	2,647	3,029,192	3,031,839
Other	618,713	-	618,713
Unrestricted	10,834,009	10,028,817	20,862,826
Total net assets	<u>\$ 69,257,723</u>	<u>\$ 54,322,211</u>	<u>\$ 123,579,934</u>

City of Dunedin, Florida
Statement of Activities
For the Fiscal Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services		Capital Grants and Contributions	Primary Government		Total
		Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 2,169,100	\$ -	\$ 3,535	\$ 11,118	\$ (2,154,447)	\$ -	\$ (2,154,447)
Public safety	11,514,839	3,008,565	35,426	496,348	(7,974,500)	-	(7,974,500)
Physical environment	314,305	-	-	-	(314,305)	-	(314,305)
Transportation	2,248,772	-	1,573	1,149,257	(1,097,942)	-	(1,097,942)
Economic development	384,451	110,152	26,595	-	(247,704)	-	(247,704)
Culture and recreation	9,599,618	2,138,344	70,751	-	(7,390,523)	-	(7,390,523)
Interest on long-term debt	700,290	-	-	-	(700,290)	-	(700,290)
Total governmental activities	26,931,375	5,257,061	137,880	1,656,723	(19,879,711)	-	(19,879,711)
Business-type activities:							
Solid waste	4,957,784	4,975,022	-	-	-	17,238	17,238
Water/Sewer utility	17,122,361	15,895,494	-	-	-	(1,226,867)	(1,226,867)
Reclaimed water	-	-	-	-	-	-	-
Stormwater utility	1,892,990	2,270,391	7,113	822,883	-	1,207,397	1,207,397
Marina	491,495	473,373	-	-	-	(18,122)	(18,122)
Golf course	70,670	25	-	-	-	(70,645)	(70,645)
Total business-type activities	24,535,300	23,614,305	7,113	822,883	-	(90,999)	(90,999)
Total primary government	\$ 51,466,675	\$ 28,871,366	\$ 144,993	\$ 2,479,606	(19,879,711)	(90,999)	(19,970,710)
General Revenues:							
Property taxes					6,540,293	-	6,540,293
Utility service taxes					4,534,665	-	4,534,665
Intergovernmental revenues:							
Infrastructure sales surtax					2,674,927	-	2,674,927
Half cent sales tax					1,846,028	-	1,846,028
Franchise taxes					2,707,724	-	2,707,724
State revenue sharing					1,170,693	-	1,170,693
Other taxes					83,596	-	83,596
Unrestricted investment earnings / (loss)					95,313	78,508	173,821
Gain on sale of capital assets					30,918	-	30,918
Transfers					(658,074)	658,074	-
Total general revenues and transfers					19,026,083	736,582	19,762,665
Change in net assets					(853,628)	645,583	(208,045)
Net Assets - beginning					67,740,838	53,676,968	121,417,806
Prior Period Adjustment					2,370,513	-	2,370,513
Net Assets -beginning as restated					70,111,351	53,676,968	123,788,319
Net Assets - ending					\$ 69,257,723	\$ 54,322,551	\$ 123,580,274

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

City of Dunedin, Florida
Balance Sheet for Governmental Funds
September 30, 2011

	<u>General Fund</u>	<u>One Cent Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash, cash equivalents, and investments	\$ 7,046,294	\$ 29,184	\$ 2,972,676	\$ 10,048,154
Accounts receivable, net of allowance for doubtful accounts	14,998	-	16,004	31,002
Due from other governments	1,271,493	444,060	156,638	1,872,191
Inventories	2,327	-	-	2,327
Prepaid items	12,948	-	742	13,690
Deposits	150	-	500	650
Total assets	<u>\$ 8,348,210</u>	<u>\$ 473,244</u>	<u>\$ 3,146,560</u>	<u>\$ 11,968,014</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 152,820	\$ 127,289	\$ 87,571	\$ 367,680
Contracts payable	-	50,151	28,673	78,824
Accrued salaries payable	397,140	-	22,673	419,813
Deposits payable	1,175	-	1,500	2,675
Deferred revenue	142,991	-	-	142,991
Internal balances	-	-	-	-
Due to other governments	1,168	-	15,487	16,655
Other current liabilities	5,179	-	-	5,179
Total liabilities	<u>700,473</u>	<u>177,440</u>	<u>155,904</u>	<u>1,033,817</u>
Fund Balances:				
Non Spendable Balance	15,275	-	742	16,017
Restricted Balance	627,388	295,804	2,386,084	3,309,276
Committed	-	-	603,830	603,830
Assigned	2,020,923	-	-	2,020,923
Unassigned	4,984,151	-	-	4,984,151
Unrestricted Balance	<u>7,005,074</u>	<u>-</u>	<u>603,830</u>	<u>7,608,904</u>
Total fund balances	<u>7,647,737</u>	<u>295,804</u>	<u>2,990,656</u>	<u>10,934,197</u>
Total liabilities and fund balances	<u>\$ 8,348,210</u>	<u>\$ 473,244</u>	<u>\$ 3,146,560</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.	65,259,079
Net pension asset resulting from the effect of contributing more than the annual required actuarial contribution	312,638
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	-
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.	8,847,577
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.	(16,095,768)
Net assets of governmental activities	<u>\$ 69,257,723</u>

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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, 2011

	<u>General Fund</u>	<u>One Cent Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Taxes:				
Property	\$ 6,126,579	\$ -	\$ 413,714	\$ 6,540,293
Franchise	2,707,724	-	-	2,707,724
Utility service	4,534,665	-	-	4,534,665
Licenses and permits	754,756	-	-	754,756
Intergovernmental	3,135,743	2,686,045	1,608,042	7,429,830
Charges for services	5,087,607	-	306,117	5,393,724
Fines	220,901	-	-	220,901
Investment earnings / (loss)	64,271	328	13,394	77,993
Assessments	-	-	-	-
Rents	301,759	-	-	301,759
Contributions and donations	69,239	6,500	34,125	109,864
Other revenue	199,361	-	91,396	290,757
Total revenues	<u>23,202,605</u>	<u>2,692,873</u>	<u>2,466,788</u>	<u>28,362,266</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,998,303	-	28,256	3,026,559
Public safety	11,247,668	-	4,675	11,252,343
Transportation	1,636,887	-	19,880	1,656,767
Economic development	-	-	409,780	409,780
Culture and recreation	6,587,907	-	741,349	7,329,256
Debt service:				
Principal	-	500,745	1,083,562	1,584,307
Interest	-	324,346	356,406	680,752
Capital outlay:				
General government	3,350	38,958	103,492	145,800
Public safety	25,864	-	17,274	43,138
Physical environment	-	-	-	-
Transportation	-	883,961	618,363	1,502,324
Economic development	-	147,086	300,327	447,413
Culture and recreation	145,571	119,478	1,220,985	1,486,034
Aids and grants	164,937	-	46,923	211,860
Total expenditures	<u>22,810,487</u>	<u>2,014,574</u>	<u>4,951,272</u>	<u>29,776,333</u>
Excess of revenues over (under) expenditures	<u>392,118</u>	<u>678,299</u>	<u>(2,484,484)</u>	<u>(1,414,067)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	150,000	-	1,546,012	1,696,012
Transfers out	<u>(1,626,798)</u>	<u>(555,000)</u>	<u>(237,089)</u>	<u>(2,418,887)</u>
Total other financing sources (uses)	<u>(1,476,798)</u>	<u>(555,000)</u>	<u>1,308,923</u>	<u>(722,875)</u>
Net change in fund balances	(1,084,680)	123,299	(1,175,561)	(2,136,942)
Fund balances - beginning as restated	<u>8,732,417</u>	<u>172,505</u>	<u>4,166,217</u>	<u>13,071,139</u>
Fund balances - ending	<u>\$ 7,647,737</u>	<u>\$ 295,804</u>	<u>\$ 2,990,656</u>	<u>\$ 10,934,197</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, 2011

Net change in fund balances - total governmental funds (page B-6) \$ (2,136,942)

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	3,307,902	
Less current year depreciation	<u>(3,386,741)</u>	(78,839)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, etc.) (282,641)

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.

Reductions to long-term debt	-	
Principal payments	<u>1,584,307</u>	1,584,307

Pension contributions more than the annual pension costs increase the net pension asset on the statement of net assets 212,398

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	(164,113)	
Change in accrued interest expense	<u>38,594</u>	(125,519)

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. (26,392)

Change in net assets of governmental activities (page B-3) \$ (853,628)

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Property	\$ 6,126,579	\$ 6,523,416	\$ 6,126,579	\$ (396,837)
Franchise	3,159,447	3,138,808	2,707,724	(431,084)
Utility service	4,946,113	4,871,583	4,534,665	(336,918)
Licenses and permits	660,743	769,881	754,756	(15,125)
Intergovernmental	3,017,867	2,910,917	3,135,743	224,826
Charges for services	5,157,436	5,317,519	5,087,607	(229,912)
Fines	228,965	189,203	220,901	31,698
Investment earnings / (loss)	35,000	35,000	64,271	29,271
Rents	283,287	351,600	301,759	(49,841)
Contributions and donations	18,789	50,250	69,239	18,989
Other revenue	127,714	1,103,090	199,361	(903,729)
Total revenues	<u>23,761,940</u>	<u>25,261,267</u>	<u>23,202,605</u>	<u>(2,058,662)</u>
<u>EXPENDITURES</u>				
Current:				
General government:				
City commission	186,930	186,630	161,189	25,441
City manager	506,874	506,874	507,161	(287)
Legal	145,685	185,032	177,699	7,333
City clerk	429,630	429,630	370,613	59,017
Finance	1,265,012	1,285,012	1,201,899	83,113
Administration	577,804	579,404	579,742	(338)
Total general government	<u>3,111,935</u>	<u>3,172,582</u>	<u>2,998,303</u>	<u>174,279</u>
Public safety:				
Law enforcement	3,979,137	3,969,137	3,942,997	26,140
Fire control	6,031,935	6,031,935	6,115,262	(83,327)
Planning and Development	1,290,943	1,278,601	1,189,409	89,192
Total public safety	<u>11,302,015</u>	<u>11,279,673</u>	<u>11,247,668</u>	<u>32,005</u>
Transportation:				
Streets / Traffic	1,627,953	1,627,953	1,636,887	(8,934)
Total transportation	<u>1,627,953</u>	<u>1,627,953</u>	<u>1,636,887</u>	<u>(8,934)</u>
Culture and recreation:				
Library	1,369,135	1,377,135	1,326,961	50,174
Parks and Recreation administration	470,151	472,151	478,828	(6,677)
Recreation	2,855,851	2,854,151	2,768,752	85,399
Dunedin Historical Society	28,925	31,297	27,315	3,982
Dunedin Fine Arts Center	64,574	64,264	62,230	2,034
Parks	1,905,522	1,910,433	1,923,821	(13,388)
Total culture and recreation	<u>6,694,158</u>	<u>6,709,431</u>	<u>6,587,907</u>	<u>121,524</u>
Capital Outlay				
General Government	3,350	3,350	3,350	-
Public Safety	35,000	37,000	25,864	(11,136)
Culture and Recreation	224,005	136,061	145,571	9,510
Total Capital Outlay	<u>262,355</u>	<u>176,411</u>	<u>174,785</u>	<u>(1,626)</u>
Aids and grants	175,484	185,484	164,937	20,547
Total expenditures	<u>23,173,900</u>	<u>23,151,534</u>	<u>22,810,487</u>	<u>341,047</u>
Excess of revenues over (under) expenditures	<u>588,040</u>	<u>2,109,733</u>	<u>392,118</u>	<u>(1,717,615)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	150,000	150,000	150,000	-
Transfers out	(1,099,083)	(1,244,183)	(1,626,798)	(382,615)
Total other financing uses	<u>(949,083)</u>	<u>(1,094,183)</u>	<u>(1,476,798)</u>	<u>(382,615)</u>
Net change in fund balances	(361,043)	1,015,550	(1,084,680)	(2,100,230)
Fund balances - beginning as restated due to implementation of GASB 54	7,141,456	8,732,417	8,732,417	-
Fund balances - ending	<u>\$ 6,780,413</u>	<u>\$ 9,747,967</u>	<u>\$ 7,647,737</u>	<u>\$ (2,100,230)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Infrastructure sales surtax	\$ 3,300,000	\$ 3,300,000	\$ 2,674,927	\$ (625,073)
Grant Revenues	-	266,401	11,118	(255,283)
Miscellaneous revenues:				
Investment earnings / (loss)	4,000	4,000	328	(3,672)
Donations	-	-	6,500	6,500
Total revenues	<u>3,304,000</u>	<u>3,570,401</u>	<u>2,692,873</u>	<u>(877,528)</u>
<u>EXPENDITURES</u>				
Capital projects:				
General government	-	11,139	38,958	(27,819)
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	1,250,000	1,781,777	883,961	897,816
Economic environment	750,000	874,220	147,086	727,134
Culture and recreation	-	120,000	119,478	522
Debt service				
Principal	527,200	527,200	500,745	26,455
Interest	412,300	412,300	324,346	87,954
Total expenditures	<u>2,939,500</u>	<u>3,726,636</u>	<u>2,014,574</u>	<u>1,712,062</u>
Excess of revenues over expenditures	<u>364,500</u>	<u>(156,235)</u>	<u>678,299</u>	<u>834,534</u>
<u>OTHER FINANCING SOURCES / (USES)</u>				
Transfers in	-	-	-	-
Transfers out	<u>(555,000)</u>	<u>(555,000)</u>	<u>(555,000)</u>	<u>-</u>
Total other financing uses	<u>(555,000)</u>	<u>(555,000)</u>	<u>(555,000)</u>	<u>-</u>
Net change in fund balances	(190,500)	(711,235)	123,299	834,534
Fund balances - beginning	<u>775,884</u>	<u>679,394</u>	<u>172,505</u>	<u>(506,889)</u>
Fund balances - ending	<u>\$ 585,384</u>	<u>\$ (31,841)</u>	<u>\$ 295,804</u>	<u>\$ 327,645</u>

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City of Dunedin, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2011

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
ASSETS							
Current assets:							
Cash, cash equivalents, and investments	\$ 1,116,086	\$ 1,930,564	1,312,010	\$ 1,090,625	\$ 3	\$ 5,449,288	\$ 7,206,183
Accounts receivable, net of allowance for uncollectibles	505,888	2,210,863	410,230	10,052	709	3,137,742	59,987
Assessments/liens receivable, net of allowance for uncollectibles	28,865	136,814	-	-	-	165,679	-
Deferred outflow	-	263,222	8,983	-	-	272,205	-
Due from other governments	-	15,658	431,892	-	-	447,550	-
Inventories	-	776,947	-	-	-	776,947	112,958
Prepaid items	-	2,603	25	-	-	2,628	-
Interest receivable	-	4,319	-	-	-	4,319	-
Deposits	-	-	-	-	150	150	100,000
Total current assets	1,650,839	5,340,990	2,163,140	1,100,677	862	10,256,508	7,479,128
Noncurrent assets:							
Restricted cash, cash equivalents, and investments:							
Customer deposits	-	1,238,630	-	54,054	-	1,292,684	-
Impact fees	-	922,975	-	-	-	922,975	-
Capital asset replacement	-	4,038,562	885,444	-	-	4,924,006	-
Revenue bond covenant accounts	-	820,357	92,092	-	-	912,449	-
Charges receivable	-	2,497,766	-	-	-	2,497,766	-
Total restricted assets	-	9,518,290	977,536	54,054	-	10,549,880	-
Deferred charges	-	79,164	2,520	-	-	81,684	-
Capital assets:							
Land	-	305,364	250,000	-	1,073,532	1,628,896	-
Buildings	333,053	15,859,123	2,000	90,599	167,338	16,452,113	3,040,739
Improvements other than buildings	41,030	96,931,697	12,531,335	2,176,338	291,651	111,972,051	4,744
Machinery and equipment	775,693	1,916,322	476,194	6,313	12,929	3,187,451	12,330,131
Construction in progress	-	904,269	2,485,865	-	-	3,390,134	-
Less accumulated depreciation	(938,907)	(73,752,521)	(3,907,452)	(1,784,011)	(248,327)	(80,631,218)	(8,854,587)
Total capital assets, net of accumulated depreciation	210,869	42,164,254	11,837,942	489,239	1,297,123	55,999,427	6,521,027
Total noncurrent assets	210,869	51,761,708	12,817,998	543,293	1,297,123	66,630,991	6,521,027
Total assets	\$ 1,861,708	\$ 57,102,698	\$ 14,981,138	\$ 1,643,970	\$ 1,297,985	\$ 76,887,499	\$ 14,000,155

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

City of Dunedin, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2011
(continued)

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 126,724	\$ 278,496	\$ 357,957	\$ 7,287	\$ (10)	\$ 770,454	\$ 271,441
Contracts payable	-	192,434	203,560	-	1,730	397,724	-
Accrued salaries payable	49,122	190,899	24,396	5,687	-	270,104	46,303
Accrued interest payable	-	-	-	-	-	-	57,749
Capital leases payable - current	-	-	-	-	-	-	685,951
Deferred SWAP Obligation	-	263,222	8,983	-	-	272,205	-
Total current liabilities	<u>175,846</u>	<u>925,051</u>	<u>594,896</u>	<u>12,974</u>	<u>1,720</u>	<u>1,710,487</u>	<u>1,061,444</u>
Current liabilities payable from restricted assets:							
Revenue bonds payable	-	343,824	330	-	-	344,154	-
Accrued interest payable	-	135,463	3,945	-	-	139,408	-
Customer deposits payable	-	1,247,598	-	-	-	1,247,598	-
Deposits payable	-	44,862	-	54,054	-	98,916	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>1,771,747</u>	<u>4,275</u>	<u>54,054</u>	<u>-</u>	<u>1,830,076</u>	<u>-</u>
Total Current Liabilities	<u>175,846</u>	<u>2,696,798</u>	<u>599,171</u>	<u>67,028</u>	<u>1,720</u>	<u>3,540,563</u>	<u>1,061,444</u>
Noncurrent liabilities:							
Revenue bonds payable, net of amortized discounts and deferred amount on refunding	-	16,003,243	4,078,440	-	-	20,081,683	-
Capital leases payable	-	-	-	-	-	-	1,488,289
Compensated absences	224,518	738,199	91,458	11,324	-	1,065,499	222,491
OPEB liability	17,355	71,598	7,228	2,102	440	98,723	15,782
Claims liabilities	-	-	-	-	-	-	143,392
Total noncurrent liabilities	<u>241,873</u>	<u>16,813,040</u>	<u>4,177,126</u>	<u>13,426</u>	<u>440</u>	<u>21,245,905</u>	<u>1,869,954</u>
Total liabilities	417,719	19,509,838	4,776,297	80,454	2,160	24,786,468	2,931,398
NET ASSETS							
Invested in capital assets, net of related debt	210,869	25,817,187	7,759,172	489,239	1,297,123	35,573,590	4,346,787
Restricted for capital assets	-	4,809,443	881,169	-	-	5,690,612	-
Restricted for debt service / deposits	-	2,937,100	92,092	-	-	3,029,192	-
Unrestricted	1,233,120	4,029,130	1,472,408	1,074,277	(1,298)	7,807,637	\$ 6,721,970
Total net assets	<u>\$ 1,443,989</u>	<u>\$ 37,592,860</u>	<u>\$ 10,204,841</u>	<u>\$ 1,563,516</u>	<u>\$ 1,295,825</u>	<u>\$ 52,101,031</u>	<u>\$ 11,068,757</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						2,221,180	
Net assets of business-type activities						<u>\$ 54,322,211</u>	

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, 2011

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
Operating revenues:							
Charges for services	\$ 4,808,984	\$ 15,490,432	\$ 2,270,391	\$ 473,373	\$ 25	\$ 23,043,205	\$ 8,521,365
Other operating revenue	166,038	405,062	-	-	-	571,100	178,442
Total operating revenues	<u>4,975,022</u>	<u>15,895,494</u>	<u>2,270,391</u>	<u>473,373</u>	<u>25</u>	<u>23,614,305</u>	<u>8,699,807</u>
Operating expenses:							
Personal services	1,438,102	5,726,234	622,724	167,038	33,277	7,987,375	1,349,307
Supplies and services	3,434,259	5,942,053	654,483	131,719	1,612	10,164,126	6,345,611
Depreciation	28,841	4,726,976	557,430	193,699	36,079	5,543,025	1,174,485
Total operating expenses	<u>4,901,202</u>	<u>16,395,263</u>	<u>1,834,637</u>	<u>492,456</u>	<u>70,968</u>	<u>23,694,526</u>	<u>8,869,403</u>
Operating income (loss)	<u>73,820</u>	<u>(499,769)</u>	<u>435,754</u>	<u>(19,083)</u>	<u>(70,943)</u>	<u>(80,221)</u>	<u>(169,596)</u>
Nonoperating revenues (expenses):							
Investment earnings (loss)	11,796	46,717	15,940	4,055	-	78,508	26,410
Interest/amortization	-	(695,140)	(48,437)	-	(40)	(743,617)	(58,132)
Gain (loss) on disposal of capital assets	-	(18,290)	-	-	-	(18,290)	30,918
Total nonoperating revenues (expenses)	<u>11,796</u>	<u>(666,713)</u>	<u>(32,497)</u>	<u>4,055</u>	<u>(40)</u>	<u>(683,399)</u>	<u>(804)</u>
Income before contributions and transfers	85,616	(1,166,482)	403,257	(15,028)	(70,983)	(763,620)	(170,400)
Contributions - grants	-	-	822,883	-	-	822,883	-
Contributions - special assessments/charges	-	-	7,113	-	-	7,113	-
Transfers in	-	-	918,300	-	338,074	1,256,374	64,801
Transfers out	<u>(598,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(598,300)</u>	<u>-</u>
Change in net assets	(512,684)	(1,166,482)	2,151,553	(15,028)	267,091	724,450	(105,599)
Total net assets - beginning	1,956,673	38,759,342	8,053,288	1,578,544	1,028,734	11,174,356	11,174,356
Total net assets - ending	<u>\$ 1,443,989</u>	<u>\$ 37,592,860</u>	<u>\$ 10,204,841</u>	<u>\$ 1,563,516</u>	<u>\$ 1,295,825</u>	<u>\$ 11,068,757</u>	<u>\$ 11,068,757</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(79,207)	
Change in net assets of business-type activities (page B-3)						<u>\$ 645,243</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, 2011

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 4,956,877	\$ 15,525,773	\$ 2,213,725	\$ 478,105	\$ 25	\$ 23,174,505	\$ 8,435,989
Payments to suppliers	(3,427,792)	(6,011,525)	(376,014)	(132,547)	(13,414)	(9,961,292)	(6,284,603)
Payments to employees	(1,416,090)	(5,708,201)	(569,706)	(164,838)	(34,022)	(7,892,857)	(1,339,497)
Other operating revenues	166,038	405,062	-	-	-	571,100	178,442
Net cash provided by (used in) operating activities	279,033	4,211,109	1,268,005	180,720	(47,411)	5,891,456	990,331
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	-	-	918,300	-	39,286	957,586	64,801
Transfers out	(598,300)	-	-	-	-	(598,300)	-
Net cash provided by (used in) noncapital financing activities	(598,300)	-	918,300	-	39,286	359,286	64,801
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase of capital assets	(86,660)	(1,728,259)	(2,945,207)	(62,198)	-	(4,822,324)	(1,195,649)
Proceeds of capital debt	-	-	-	-	-	-	994,655
Principal paid on capital debt	-	(2,915,597)	(87,120)	-	-	(3,002,717)	(516,747)
Interest paid on capital debt	-	(796,211)	(271,759)	-	-	(1,067,970)	(56,552)
Proceeds from sale of capital assets	-	7,019	-	-	-	7,019	69,757
Proceeds from capital grants	-	-	829,996	-	-	829,996	-
Net cash provided by (used in) capital and related financing activities	(86,660)	(5,433,048)	(2,474,090)	(62,198)	-	(8,055,996)	(704,536)
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment earnings received	11,796	46,717	15,940	4,055	-	78,508	26,410
Net cash provided by investing activities	11,796	46,717	15,940	4,055	-	78,508	26,410
Net increase (decrease) in cash and cash equivalents	(394,131)	(1,175,222)	(271,845)	122,577	(8,125)	(1,726,746)	377,006
Cash and cash equivalents - October 1	1,510,217	10,126,310	2,561,391	1,022,102	8,128	15,228,148	6,829,177
Cash and cash equivalents - September 30	1,116,086	8,951,088	2,289,546	1,144,679	3	13,501,402	7,206,183
CLASSIFIED AS:							
Cash and cash equivalents	\$ 1,116,086	\$ 1,930,564	\$ 1,312,010	\$ 1,090,625	\$ 3	\$ 5,449,288	\$ 7,206,183
Restricted cash and cash equivalents	-	7,020,524	977,536	54,054	-	8,052,114	-
Total cash and cash equivalents	\$ 1,116,086	\$ 8,951,088	\$ 2,289,546	\$ 1,144,679	\$ 3	\$ 13,501,402	\$ 7,206,183

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, 2011

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 73,820	\$ (499,769)	\$ 435,754	\$ (19,083)	\$ (70,603)	\$ (79,881)	\$ (169,596)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	28,841	4,726,976	557,430	193,699	36,079	5,543,025	1,174,485
(Increase) decrease in							
Accounts receivable	147,893	11,769	375,226	2,488	-	537,376	(59,987)
Inventories	-	(17,338)	-	-	-	(17,338)	(3,840)
Due from other governments	-	16,861	(431,892)	-	-	(415,031)	-
Prepaid items	30	(2,367)	(25)	-	-	(2,362)	18,891
Increase (decrease) in							
Accounts payable	6,437	(49,767)	278,494	(828)	(12,142)	222,194	57,895
Accrued expenses	7,004	(3,582)	7,255	901	(965)	10,613	8,643
Increase in other liabilities	-	-	-	-	-	-	-
Deposits	-	6,711	-	2,244	-	8,955	-
Claims liabilities	-	-	-	-	-	-	(37,326)
Compensated absences / OPEB	15,008	21,615	45,763	1,299	220	83,905	1,166
Total adjustments	205,213	4,710,878	832,251	199,803	23,192	5,971,337	1,159,927
Net cash provided by (used in) operating activities	\$ 279,033	\$ 4,211,109	\$ 1,268,005	\$ 180,720	\$ (47,411)	\$ 5,891,456	\$ 990,331

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

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

Firefighters' Retirement 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, 2011

	Municipal Firefighters Pension Trust Fund
ASSETS	
Cash and cash equivalents	
Investments	
US Government Obligations	\$ 2,517,222
U.S. Government Agencies	1,908,748
Corporate Equities	10,305,567
Corporate Obligations	2,175,350
Foreign tax reclaims	489
Due from other governments	289,418
Prepaid items	1,091
Accrued interest/dividends receivable	50,089
Total assets	17,247,974
LIABILITIES	
Accounts payable	29,768
Deferred Revenue	63,767
Total liabilities	93,535
NET ASSETS	
Held in trust for pension benefits	\$ 17,154,439

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, 2011

	<u>Municipal Firefighters Pension Trust Fund</u>
ADDITIONS:	
Contributions	
Employer	\$ 744,000
Plan members	176,445
Excise tax rebate	289,418
Total contributions	<u>1,209,863</u>
Investment earnings	
Net depreciation in fair value of investments	(26,005)
Interest	204,870
Dividends	129,024
Total investment earnings	<u>307,889</u>
Less investment expenses	-
Net investment earnings	<u>307,889</u>
 Miscellaneous revenue	 <u>6,262</u>
 Total additions	 <u>1,524,014</u>
DEDUCTIONS:	
Benefits	981,508
Administrative expenses	180,326
 Total deductions	 <u>1,161,834</u>
 Change in net assets	 362,180
Net assets - beginning	16,792,259
 Net assets - ending	 <u><u>\$ 17,154,439</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 35,000 (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.

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

2. Municipal Firefighters' Pension Trust Fund (continued)

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 non-fiduciary 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, 2011

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 City 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* is a capital projects fund and 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.
- The *Solid Waste Fund* is an enterprise fund and accounts for the provision of solid waste services to the residents of the City and some County residents. All activities necessary to the provisions of this service are accounted for in this fund.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- The *Water/Sewer Utility Fund* is an enterprise fund and 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* is an enterprise fund and 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* is an enterprise fund and accounts for the financing, operation and maintenance of the City marina and the associated real property.
- The *Golf Course Fund* is an enterprise fund and 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* is a fiduciary fund and accounts for the activities of the Firefighters' Retirement Plan, which accumulates resources for pension benefit payments 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.

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 include 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.

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments (continued)

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 to be applied to a participant's account balance.

2. Receivables and Payables

Activity between funds that is representative of short-term lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds". All other outstanding balances between funds not expected to be repaid within the availability period 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."

Long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account categorized as nonspendable 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 and receivables for services delivered during the current fiscal year which will be billed during the next fiscal year.

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Property Taxes (continued)

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 not collectible. Uncollected property taxes at year-end are not considered likely to be collected. Therefore, the City recognizes an allowance against the entire outstanding delinquent property tax balance.

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, 2011 was 3.5597.

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.

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 categorized as nonspendable, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Accumulated Unused Compensated Absences (continued)

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, issuance costs, and any losses on the refunding of any bond issuances (loss on defeasance), are deferred and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. Loss on defeasance is the difference between the reacquisition price of the refunded debt and the net carrying amount at the time of the refunding. Bonds payable are reported net of the applicable unamortized bond premium or discount or deferred loss on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Postemployment 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 follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" by recognizing annual Other Postemployment Benefits (OPEB) expense and related obligations.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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

Communication service tax misallocation receivable is measurable, but not available, as of the end of the fiscal year and thus is shown as deferred revenue. Another portion of deferred revenue such as license fees and recreation receipts are deferred because the revenue has not been earned. The deferred revenue will be recognized as revenue in the fiscal year it is deemed earned or in the year that it becomes available.

12. Fund Balance

The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", during the fiscal year ended September 30, 2011. The requirements of this statement became effective for financial statement periods beginning after June 15, 2010. This GASB statement clarifies governmental fund balance classifications and fund balance definitions. It bases the divisions of fund balance on the types of constraints which limit the use of the resources reported in the governmental funds. The change in the governmental fund type definitions resulted in the elimination of certain previously reported special revenue funds. Refer to Note VI for further information on fund balance classifications.

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. Since they do not constitute expenditures or liabilities, encumbrances outstanding at year end are reported as restricted, committed, or assigned fund balances, depending on the nature of each encumbrance.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Net Assets

Net assets reported in the government-wide and proprietary fund financial statements 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 imposed by law through constitutional provisions or enabling 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 contributions or non-operating revenue, respectively, 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.

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 Water/Sewer Utility Fund for services rendered that benefit other funds. Both the General Fund and the Water/Sewer 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, 2011 are presented below.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES, EXPENDITURES AND EXPENSES (CONTINUED)

3. Administrative Charges (continued)

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

<u>Fund</u>	<u>Amount</u>
Solid Waste	\$ 406,776
Water/ Sewer Utility	1,110,990
Marina	36,462
Stormwater	129,545
Total	<u>\$ 1,683,773</u>

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

<u>Fund</u>	<u>Amount</u>
General	\$ 187,794
Solid Waste	11,483
Marina	11,483
Stormwater	135,821
Total	<u>\$ 346,581</u>

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 *total fund balance - 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 \$(16,095,768) difference are as follows:

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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 (CONTINUED)

Accrued Interest Payable	\$ (181,727)
Revenue Bonds Payable	(14,491,429)
Compensated Absences	(1,262,512)
Net OPEB Obligation	<u>(160,100)</u>
Net adjustment to reduce <i>total fund balance - governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (16,095,768)</u>

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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's investment policy and guidelines are defined by City ordinance. The written investment policy was revised, by City Commission approval, on February 18, 2010. 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 investment policy of the City of Dunedin Municipal Firefighters Pension Trust Fund was created and is periodically amended by the pension board.

a. Custodial Credit Risk – Cash and Investments

Custodial credit risk is defined as the risk that a government will not be able to recover deposits or the value of its investments in the event of a failure of a depository financial institution or a third party holding the investment securities. The City's investment policy requires that time deposits, demand deposits, savings accounts and non-negotiable certificates of deposit must be held by institutions organized under the laws of Florida and/or in national banks organized under the laws of the United States and doing business and situated in Florida as qualified public depositories, provided that any such deposits are secured and collateralized by the Florida Security for Public Deposits Act (Chapter 280, Florida Statutes). In addition, the policy requires all investment 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, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

a. Custodial Credit Risk – Cash and Investments (continued)

As of September 30, 2011, the book balance of the City's deposits was \$6,467,774 and the bank balance was \$6,627,133. The difference between the book balance and bank balance is due to outstanding checks and deposits in transit and other reconciling items. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the government entity for the loss.

The investment policy of the City of Dunedin Municipal Firefighters Pension Trust Fund (the Firefighters Pension Plan) requires all securities to be held by a third party custodian in the name of the Firefighters Pension Plan. 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 conclusion of the transaction.

Regions Morgan Keegan Trust (Regions) periodically holds uninvested cash in its capacity as custodian for the Firefighters Pension Plan. These funds exist temporarily as cash in the process of collection from the sale of securities. As of September 30, 2011, the Firefighters Pension Plan’s investments are managed under separate investment agreements with Rockwood Capital Advisors, LLC and Harding Loevner LP. These agreements give Regions the custodianship, but gives Rockwood Capital Advisors, LLC and Harding Loevner LP the authority to manage the investments. All securities held by Regions are in the name of the Firefighters Pension Plan.

b. Credit Risk

Credit risk is the risk resulting from potential default of investments that are not financially sound. The City’s investment policy limits credit risk by restricting authorized investments to include only the following types, along with the following minimum credit rating, where applicable:

- U.S. Treasury and Agency Securities
- Government Sponsored Enterprises (AAA/Aaa)
- Local Government Investment Pools (AAAm or equivalent)
- The State Board of Administration (SBA) or Florida PRIME (AAAm or equivalent)

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

b. Credit Risk (continued)

- General or Revenue Debt Obligations of State and Local Governments (AAA/Aaa)
- Money Market Mutual Funds (AAAm)
- Bank Deposits / Certificates of Deposit
- Corporate Debt Instruments and Commercial Paper (AA-/Aa3)
- Repurchase Agreements (A1+/P1/F1+)

The City's cash and cash equivalents consisted of the following as of September 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Percentage of Total</u>	<u>Weighted Average Duration (In Years)</u>
Money Market Funds	\$ 8,518,026	Aaa/AAAm	27.70%	
Florida SAFE	15,044,564	AAAm	48.92%	0.20
SBA - Florida PRIME	145,954	AAAm	0.47%	0.10
SBA - Fund B	576,009	Not Rated	1.87%	Not available
Cash in bank	6,467,774		21.03%	
Petty cash	3,412		0.01%	
Total Cash and Investments	<u>\$ 30,755,739</u>			

The SBA Pool experienced a liquidity crisis in November 2007 which caused the Pool to be frozen, due to downgrades in a portion of the Pool's investments. The Pool was eventually divided into two pools, currently Florida PRIME and Fund B. 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. Fund B is not rated by any nationally recognized statistical rating agency and consists of restructured or defaulted securities. As Fund B does not meet the requirement of a '2a-7 like' fund, the SBA has provided an adjustment to fair value based on the net asset value of the units outstanding.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

b. Credit Risk (continued)

Florida SAFE is a surplus asset trust fund, which was developed by and for Florida local governments. Florida SAFE adheres to the requirement to maintain a net asset value of \$.9975 per share or higher. Florida SAFE invests its proceeds in U.S. Government Agencies and Commercial Paper.

The Firefighters Pension Plan’s investment guidelines limit its fixed income investments to a credit quality rating of “A” or equivalent as rated by Moody’s or by Standard & Poor’s bond rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Investments held by the Firefighters Pension Plan are summarized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Percentage of Total</u>
U.S. Government Obligations	\$ 2,517,222	AA	14.89%
U.S. Government Agencies	1,908,748	AA	11.29%
Corporate Obligations	2,175,350	BAA-A	12.87%
Domestic Stocks	7,678,220		45.41%
International Stocks	2,414,711		14.28%
Temporary Investment Funds	212,636	AAA	1.26%
Total Pension Funds	<u>\$ 16,906,887</u>		

c. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the quantity of investment in a single issuer. To limit this risk, the City’s investment policy requires diversification of the portfolio with maximum limits on what can be invested per investment type. In addition to a maximum level of investment in aggregate by security type, no more than 25% of the City’s investment portfolio may be invested in a single issuer. The maximum concentration limits per investment type allowed by the City’s investment policy are as follows:

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

c. Concentration of Credit Risk (continued)

- U.S. Treasury and Agency Securities – 95%
- Government Sponsored Enterprises – 50%
- Local Government Investment Pools – 50%
- The State Board of Administration (SBA) or Florida PRIME – 5%
- General or Revenue Debt Obligations of State and Local Governments – 10%
- Money Market Mutual Funds – 25%
- Certificates of Deposit – 40%
- Corporate Debt Instruments and Commercial Paper – 10%
- Repurchase Agreements – 10%

The Firefighters Pension Plan’s policy limits investments in foreign fixed income or equity securities to 25% of the total portfolio. In addition, not more than 5% of the portfolio may be invested in common stock of any one issuing company. The Firefighters Pension Plan had no investments that individually represented 5% or more of the Plan’s net assets available for benefits as of September 30, 2011.

d. 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 time to maturity equates to greater exposure to interest rate risk. The City manages its exposure to fair value losses arising from increasing rates through its adopted investment policy. The City’s policy limits its fixed portfolio's weighted average maturity to 3 years and the duration of the overall portfolio to 5 years. All of the City’s fixed income investments had a weighted average maturity of less than one year.

The Firefighters Pension Plan’s investment policy limits the effective duration of its fixed income portfolios through the adoption of the Barclays Capital Aggregate Bond Index benchmark. The U.S. Government obligations had an effective duration of 2.9 years; the U.S. Government agencies had an effective duration of 1.7 years, and corporate obligations had an effective duration of 5.1 years.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

2. Receivables

Receivables, which include both accounts receivable and assessment receivables, as of the fiscal year ended September 30, 2011 for the City's individual major governmental and enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Other		Water/Sewer		Stormwater	Marina	Golf Course	Total
	General	Governmental	Solid Waste	Utility	Utility			
Receivables:								
Accounts Billed	\$ 194,131	\$ 16,004	\$ 273,768	\$ 671,585	\$ 782,414	\$ 11,352	\$ -	\$ 1,949,254
Accounts Unbilled	-	-	282,320	1,379,434	239,816	-	-	1,901,570
Special Assessments	-	-	-	94,559	-	-	-	94,559
Liens	-	-	36,865	51,274	-	-	-	88,139
Reclaimed Connection Fees	-	-	-	249,844	-	-	-	249,844
Gross Receivables	194,131	16,004	592,953	2,446,696	1,022,230	11,352	-	4,283,366
Less: Allowance for Uncollectibles	179,133	-	58,200	99,019	612,000	1,300	(709)	948,943
Net Total Receivables	<u>\$ 14,998</u>	<u>\$ 16,004</u>	<u>\$ 534,753</u>	<u>\$ 2,347,677</u>	<u>\$ 410,230</u>	<u>\$ 10,052</u>	<u>\$ 709</u>	<u>\$ 3,334,423</u>

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 General Fund was the only fund that reported deferred revenue. The *deferred revenue* reported in the General Fund consisted of the following:

	<u>General Fund</u>
Long-term receivable - Communication Services Tax	\$ 20,216
Recreation receipts not yet earned	18,370
License fees not yet earned	<u>104,405</u>
	<u>\$ 142,991</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 18,659,446	\$ 763,395	\$ -	\$ 19,422,841
Construction in Process	279,195	-	(119,418)	159,777
Total Capital not being Depreciated	<u>18,938,641</u>	<u>763,395</u>	<u>(119,418)</u>	<u>19,582,618</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	37,901,071	198,104	(10,136)	38,089,039
Infrastructure	7,686,719	347,607	(528,054)	7,506,272
Improvements other than Buildings	27,100,176	2,114,667	(82,656)	29,132,187
Machinery and Equipment	19,243,884	1,201,028	(740,885)	19,704,027
Total Capital Assets being Depreciated	<u>91,931,850</u>	<u>3,861,406</u>	<u>(1,361,731)</u>	<u>94,431,525</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(12,769,006)	(1,522,126)	9,689	(14,281,443)
Infrastructure	(1,743,675)	(169,277)	247,972	(1,664,980)
Improvements other than Buildings	(11,260,305)	(1,401,621)	82,915	(12,579,011)
Machinery and Equipment	<u>(12,977,085)</u>	<u>(1,468,431)</u>	<u>736,913</u>	<u>(13,708,603)</u>
Total Accumulated Depreciation	<u>(38,750,071)</u>	<u>(4,561,455)</u>	<u>1,077,489</u>	<u>(42,234,037)</u>
Total Capital Assets being Depreciated, net	<u>53,181,779</u>	<u>(700,049)</u>	<u>(284,242)</u>	<u>52,197,488</u>
Governmental Activities Capital Assets, net	<u>\$ 72,120,420</u>	<u>\$ 63,346</u>	<u>\$ (403,660)</u>	<u>\$ 71,780,106</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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
Business-type Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 1,628,896	\$ -	\$ -	\$ 1,628,896
Construction in Process	<u>727,643</u>	<u>2,756,223</u>	<u>(23,060)</u>	<u>3,390,134</u>
Total Capital not being Depreciated	<u>2,356,539</u>	<u>2,756,223</u>	<u>(23,060)</u>	<u>5,019,030</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	16,076,464	375,649	-	16,452,113
Improvements other than Buildings	110,596,602	1,400,404	(24,955)	111,972,051
Machinery and Equipment	<u>2,859,488</u>	<u>464,533</u>	<u>(136,570)</u>	<u>3,187,451</u>
Total Capital Assets being Depreciated	<u>129,532,554</u>	<u>2,240,586</u>	<u>(161,525)</u>	<u>131,611,615</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(13,679,338)	(809,512)	-	(14,488,850)
Improvements other than Buildings	(59,507,138)	(4,570,721)	2,771	(64,075,088)
Machinery and Equipment	<u>(2,037,933)</u>	<u>(162,792)</u>	<u>133,445</u>	<u>(2,067,280)</u>
Total Accumulated Depreciation	<u>(75,224,409)</u>	<u>(5,543,025)</u>	<u>136,216</u>	<u>(80,631,218)</u>
Total Capital Assets being Depreciated, net	<u>54,308,145</u>	<u>(3,302,439)</u>	<u>(25,309)</u>	<u>50,980,397</u>
Business-type Activities Capital Assets, net	<u>\$ 56,664,684</u>	<u>\$ (546,216)</u>	<u>\$ (48,369)</u>	<u>\$ 55,999,427</u>

Current year increases to Construction in Progress includes \$151,423 of interest costs that were capitalized in the Water/Sewer Utility and Stormwater Utility funds. Also, Construction in Progress in the amount of \$142,478 was transferred to other capital asset categories for both governmental and business-type activities during the fiscal year ended September 30, 2011.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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	\$ 897,854
Public Safety	306,596
Transportation	311,087
Culture and Recreation	1,871,433
Internal Service Funds	1,174,485
Total Depreciation Expense	<u>\$ 4,561,455</u>

Business-type Activities:

Solid Waste	28,841
Water/Sewer Utility	4,726,976
Stormwater Utility	557,430
Marina	193,699
Golf Course	36,079
Total Depreciation Expense	<u>\$ 5,543,025</u>

c. Construction contracts

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

	<u>September 30, 2011</u>	
	<u>Estimated Project Amount</u>	<u>Construction in Progress</u>
Governmental Activities:		
The City contracted for construction of improvements at the intersection of Highland Ave. and Main Street	\$ 355,000	\$ 142,338
The City has hired an architect to begin the design process for a new concession building at Fisher Field.	406,214	17,439
Total Governmental Activities	<u>\$ 761,214</u>	<u>\$ 159,777</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

3. Capital Assets (Continued)

c. Construction contracts (continued)

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

	September 30, 2011	
	Estimated Project Amount	Construction in Progress
Utility Fund:		
The City contracted for the construction of new utilities along the Dunedin Causeway.	\$ 2,500,000	\$ 927,468
Total Utility Fund	\$ 2,500,000	\$ 927,468
Stormwater Fund:		
The City has contracted for construction services related to a drainage project at Dunedin Isles.	\$ 2,800,000	\$ 2,249,115
The City contracted for the construction of improvements to the Orangewood Storm Drainage System.	2,800,000	244,085
The City contracted for the construction of improvements to the Bayshore Drive Drainage Filter System	800,000	40,138
Total Stormwater Fund	\$ 6,400,000	\$ 2,533,338
Total Enterprise Funds	\$ 8,900,000	\$ 3,460,806

4. Interfund transfers

	Transfers In:					
	General	Non Major Governmental	Stormwater Fund	Golf Course	Internal Service	Total
Transfers Out:						
General	\$ -	\$ 1,283,012	\$ -	\$ 278,985	\$ 64,801	\$ 1,626,798
One Cent Sales Tax	-	235,000	320,000	-	-	555,000
Non Major Governmental	150,000	28,000	-	59,089	-	237,089
Solid Waste	-	-	598,300	-	-	-
Total Transfers	\$ 150,000	\$ 1,546,012	\$ 918,300	\$ 338,074	\$ 64,801	\$ 2,418,887

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

4. Interfund transfers (continued)

Of the \$1,626,798 transferred out of the General Fund, \$1,171,295 was made for a variety of capital projects and repair and maintenance, \$111,717 was made for debt service payments, \$278,985 was used to subsidize golf course operations, and the remaining of \$64,801 represents the annual facilities subsidy that is shared by multiple departments. Transfers out of the One Cent Sales Tax Fund totaling \$555,000 were made to subsidize a variety of capital projects, including parks and recreation, Dunedin Stadium, stormwater activities, and the purchase of fire equipment. The \$598,300 transferred out of the Solid Waste Fund was to support stormwater projects.

There were no short term or long term interfund loans as of September 30, 2011.

B. LONG-TERM DEBT

The following presents the long-term debt during the fiscal year ended September 30, 2011:

1. Capital Leases

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. Accumulated depreciation for this lease is \$900,069.

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. Accumulated depreciation for this lease is \$205,261.

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. Accumulated depreciation for this lease is \$327,047.

On October 29, 2011, the City entered into a lease-purchase agreement to finance \$994,655 in vehicles. This five-year capital lease has a 3.43% interest rate and provides for annual payments of \$213,793. Accumulated depreciation for this lease is \$35,915.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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, 2011 were as follows:

Year	Governmental Activities
2012	\$ 748,252
2013	506,506
2014	429,270
2015	429,270
2016	213,792
Total Minimum Lease Payments	2,327,090
Less: Amount Representing Interest	152,850
Present Value of Future Minimum Lease Payments	<u>\$ 2,174,240</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 was higher 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, 2011**

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 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	<u>\$ 96,630</u>
Amount Outstanding at September 30, 2011	<u><u>\$ 92,337</u></u>

The schedule of future debt service requirements for the assessment bond at September 30, 2010 was as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2012	<u>\$ 92,337</u>	<u>\$ 4,294</u>
	<u><u>\$ 92,337</u></u>	<u><u>\$ 4,294</u></u>

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).

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

a. Spring Training Facility Revenue Notes, Series 2001 (continued)

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, 2011	<u>\$ 3,560,290</u>	<u>\$ 652,197</u>	<u>\$ 1,792,209</u>

b. Toronto Blue Jays Revenue Note; Series 2002:

During fiscal years 2001 and 2002, the City incurred additional costs to construct the Spring Training Facilities. The City issued the Toronto Blue Jays Revenue Note for \$250,000 at an interest rate of 5% to partially finance the above project on September 6, 2002. The remaining principal balance relating to this debt was paid during the fiscal year ended September 30, 2011.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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. The project 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.

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, 2011	<u>\$ 109,672</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.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

d. Capital Improvement Revenue Note, Series 2003 (continued):

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:	\$ 106,652
Amount Outstanding at September 30, 2011	<u>\$ 227,034</u>

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 City Community Center and other capital projects. The City's Sales Tax Revenues are pledged as collateral.

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:	\$ 730,000
Amount Outstanding at September 30, 2011	<u>\$ 8,150,000</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.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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):

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.
 - 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.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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):

- 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.

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.

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, 2011		
Series 1993	\$	1,445,000
Series 2006		3,185,000
Total	\$	<u>4,630,000</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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:

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.

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.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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):
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:	\$	<u>283,095</u>
Amounts Outstanding at September 30, 2011	\$	<u>486,656</u>

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.

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 <u>of \$340,743</u>
Amounts Outstanding at September 30, 2011	\$	<u>15,634,000</u>

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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
2012	\$ 1,404,108	\$ 615,996	\$ 344,153	\$ 275,085
2013	1,357,298	549,730	1,696,817	860,306
2014	1,350,521	481,527	1,558,021	783,261
2015	1,384,894	414,710	1,870,000	711,767
2016	1,194,447	346,953	270,000	670,153
2017-2021	4,570,161	1,133,402	5,371,754	2,843,573
2022-2026	3,230,000	341,882	6,649,149	1,566,186
2027-2028	-	-	3,083,099	203,023
Total	\$ 14,491,429	\$ 3,884,200	\$ 20,842,993	\$ 7,913,354

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, 2011, along with the credit rating of the associated counterparty.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counter-party Credit Rating
Pay- fixed interest	Hedge of changes in cash flows in the Utility	\$ 3,185,000	4/1/2006	10/1/2014	Pay 3.7%; receive	Aaz/AA-
Rate swap	System Refunding Revenue Bonds, Series 2006 Binds specifically related to changes in municipal tax-exempt interest rates				63.710% of LIBOR plus .055%	

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011 was (\$272,205).

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. The fixed interest rate the City pays on its hedge is 3.7 percent, while the variable rate that the City receives is 63.71 percent of LIBOR plus .55% is .69 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.

Derivative Instruments Payments and Hedged Debt:

As of September 30, 2011, the aggregate debt service requirement of the City's debt and net receipts/payments on associated hedge derivative instrument is as presented below. These amounts assume that current interest rates on variable-rate bond and the current reference rates of the hedge derivative instrument will remain the same for their term.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

4. Hedging Derivative Investment (continued)

As these rates vary, interest payments on the variable-rate bond and net receipts/payments on the hedge derivative instrument will vary.

Year	Principal	Interest	Hedging Derivative, net	Total
2012	\$ 10,000	\$ 118,621	\$ 118,561	\$ 224,629
2013	10,000	117,919	96,011	223,296
2014	1,555,000	89,643	67,653	1,711,815
2015	1,610,000	30,281	18,869	1,659,131
Total	<u>\$ 3,185,000</u>	<u>\$ 356,464</u>	<u>\$ 301,094</u>	<u>\$ 3,818,870</u>

5. Changes in Long-Term Liabilities

Long-term liability activities for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 1,657,493	\$ 994,655	\$ (477,908)	\$ 2,174,240	\$ 685,951
Bonds and Notes Payable	16,075,706	-	(1,584,277)	14,491,429	1,404,128
Estimated Claims and Judgments	180,718	268,614	(305,940)	143,392	-
Compensated absences	1,371,503	113,500	-	1,485,003	176,962
Net OPEB Obligation	124,131	51,850	-	175,981	-
Governmental Activity Long-Term Liabilities	<u>\$ 19,409,551</u>	<u>\$ 1,428,619</u>	<u>\$ (2,368,125)</u>	<u>\$ 18,470,045</u>	<u>\$ 2,267,041</u>
Business-Type Activities:					
Special Assessment Debt with Government Commitment	\$ 180,570	-	\$ (88,233)	\$ 92,337	\$ 92,337
Bonds and Notes Payable	23,665,139	-	(2,914,484)	20,750,655	344,154
Deferred Amounts for:					
Unamortized Premiums	138,816	-	(34,704)	104,112	-
Loss on Refunding	(695,024)	173,756	-	(521,268)	-
Total Utility System Revenue Bonds	23,108,931	173,756	(2,949,188)	20,333,499	344,154
Compensated Absences	1,011,420	54,079	-	1,065,499	-
Net OPEB Obligation	68,897	29,826	-	98,723	-
Business-Type Activity Long-Term Liabilities	<u>\$ 24,369,818</u>	<u>\$ 257,661</u>	<u>\$ (3,037,421)</u>	<u>\$ 21,590,058</u>	<u>\$ 344,154</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

5. Changes in Long-Term Liabilities (continued)

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, \$222,491 and \$15,782 of internal service funds' compensated absences and net OPEB obligation, respectively, are included in the above amounts. The General Fund has historically been used to liquidate the net pension obligation or increase the net pension asset. Conversely, The net OPEB obligation has been liquidated by all of the City's funds in the form of health insurance premiums paid. The amount paid by each fund is derived from the number of employees in each fund.

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 (PERS).

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. 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.

FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Annual cost of living adjustments are based on the participant's years of service prior to July 1, 2011. 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.

Benefits are computed on the basis of age, average final compensation, and service credit. Regular class employees who retire at or after age 65 with 8 years of credited service (age 62 with 6 years of service if enrolled prior to July 1, 2011) regardless of age are entitled to a retirement benefit payable monthly for life equal to 1.6% to 1.68% (depending on their service class) of their average final compensation for each year of credited service. Final average compensation is the employee's average of the five highest years of salary earned during credited service.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

1. Florida Retirement System (continued)

Vested employees with less than 33 years of service (30 years of service if enrolled prior to July 1, 2011), may retire before normal retirement age and receive benefits that are reduced 5% for each year prior to normal retirement age or date. A post-employment health insurance subsidy is also provided to eligible retired employees through the FRS in accordance with Florida Statutes.

For employees who elect participation in the Investment Plan instead of the Pension Plan, vesting occurs after one year of service. These participants receive a contribution for self-direction in an investment product with a third party administrator selected by the State Board of Administration.

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%.

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.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

1. Florida Retirement System (continued)

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).

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. The FRS requires a 3% contribution for members effective July 1, 2011. Governmental employers are required to make contributions based on statewide rates. The FRS establishes contributions based on the state fiscal year, which begins July 1st. For the period of October 1, 2010 to June 30, 2011, and July 1, 2011 to September 30, 2011, the contribution rates, by job class, were as follows: regular employees 10.77% and 4.91%, elected officials 18.64% and 11.14%, senior management 14.57% and 6.27%, and DROP participants 12.25% and 4.42%, respectively. 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, 2011, 2010 and 2009 were \$500,073, \$541,280, and \$561,276, 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:

Group	September 30, 2011
Service retirees and DROP retirees	30
Disability retirees	8
Beneficiaries	3
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members	52
Total	<u>94</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

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 her 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.

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.

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. Investments are measured at fair value based on quoted market prices for securities held by the Plan.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters' Retirement Fund (continued)

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 recognized these on-behalf payments from the State totaling \$283,050 as revenues and expenditures within the general fund of the governmental fund financial statements, as well as within governmental activities of the government-wide financial statements.

The City's Annual Pension Cost and Net Pension Obligation for the year ended September 30, 2011 is as follows:

Annual required employer contributions	\$ 816,780
Interest on net pension obligation	(7,768)
Adjustment to annual required contribution	5,640
Annual pension cost	814,652
Contributions made	1,027,050
Increase (decrease) in net pension obligation	(212,398)
Net pension obligation (asset), beginning of year	(100,240)
Net pension obligation (asset), end of year	\$ (312,638)

The annual required contribution for current year was determined as part of an 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), which included an inflation component of 3.50%. The assumptions did not include a post-retirement cost of living adjustment.

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters' Retirement Fund (continued)

<u>Three Year Trend Information</u>			
<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2011	\$ 814,652	100.3%	\$ (102,367)
9/30/2010	717,760	100.3%	(100,240)
9/30/2009	706,111	99.7%	(98,156)

Information about the funded status of the Plan, as of October 1, 2011, the most recent actuarial valuation date, is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Funded) Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as Percentage of Covered Payroll ([b-a]/c)</u>
2011	\$ 18,361,923	\$ 20,442,979	\$ 2,081,056	90%	\$ 3,287,502	63%

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

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 Great West under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2011, 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 OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

3. Defined Contribution Plan (continued)

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, 2011 was \$16,471,982. The City's contributions were calculated using the participant's salary amount of \$7,584,887. The City's contributions to the Plan for the years ended September 30, 2011, 2010, and 2009 were \$747,133 (including \$57,805 in forfeitures used), \$676,646, and \$743,365, respectively.

B. 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 \$350,000 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, 2011

NOTE V – OTHER INFORMATION (CONTINUED)

B. SELF INSURANCE PROGRAM (CONTINUED)

The current claims liability of \$143,392 reported in the Fund at September 30, 2011, 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. Changes in the Fund's claims liability amount during the year ended September 30, 2011, are as follows:

	Workers Compensation	Property and Liability	Total
Claims reserve, September 30,2009	\$ 267,123	\$ 94,103	\$ 361,226
Plus: Incurred claims and reserve adjustments	(10,227)	144,085	133,858
Less: Paid claims and reserve adjustments	(117,076)	(197,290)	(314,366)
Claims reserve, September 30, 2010	139,820	40,898	180,718
Plus: Incurred claims and reserve adjustments	158,881	109,733	268,614
Less: Paid claims and reserve adjustments	(204,574)	(101,366)	(305,940)
Claims reserve, September 30, 2011	<u>\$ 94,127</u>	<u>\$ 49,265</u>	<u>\$ 143,392</u>

C. POST-EMPLOYMENT BENEFITS

GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)”, established accounting standards for postretirement benefits. The 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.

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 the latest actuarial valuation date, a total of 323 active employees and 19 retired, inactive employees were participating in the City’s health program.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE V – OTHER INFORMATION (CONTINUED)

C. 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 since 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)	\$ 148,037
Interest on Net OPEB Obligation	7,721
Adjustment to ARC	(7,671)
Annual OPEB Cost	148,087
Contributions made (pay-as-you-go basis)	66,411
Increase in Net OPEB Obligation	81,676
Net OPEB Obligation, beginning of year	193,028
Net OPEB Obligation, end of year	\$ 274,704

The City's three year trend information, consisting of annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011, 2010, and 2009, are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2011	\$ 148,087	44.8%	\$ 274,704
9/30/2010	152,895	36.1%	193,028
9/30/2009	145,526	34.5%	95,339

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE V – OTHER INFORMATION (CONTINUED)

C. POST-EMPLOYMENT BENEFITS (CONTINUED)

As of October 1, 2011, the most recent actuarial valuation date (with results that were projected backwards to September 30, 2010 on a “no loss/no gain” basis), the actuarial accrued liability (AAL) for benefits was \$1,558,587, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,558,587. The ratio of the UAAL to covered payroll of \$14,832,590 is 10.5%.

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.

Actuarial 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:

Valuation Date	10/1/2011 (with results that were projected backwards to October 1, 2010 on a “no loss/no gain” basis)
Actuarial Cost Method	Projected Unit Credit with Linear to Decrement
Amortization Period	30 years
Amortization Method	Level Percent of Pay Over 30 Years Based on an Open Group
Discount Rate	4.00% Unfunded
Inflation Rate	3.00%
CPI	3.00%
Healthcare Cost Trend	10% (grading down to 5% in 2022)
Payroll Growth Rate	3.00% per year

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE V – OTHER INFORMATION (CONTINUED)

D. 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.

E. 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.

NOTE VI – NEW FUND BALANCE REPORTING

The City implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended September 30, 2011. This pronouncement adds clarity and consistency to fund balance classifications and categories, making the statements more useful by clarifying the presentation of available resources.

Due to the implementation of GASB No. 54, the components of the fund balances of governmental funds now reflect the classifications described below.

Non Spendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to remain intact.

The City's non spendable fund balance consisted of inventories in the General Fund of \$2,327 and prepaid items in the General Fund and Community Redevelopment Fund of \$12,948 and \$742, respectively.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE VI – NEW FUND BALANCE REPORTING (CONTINUED)

Below represents the detail comprising the City’s restricted fund balance:

General Fund		Other Governmental Funds	
Perpetual Care	\$ 242,652	Capital Improvement	\$ 862,573
Housing	155,171	Government Grants	1,692
Public Safety	58,299	Dunedin Stadium	26,088
Bequests	171,266	Public Library Operation	47,932
Total	<u>\$ 627,388</u>	Community Redevelopment	1,369,341
		Debt Service	2,647
		Transportation	371,616
		Total	<u>\$ 2,681,889</u>

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the City Commission, which is the City’s highest level of decision making authority, with formal action occurring prior to the City’s fiscal year-end. Commitments may be modified or removed only by the City Commissioners taking the same formal action (such as ordinance or resolution) that imposed the constraint originally.

The City’s committed fund balance consists of multi-year capital improvement projects that were evaluated and approved for expenditure by the City Commission via formal resolution.

Assigned Fund Balance – Includes spendable fund balance amounts established by an official authorized by the City Commission that are intended to be used for specific purposes that are neither considered restricted or committed

Below represents the detail comprising the City’s assigned fund balance:

General Fund	
Dunedin Fine Arts Center	\$ 2,038
Dunedin Historical Society	4,401
Encumbrances	40,416
Subsequent Year's Budget	1,974,068
Total	<u>\$ 2,020,923</u>

Unassigned Fund Balance – This is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except for the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

NOTE VI – NEW FUND BALANCE REPORTING (CONTINUED)

Regarding spending priorities, the City's formally adopted fund balance policy does not address prioritization among fund balance categories. However, it is assumed that restricted funds will be spent first unless there are legal documents that prohibit doing this, such as grant agreements. For unrestricted fund balance amounts, committed would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Upon implementing GASB No. 54, two funds, the Dunedin Historical Society and the Dunedin Fine Arts Center, which had been separately reported as special revenue funds, were eliminated and closed into the General Fund. As a result, the restated beginning fund balance in the General Fund increased by \$2,796 to \$8,732,417. The restated beginning fund balance of Other Governmental Funds decreased by \$2,796 to \$4,166,217, due to the elimination of the Dunedin Historical Society and Dunedin Fine Arts Center as special revenue funds.

NOTE VII – PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2011, the City discovered that additions to the City's infrastructure (consisting of street and sidewalk resurfacing projects) had not been recorded as capital assets on the City's government-wide financial statements for a number of years. The capital outlay expenditures had properly been recorded to the City's fund financial statements, but the assets were never recorded and subsequently depreciated within the governmental activities on the government-wide statement of net assets, once the resurfacing projects had been completed. A prior period adjustment in the amount of \$2,370,513 was necessary to recognize these infrastructure assets in the proper period. Previously reported net assets of governmental activities within the government-wide financial statements as of September 30, 2010 were \$67,740,838. As a result of this adjustment to increase beginning net assets relating to understated infrastructure assets from the prior period, restated net assets as of September 30, 2010 are \$70,120,174.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DUNEDIN, FLORIDA
SCHEDULES OF FUNDING PROGRESS
SEPTEMBER 30, 2011**

Municipal Firefighters' Pension Trust Fund

As Of	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
10/01/11	\$ 18,361,923	\$ 20,442,979	\$ 2,081,056	89.8%	\$ 3,287,502	63.3%
10/01/10	18,006,457	20,313,740	2,307,283	88.6%	3,395,469	68.0%
10/01/09	17,499,363	19,389,838	1,890,475	90.3%	3,331,281	56.7%
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 Evaluation 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
10/01/11	\$ -	\$ 1,558,587	\$ 1,558,587	0.0%	\$ 14,832,590	10.5%
10/01/09	-	1,408,719	1,408,719	0.0%	15,825,548	8.9%

**CITY OF DUNEDIN, FLORIDA
SCHEDULES OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2011**

Municipal Firefighters' Pension Trust Fund

Fiscal Year	Annual Required Contribution	Actual City Contribution	State Contribution *	Percentage Contributed
2011	\$ 816,780	\$ 744,000	\$ 283,050	104%
2010	719,844	617,046	102,798	100%
2009	704,462	601,664	102,798	100%
2008	642,825	540,027	102,798	100%
2007	624,664	521,866	102,798	100%
2006	545,644	442,846	102,798	100%
2005	469,459	366,661	102,798	100%
2004	354,870	252,072	102,798	100%

* "Frozen" pursuant to the provisions of Chapter 175, F.S., as amended

Other Postemployment Benefits

Fiscal Year	City Contribution	Annual Required Contribution	Percentage Contributed
2011	\$ 66,411	\$ 148,037	44.9%
2010	55,206	152,872	36.1%
2009	50,187	145,526	34.5%

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.

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.

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.

City of Dunedin, Florida
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2011

	Special Revenue						
	Government Grants	Dunedin Stadium	Impact Fees	Library Co-Op	Community Redevelopment Agency	G. Koutsourias Youth	Special Revenue Total
ASSETS							
Cash and cash equivalents	\$ 4	2	\$ 487,699	\$ 66,112	\$ 1,418,011	\$ 16,555	\$ 1,988,383
Accounts Receivable	-	1,364	-	-	14,640	-	16,004
Due from other governments	11,216	24,832	-	-	-	-	36,048
Prepaid items	-	-	-	-	742	-	742
Accrued interest receivable	-	-	-	-	-	-	-
Deposits	-	500	-	-	-	-	500
Advances to other funds	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 11,220</u>	<u>\$ 26,698</u>	<u>\$ 487,699</u>	<u>\$ 66,112</u>	<u>\$ 1,433,393</u>	<u>\$ 16,555</u>	<u>\$ 2,041,677</u>
LIABILITIES							
Accounts payable	\$ 9,528	110	-	\$ 3,256	\$ 45,554	-	\$ 58,448
Contracts payable	-	-	900	-	9,007	-	9,907
Accrued salaries payable	-	-	-	14,924	7,749	-	22,673
Deposits payable	-	500	-	-	1,000	-	1,500
Deferred revenue	-	-	-	-	-	-	-
Internal balances	-	-	-	-	-	-	-
Due to other governments	-	-	15,487	-	-	-	15,487
Total liabilities	<u>9,528</u>	<u>610</u>	<u>16,387</u>	<u>18,180</u>	<u>63,310</u>	<u>-</u>	<u>108,015</u>
FUND BALANCES							
Non Spendable Balance	-	-	-	-	742	-	742
Restricted Balance	1,692	26,088	471,312	47,932	1,369,341	16,555	1,932,920
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Unrestricted Balance	-	-	-	-	-	-	-
Total fund balances	<u>1,692</u>	<u>26,088</u>	<u>471,312</u>	<u>47,932</u>	<u>1,370,083</u>	<u>16,555</u>	<u>1,933,662</u>
Total liabilities and fund balances	<u>\$ 11,220</u>	<u>\$ 26,698</u>	<u>\$ 487,699</u>	<u>\$ 66,112</u>	<u>\$ 1,433,393</u>	<u>\$ 16,555</u>	<u>\$ 2,041,677</u>

City of Dunedin, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Capital Improvement	Debt Service Total
<u>ASSETS</u>		
Cash and cash equivalents	2,647	2,647
Due from other governments	-	-
Prepaid items	-	-
Accrued interest receivable	-	-
Deposits	-	-
Advances to other funds	-	-
Total assets	<u>2,647</u>	<u>2,647</u>
<u>LIABILITIES</u>		
Accounts payable	-	-
Contracts payable	-	-
Accrued salaries payable	-	-
Deposits payable	-	-
Total liabilities	-	-
<u>FUND BALANCES</u>		
Non Spendable Balance	-	-
Restricted Balance	2,647	2,647
Committed	-	-
Assigned	-	-
Unassigned	-	-
Unrestricted Balance	-	-
Total fund balances	<u>2,647</u>	<u>2,647</u>
Total liabilities and fund balances	<u>2,647</u>	<u>2,647</u>

City of Dunedin, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	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	Capital Projects Total	
<u>ASSETS</u>								
Cash and cash equivalents	\$ 78,902	\$ 328,479	\$ 312,074	\$ 262,192	\$ 981,647	\$ 2,972,677		
Accounts Receivable	-	-	-	-	-	16,004		
Due from other governments	-	75,136	45,454	-	120,590	156,638		
Prepaid items	-	-	-	-	-	742		
Accrued interest receivable	-	-	-	-	-	-		
Deposits	-	-	-	-	-	500		
Advances to other funds	-	-	-	-	-	-		
Total assets	<u>\$ 78,902</u>	<u>\$ 403,615</u>	<u>\$ 357,528</u>	<u>\$ 262,192</u>	<u>\$ 1,102,237</u>	<u>\$ 3,146,561</u>		
<u>LIABILITIES</u>								
Accounts payable	\$ -	\$ 13,433	\$ -	\$ 15,690	\$ 29,123	\$ 87,571		
Contracts payable	-	18,566	200	-	18,766	28,673		
Accrued salaries payable	-	-	-	-	-	22,673		
Deposits payable	-	-	-	-	-	1,500		
Due to other governments	-	-	-	-	-	15,487		
Total liabilities	-	<u>31,999</u>	<u>200</u>	<u>15,690</u>	<u>47,889</u>	<u>155,904</u>		
<u>FUND BALANCES</u>								
Non Spendable Balance	-	-	-	-	-	742		
Restricted Balance	78,902	371,616	-	-	450,518	2,386,085		
Committed	-	-	357,328	246,502	603,830	603,830		
Assigned	-	-	-	-	-	-		
Unassigned	-	-	-	-	-	-		
Unrestricted Balance	-	-	357,328	246,502	603,830	603,830		
Total fund balances	<u>78,902</u>	<u>371,616</u>	<u>357,328</u>	<u>246,502</u>	<u>1,054,348</u>	<u>2,990,657</u>		
Total liabilities and fund balances	<u>\$ 78,902</u>	<u>\$ 403,615</u>	<u>\$ 357,528</u>	<u>\$ 262,192</u>	<u>\$ 1,102,237</u>	<u>\$ 3,146,561</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, 2011

	Special Revenue						
	Government Grants	Dunedin Stadium	Impact Fees	Library Co-Op	Community Redevelopment Agency	G. Koutsourias Youth	Special Revenue Total
REVENUES							
Taxes:							
Property	\$ -	-	\$ -	-	\$ 413,714	-	\$ 413,714
Intergovernmental revenues	-	797,984	-	292,963	-	-	1,090,947
Charges for services	-	306,117	-	-	-	-	306,117
Impact fees	-	-	18,399	-	-	-	18,399
Investment earnings (loss)	(2)	(76)	3,216	342	5,730	71	9,281
Contributions and donations	-	-	-	-	20,865	3,260	24,125
Other revenue / grants	11,216	37	9,164	-	52,580	-	72,997
Total revenues	<u>11,214</u>	<u>1,104,062</u>	<u>30,779</u>	<u>293,305</u>	<u>492,889</u>	<u>3,331</u>	<u>1,935,580</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Economic environment	-	-	-	-	409,780	-	409,780
Culture and recreation	-	240,292	10,000	459,942	-	8,455	718,689
Capital projects:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Transportation	11,216	-	20,202	-	-	-	31,418
Economic environment	-	-	-	-	300,327	-	300,327
Culture and recreation	-	-	763,395	77,944	-	-	841,339
Debt service:							
Principal	-	875,130	-	-	-	-	875,130
Interest	-	343,317	49	-	-	-	343,366
Aids and grants	-	-	-	-	46,923	-	46,923
Total expenditures	<u>11,216</u>	<u>1,458,739</u>	<u>793,646</u>	<u>537,886</u>	<u>757,030</u>	<u>8,455</u>	<u>3,566,972</u>
Excess of revenues over (under) expenditures	<u>(2)</u>	<u>(354,677)</u>	<u>(762,867)</u>	<u>(244,581)</u>	<u>(264,141)</u>	<u>(5,124)</u>	<u>(1,631,392)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,400	556,433	29,000	197,726	39,492	-	824,051
Transfers out	-	(125,000)	(5,000)	-	(25,000)	-	(155,000)
Total other financing sources (uses)	<u>1,400</u>	<u>431,433</u>	<u>24,000</u>	<u>197,726</u>	<u>14,492</u>	<u>-</u>	<u>669,051</u>
Net change in fund balances	1,398	76,756	(738,867)	(46,855)	(249,649)	(5,124)	(962,341)
Fund balances - beginning	294	(50,668)	1,210,179	94,787	1,619,732	21,679	2,896,003
Fund balances - ending	<u>1,692</u>	<u>26,088</u>	<u>471,312</u>	<u>47,932</u>	<u>1,370,083</u>	<u>16,555</u>	<u>1,933,662</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, 2011

	Debt Service	
	Capital Improvement	Debt Service Total
REVENUES		
Taxes:		
Property	-	\$ -
Intergovernmental revenues	-	-
Charges for services	-	-
Fines and forfeitures	-	-
Impact fees	-	-
Investment earnings / (loss)	215	215
Assessments	-	-
Rents	-	-
Contributions and donations	-	-
Other revenue	-	-
Total revenues	<u>215</u>	<u>215</u>
EXPENDITURES		
Current:		
General government	-	-
Public safety	-	-
Transportation	-	-
Economic environment	-	-
Culture and recreation	-	-
Debt service:		
Principal	208,432	208,432
Interest	13,040	13,040
Capital outlay:		
General government	-	-
Public safety	-	-
Transportation	-	-
Economic environment	-	-
Culture and recreation	-	-
Aids and grants	-	-
Total expenditures	<u>221,472</u>	<u>221,472</u>
Revenues over (under) expenditures	<u>(221,257)</u>	<u>(221,257)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in		
Transfers out	111,717	111,717
Total other financing sources (uses)	<u>111,717</u>	<u>111,717</u>
Net change in fund balances	(109,540)	(109,540)
Fund balances - beginning	112,187	112,187
Fund balances - ending	<u>\$ 2,647</u>	<u>\$ 2,647</u>

City of Duneedin, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2011

	Capital Projects					Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Parks & Recreation Capital Improvement	Capital Improvement	Capital Projects Total	
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 413,714
Intergovernmental revenues	-	468,785	48,310	-	517,095	1,608,042
Charges for services	-	-	-	-	-	306,117
Fines and forfeitures	-	-	-	-	-	-
Impact fees	-	-	-	-	-	18,399
Investment earnings / (loss)	228	1,573	1,146	951	3,898	13,394
Contributions and donations	-	-	10,000	-	10,000	34,125
Other revenue	-	-	-	-	-	72,997
Total revenues	<u>228</u>	<u>470,358</u>	<u>59,456</u>	<u>951</u>	<u>530,993</u>	<u>2,466,788</u>
EXPENDITURES						
Current:						
General government	-	-	-	28,256	28,256	28,256
Public safety	-	-	-	4,675	4,675	4,675
Transportation	-	19,880	-	-	19,880	19,880
Economic environment	-	-	-	-	-	409,780
Culture and recreation	-	-	22,659	-	22,659	741,348
Capital projects:						
General government	-	-	-	103,492	103,492	103,492
Public safety	-	-	-	17,274	17,274	17,274
Transportation	-	586,945	-	-	586,945	618,363
Economic environment	-	-	-	-	-	300,327
Culture and recreation	93,906	-	285,740	-	379,646	1,220,985
Debt service:						
Principal	-	-	-	-	-	1,083,562
Interest	-	-	-	-	-	356,406
Aids and grants	-	-	-	-	-	46,923
Total expenditures	<u>93,906</u>	<u>606,825</u>	<u>308,399</u>	<u>153,697</u>	<u>1,162,827</u>	<u>4,951,271</u>
Revenues over (under) expenditures	<u>(93,678)</u>	<u>(136,467)</u>	<u>(248,943)</u>	<u>(152,746)</u>	<u>(631,834)</u>	<u>(2,484,483)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	130,000	-	293,244	187,000	610,244	1,546,012
Transfers out	-	-	(82,089)	-	(82,089)	(237,089)
Total other financing sources (uses)	<u>130,000</u>	<u>-</u>	<u>211,155</u>	<u>187,000</u>	<u>528,155</u>	<u>1,308,923</u>
Net change in fund balances	36,322	(136,467)	(37,788)	34,254	(103,679)	(1,175,560)
Fund balances - beginning	42,580	508,083	395,116	212,248	1,158,027	4,166,217
Fund balances - ending	<u>\$ 78,902</u>	<u>\$ 371,616</u>	<u>\$ 357,328</u>	<u>\$ 246,502</u>	<u>\$ 1,054,348</u>	<u>\$ 2,990,657</u>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Grants - federal	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(2)	(2)
Total revenues	<u>-</u>	<u>-</u>	<u>11,214</u>	<u>11,214</u>
<u>EXPENDITURES</u>				
Capital outlay:				
Public safety	-	12,008	11,216	792
Aids and grants	-	-	-	-
Total expenditures	<u>-</u>	<u>12,008</u>	<u>11,216</u>	<u>792</u>
Revenues over (under) expenditures	<u>-</u>	<u>(12,008)</u>	<u>(2)</u>	<u>12,006</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	-	1,400	1,400
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
Net change in fund balance	-	(12,008)	1,398	13,406
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>294</u>	<u>294</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ (12,008)</u>	<u>\$ 1,692</u>	<u>\$ 13,700</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services:				
Blue Jay ticket sales	\$ 225,000	\$ 225,000	\$ 277,415	\$ 52,415
Parking/concessions	25,000	25,000	28,702	3,702
Intergovernmental revenues	797,984	797,984	797,984	-
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(76)	(76)
Other miscellaneous revenue	-	-	37	37
Total revenues	<u>1,047,984</u>	<u>1,047,984</u>	<u>1,104,062</u>	<u>56,078</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation				
Concessions/novelties	240,273	250,273	240,292	9,981
Debt service				
Principal	752,880	893,985	875,130	18,855
Interest	186,392	190,287	343,317	(153,030)
Total expenditures	<u>1,179,545</u>	<u>1,334,545</u>	<u>1,458,739</u>	<u>(124,194)</u>
Revenues over (under) expenditures	<u>(131,561)</u>	<u>(286,561)</u>	<u>(354,677)</u>	<u>(68,116)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	299,203	454,203	556,433	102,230
Transfers out	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>174,203</u>	<u>329,203</u>	<u>431,433</u>	<u>102,230</u>
Net change in fund balances	42,642	42,642	76,756	34,114
Fund balances - beginning	<u>6,203</u>	<u>(50,668)</u>	<u>(50,668)</u>	<u>-</u>
Fund balances - ending	<u>\$ 48,845</u>	<u>\$ (8,026)</u>	<u>\$ 26,088</u>	<u>\$ 34,114</u>

City of Dunedin, Florida
Impact Fees Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Transportation impact fees	\$ 6,000	\$ 6,000	\$ 15,465	\$ 9,465
Grants - state / local	-	-	9,164	9,164
Miscellaneous revenues:				
Land dedication fees	-	-	-	-
Fire facilities fees	-	-	2,460	2,460
Police facilities fees	-	-	474	474
Investment earnings / (loss)	-	-	3,216	3,216
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>30,779</u>	<u>24,779</u>
<u>EXPENDITURES</u>				
Current:				
Public safety	-	-	-	-
Transportation	-	-	-	-
Culture and recreation	-	-	10,000	(10,000)
Capital outlay:				
Public safety	-	-	-	-
Transportation	25,000	25,000	20,202	4,798
Culture and recreation	-	763,395	763,395	-
Debt service	-	-	49	(49)
Total expenditures	<u>25,000</u>	<u>788,395</u>	<u>793,646</u>	<u>(5,251)</u>
Excess of Revenues over (under) expenditures	<u>(19,000)</u>	<u>(782,395)</u>	<u>(762,867)</u>	<u>19,528</u>
<u>OTHER FINANCING USES</u>				
Transfers in	6,000	29,000	29,000	-
Transfers out	<u>(22,000)</u>	<u>(27,000)</u>	<u>(5,000)</u>	<u>22,000</u>
Total other financing uses	<u>(16,000)</u>	<u>2,000</u>	<u>24,000</u>	<u>22,000</u>
Net change in fund balances	(35,000)	(780,395)	(738,867)	41,528
Fund balances - beginning	<u>969,888</u>	<u>1,413,292</u>	<u>1,210,179</u>	<u>(203,113)</u>
Fund balances - ending	<u>\$ 934,888</u>	<u>\$ 632,897</u>	<u>\$ 471,312</u>	<u>\$ (161,585)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Intergovernmental revenues	\$ 289,585	\$ 289,585	\$ 292,963	\$ 3,378
Investment earnings / (loss)	-	-	342	342
Total revenues	<u>289,585</u>	<u>289,585</u>	<u>293,305</u>	<u>3,720</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	439,951	492,322	459,942	32,380
Capital:				
Culture and recreation	-	89,776	77,944	11,832
Total expenditures	<u>439,951</u>	<u>582,098</u>	<u>537,886</u>	<u>44,212</u>
Revenues over (under) expenditures	<u>(150,366)</u>	<u>(292,513)</u>	<u>(244,581)</u>	<u>47,932</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>107,950</u>	<u>197,726</u>	<u>197,726</u>	<u>-</u>
Total other financing sources	<u>107,950</u>	<u>197,726</u>	<u>197,726</u>	<u>-</u>
Net change in fund balances	(42,416)	(94,787)	(46,855)	47,932
Fund balances - beginning	<u>42,523</u>	<u>94,787</u>	<u>94,787</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 107</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 47,932</u></u>	<u><u>\$ 47,932</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Property	\$ 400,432	\$ 400,432	\$ 413,714	\$ 13,282
Intergovernmental revenues:				
Grants - state	-	-	-	-
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	5,730	5,730
Contributions and donations	-	16,000	20,865	4,865
Other revenues / grants	15,000	15,000	52,580	37,580
Total revenues	<u>415,432</u>	<u>431,432</u>	<u>492,889</u>	<u>61,457</u>
<u>EXPENDITURES</u>				
Current:				
Economic environment	402,806	519,571	456,703	62,868
Capital projects:				
Economic environment	839,000	830,276	300,327	529,949
Total expenditures	<u>1,296,806</u>	<u>1,403,347</u>	<u>757,030</u>	<u>646,317</u>
Revenues over (under) expenditures	<u>(881,374)</u>	<u>(971,915)</u>	<u>(264,141)</u>	<u>707,774</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	39,492	39,492	-
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources	<u>(25,000)</u>	<u>14,492</u>	<u>14,492</u>	<u>-</u>
Net change in fund balances	(906,374)	(957,423)	(249,649)	707,774
Fund balances - beginning	<u>1,581,786</u>	<u>672,383</u>	<u>1,619,732</u>	<u>947,349</u>
Fund balances - ending	<u><u>\$ 675,412</u></u>	<u><u>\$ (285,040)</u></u>	<u><u>\$ 1,370,083</u></u>	<u><u>\$ 1,655,123</u></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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 71	\$ 71
Contributions and donations	-	-	3,260	3,260
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>3,331</u>	<u>3,331</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>8,455</u>	<u>(8,455)</u>
Capital projects:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>8,455</u>	<u>(8,455)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5,124)</u>	<u>(5,124)</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>21,679</u>	<u>21,679</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,555</u></u>	<u><u>\$ 16,555</u></u>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 215	\$ 215
Total revenues	<u>-</u>	<u>-</u>	<u>215</u>	<u>215</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	102,429	102,429	208,432	(106,003)
Interest	9,288	9,288	13,040	(3,752)
Total expenditures	<u>111,717</u>	<u>111,717</u>	<u>221,472</u>	<u>(109,755)</u>
Revenues over (under) expenditures	<u>(111,717)</u>	<u>(111,717)</u>	<u>(221,257)</u>	<u>(109,540)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	111,717	111,717	111,717	-
Total other financing sources	<u>111,717</u>	<u>111,717</u>	<u>111,717</u>	<u>-</u>
Net change in fund balances	-	-	(109,540)	(109,540)
Fund balances - beginning	<u>112,832</u>	<u>112,832</u>	<u>112,187</u>	<u>(645)</u>
Fund balances - ending	<u><u>\$ 112,832</u></u>	<u><u>\$ 112,832</u></u>	<u><u>\$ 2,647</u></u>	<u><u>\$ (110,185)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 228	\$ 228
Total revenues	<u>-</u>	<u>-</u>	<u>228</u>	<u>228</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital projects:				
Culture and recreation	<u>107,000</u>	<u>114,116</u>	<u>93,906</u>	<u>20,210</u>
Total expenditures	<u>107,000</u>	<u>114,116</u>	<u>93,906</u>	<u>20,210</u>
Revenues over (under) expenditures	<u>(107,000)</u>	<u>(114,116)</u>	<u>(93,678)</u>	<u>20,438</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Net change in fund balances	<u>23,000</u>	<u>15,884</u>	<u>36,322</u>	<u>20,438</u>
Fund balances - beginning	<u>12,341</u>	<u>42,580</u>	<u>42,580</u>	<u>-</u>
Fund balances - ending	<u>\$ 35,341</u>	<u>\$ 58,464</u>	<u>\$ 78,902</u>	<u>\$ 20,438</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Local option gas tax	\$ 480,000	\$ 480,000	\$ 468,785	\$ (11,215)
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	1,573	1,573
Total revenues	<u>480,000</u>	<u>480,000</u>	<u>470,358</u>	<u>(9,642)</u>
<u>EXPENDITURES</u>				
Current:				
Transportation	-	21,797	19,880	1,917
Capital projects:				
Transportation	654,700	677,744	586,945	90,799
	-			
Total expenditures	<u>654,700</u>	<u>699,541</u>	<u>606,825</u>	<u>92,716</u>
Deficiency of revenues				
Revenues over (under) expenditures	<u>(174,700)</u>	<u>(219,541)</u>	<u>(136,467)</u>	<u>83,074</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(174,700)	(219,541)	(136,467)	83,074
Fund balances - beginning	<u>195,744</u>	<u>526,240</u>	<u>508,083</u>	<u>(18,157)</u>
Fund balances - ending	<u>\$ 21,044</u>	<u>\$ 306,699</u>	<u>\$ 371,616</u>	<u>\$ 64,917</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Grants - state	\$ 100,000	\$ 100,000	\$ 48,310	\$ (51,690)
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	1,146	1,146
Contributions	-	-	10,000	10,000
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>59,456</u>	<u>(40,544)</u>
<u>EXPENDITURES</u>				
Current:			-	
Culture and recreation	-	23,185	19,654	3,531
Capital outlay:				
Culture and recreation	367,000	465,061	185,988	279,073
Aids and grants	-	-	-	-
Total expenditures	<u>367,000</u>	<u>488,246</u>	<u>205,642</u>	<u>282,604</u>
Revenues over (under) expenditures	<u>(267,000)</u>	<u>(388,246)</u>	<u>(146,186)</u>	<u>242,060</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	274,488	293,244	293,244	-
Transfers out	-	(23,000)	(82,089)	(59,089)
Total other financing sources (uses)	<u>274,488</u>	<u>270,244</u>	<u>211,155</u>	<u>(59,089)</u>
Net change in fund balances	7,488	(118,002)	64,969	182,971
Fund balances - beginning	<u>2,729</u>	<u>504,432</u>	<u>395,116</u>	<u>(109,316)</u>
Fund balances - ending	<u>\$ 10,217</u>	<u>\$ 386,430</u>	<u>\$ 460,085</u>	<u>\$ 73,655</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 951	\$ 951
Total revenues	<u>-</u>	<u>-</u>	<u>951</u>	<u>951</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	68,277	28,256	40,021
Public safety	-	7,500	4,675	2,825
Capital outlay:				
General government	201,000	267,723	103,492	164,231
Public safety	37,000	29,500	17,274	12,226
Total expenditures	<u>238,000</u>	<u>373,000</u>	<u>153,697</u>	<u>219,303</u>
Revenues over (under) expenditures	<u>(238,000)</u>	<u>(373,000)</u>	<u>(152,746)</u>	<u>220,254</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>-</u>
Total other financing sources (uses)	<u>187,000</u>	<u>187,000</u>	<u>187,000</u>	<u>-</u>
Net change in fund balances	(51,000)	(186,000)	34,254	220,254
Fund balances - beginning	<u>54,383</u>	<u>242,248</u>	<u>212,248</u>	<u>(30,000)</u>
Fund balances - ending	<u>\$ 3,383</u>	<u>\$ 56,248</u>	<u>\$ 246,502</u>	<u>\$ 190,254</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, and to maintain proper excess insurance coverage to protect the City.

City of Dunedin
Internal Service Funds
Combining Statement of Net Assets
September 30, 2011

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,180,474	\$ 498,395	\$ 3,527,314	\$ 7,206,183
Accounts receivable	-	595	59,392	59,987
Inventories	112,958	-	-	112,958
Deposits	-	-	100,000	100,000
Total current assets	<u>3,293,432</u>	<u>498,990</u>	<u>3,686,706</u>	<u>7,479,128</u>
Noncurrent assets:				
Capital assets:				
Buildings	464,718	2,576,021	-	3,040,739
Improvements other than buildings	4,744	-	-	4,744
Machinery and equipment	12,136,261	186,433	7,437	12,330,131
Less: accumulated depreciation	<u>(7,882,543)</u>	<u>(968,492)</u>	<u>(3,552)</u>	<u>(8,854,587)</u>
Total capital assets, net of accumulated depreciation	<u>4,723,180</u>	<u>1,793,962</u>	<u>3,885</u>	<u>6,521,027</u>
Total assets	<u>8,016,612</u>	<u>2,292,952</u>	<u>3,690,591</u>	<u>14,000,155</u>
LIABILITIES				
Current liabilities:				
Accounts payable	82,084	50,493	138,864	271,441
Accrued salaries payable	20,471	19,788	6,044	46,303
Accrued interest payable	57,749	-	-	57,749
Capital leases payable - current	685,951	-	-	685,951
Total current liabilities	<u>846,255</u>	<u>70,281</u>	<u>144,908</u>	<u>1,061,444</u>
Noncurrent liabilities:				
Capital leases payable	1,488,289	-	-	1,488,289
Compensated absences	118,332	104,159	-	222,491
OPEB liability	7,212	7,112	1,458	15,782
Claims liabilities	-	-	143,392	143,392
Total noncurrent liabilities	<u>1,613,833</u>	<u>111,271</u>	<u>144,850</u>	<u>1,869,954</u>
Total liabilities	<u>2,460,088</u>	<u>181,552</u>	<u>289,758</u>	<u>2,931,398</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,548,940	1,793,962	3,885	4,346,787
Restricted for capital assets	-	-	-	-
Unrestricted	3,007,584	317,438	3,396,948	6,721,970
Total net assets	<u>\$ 5,556,524</u>	<u>\$ 2,111,400</u>	<u>\$ 3,400,833</u>	<u>\$ 11,068,757</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, 2011

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 2,639,295	\$ 1,203,682	\$ 4,678,388	\$ 8,521,365
Miscellaneous revenue	341	26,313	151,788	178,442
Total operating revenues	<u>2,639,636</u>	<u>1,229,995</u>	<u>4,830,176</u>	<u>8,699,807</u>
Operating expenses:				
Personal services	583,325	587,482	178,500	1,349,307
Supplies and services	1,190,145	638,590	4,516,876	6,345,611
Depreciation	997,334	176,922	229	1,174,485
Total operating expenses	<u>2,770,804</u>	<u>1,402,994</u>	<u>4,695,605</u>	<u>8,869,403</u>
Operating income / (loss)	<u>(131,168)</u>	<u>(172,999)</u>	<u>134,571</u>	<u>(169,596)</u>
Nonoperating revenues (expenses):				
Investment earnings / (loss)	11,088	2,175	13,147	26,410
Grant Revenue	-	-	-	-
Interest/amortization expense	(58,132)	-	-	(58,132)
Gain / (Loss) on sale of capital assets	29,191	1,727	-	30,918
Total nonoperating revenues (expenses)	<u>(17,853)</u>	<u>3,902</u>	<u>13,147</u>	<u>(804)</u>
Income before contributions and transfers	(149,021)	(169,097)	147,718	(170,400)
Transfers in	-	64,801	-	64,801
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(149,021)	(104,296)	147,718	(105,599)
Total net assets - beginning	<u>5,705,545</u>	<u>2,215,696</u>	<u>3,253,115</u>	<u>11,174,356</u>
Total net assets - ending	<u><u>\$ 5,556,524</u></u>	<u><u>\$ 2,111,400</u></u>	<u><u>\$ 3,400,833</u></u>	<u><u>\$ 11,068,757</u></u>

City of Dunedin
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2011

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,639,295	\$ 1,203,087	\$ 4,593,607	\$ 8,435,989
Payments to suppliers	(1,187,409)	(633,140)	(4,464,054)	(6,284,603)
Payments to employees	(571,484)	(593,214)	(174,799)	(1,339,497)
Other operating revenue	341	26,313	151,788	178,442
Net cash provided by (used in) operating activities	<u>880,743</u>	<u>3,046</u>	<u>106,542</u>	<u>990,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	64,801	-	64,801
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>64,801</u>	<u>-</u>	<u>64,801</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	68,030	1,727	-	69,757
Proceeds of capital debt	994,655	-	-	994,655
Purchase of capital assets	(954,355)	(237,180)	(4,114)	(1,195,649)
Principal paid on capital debt	(516,747)	-	-	(516,747)
Interest paid on capital debt	(56,552)	-	-	(56,552)
Net cash provided by (used in) capital and related financing activities	<u>(464,969)</u>	<u>(235,453)</u>	<u>(4,114)</u>	<u>(704,536)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings received	11,088	2,175	13,147	26,410
Net cash provided by (used in) investing activities	<u>11,088</u>	<u>2,175</u>	<u>13,147</u>	<u>26,410</u>
Net increase (decrease) in cash and cash equivalents	426,862	(165,431)	115,575	377,006
Cash and cash equivalents - October 1	2,753,612	663,826	3,411,739	6,829,177
Cash and cash equivalents - September 30	<u>\$ 3,180,474</u>	<u>\$ 498,395</u>	<u>\$ 3,527,314</u>	<u>\$ 7,206,183</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income / (loss)	<u>\$ (131,168)</u>	<u>\$ (172,999)</u>	<u>\$ 134,571</u>	<u>\$ (169,596)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	997,334	176,922	229	1,174,485
Decrease in accounts receivable	-	-	-	-
Decrease in due from other governments	-	-	-	-
(Increase) decrease in				
Accounts receivable	-	(595)	(59,392)	(59,987)
Inventories	(3,840)	-	-	(3,840)
Prepaid items	-	-	18,891	18,891
Increase (decrease) in				
Accounts payable	6,577	5,450	45,868	57,895
Accrued expenses	3,408	2,268	2,967	8,643
Claims liabilities	-	-	(37,326)	(37,326)
Compensated absences / OPEB	8,432	(8,000)	734	1,166
Increase in deposits receivable	-	-	-	-
Total adjustments	<u>1,011,911</u>	<u>176,045</u>	<u>(28,029)</u>	<u>1,159,927</u>
Net cash provided by (used in) operating activities	<u>\$ 880,743</u>	<u>\$ 3,046</u>	<u>\$ 106,542</u>	<u>\$ 990,331</u>

City of Dunedin, Florida
Balance Sheet
Dunedin Community Redevelopment Agency
September 30, 2011

Assets

Cash and cash equivalents	\$ 1,418,011
Accounts receivable	14,640
Prepaid items	<u>742</u>
 Total Assets	 <u><u>\$ 1,433,393</u></u>

Liabilities

Accounts and contracts payable	\$ 54,561
Accrued expenses	7,749
Deposits payable	<u>1,000</u>
Total Liabilities	<u><u>63,310</u></u>

Fund Balance

Nonspendable	742
Restricted for Community Redevelopment	<u>1,369,341</u>
Total Fund Balance	<u><u>1,370,083</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$ 1,433,393</u></u>

City of Dunedin, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balance
Dunedin Community Redevelopment Agency
For the Fiscal Year Ended September 30, 2011

<u>Revenues</u>	
Taxes:	
Property	\$ 413,714
Investment earnings/(loss)	5,730
Contributions and donations	20,865
Other revenue	52,580
Total revenues	<u>492,889</u>
<u>Expenditures</u>	
Current:	
Economic environment	409,780
Capital Projects:	
Economic environment	300,327
Aid and grants	46,923
Total expenditures	<u>757,030</u>
Excess of Revenues over Expenditures	(264,141)
<u>Other Financing Sources (Uses)</u>	
Transfers in	39,492
Transfers out	<u>(25,000)</u>
Net Change in Fund Balance	(249,649)
Fund Balance - Beginning	<u>1,619,732</u>
Fund Balance -Ending	<u>\$ 1,370,083</u>

**DUNEDIN COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dunedin Community Redevelopment Agency (CRA) 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 Community Redevelopment Agency (CRA) is a dependent special district in Dunedin, Florida (the City). The CRA was established on May 12, 1988, in accordance with Chapter 163, Part III of the Florida Statutes. The CRA is a legally separate entity established by City Ordinance 88-16 (ratified and readopted by City Ordinance 91-9). The purpose of the Authority is to coordinate projects and programs to improve the economic viability of the downtown Main Street area of Dunedin.

The financial statements of the City include all governmental functions and operations controlled by or dependent on the City. Accordingly, the financial statements of the City include the CRA as a special revenue fund type component unit.

B. BASIS OF PRESENTATION

The CRA's financial statements consist of the fund financial statements and notes to the financial statements.

Fund Financial Statements

The accounts of the CRA are organized on the basis of funds, and are considered a separate accounting entity. Fund structures, where applicable, have been designed to comply with all requirements of the bond resolutions and regulatory provisions or administrative action. The operations of the CRA are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, equities, revenues and expenditures, or expenses, as appropriate. The only fund for the CRA is a governmental fund. Governmental funds focus primarily on the sources, uses, and balances of current financial resources.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of

**DUNEDIN COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements, not the measurement focus applied.

The CRA's financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Primary revenue sources which have been treated as susceptible to accrual include, where material, charges for services, interest earnings, and certain other revenues such as taxes and other intergovernmental revenues. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recognized under the modified basis of accounting when the related liability is incurred. Typical exceptions include principal and interest on general long-term debt which is recognized when due and certain portions of compensated absences.

NOTE II – REVENUES AND EXPENSES

A. REVENUES

Revenues of the CRA include ad valorem taxes, investment earnings, and cleaning and rental fees for greenmarket and craft shows.

Tax increment revenues are collected from the City and are the primary source of revenue for the CRA. The tax increment revenue is calculated by applying the adopted millage rate of the City to the increase in the current year taxable assessed valuations over the 1988 base year taxable assessed valuations for all properties located within the CRA's boundaries. The City is required to pay 95% of these incremental property taxes to the CRA. The increase in taxable assessed valuations of property within the boundaries over the base year valuations is presumed to be the result of the redevelopment efforts of the CRA. The calculation of tax increment revenues for the year ended September 30, 2011, was as follows:

**DUNEDIN COMMUNITY REDEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011**

NOTE II – REVENUES AND EXPENSES (CONTINUED)

A. REVENUES (CONTINUED)

	City of Dunedin	Pinellas County
Assessed property value for 2011	\$ 86,911,627	\$ 87,158,505
Assessed property value for the 1988 base year	35,411,500	35,411,500
Increase in assessed property value	51,500,127	51,747,005
Assessed property value subject to incremental incremental ad valorem property tax (95%)	48,925,121	49,159,655
Millage rate	3.5597	4.8730
Tax increment revenue transferred to Agency	\$ 174,159	\$ 239,555

B. EXPENDITURES

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

NOTE III – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a schedule of interfund receivables and payables as of September 30, 2011:

Transfer to Dunedin Community Redevelopment Agency from Dunedin General Fund for the City's portion of city-wide branding and Jolley Trolley operations	\$ 39,492
Total transfers in	<u>\$ 39,492</u>
Transfer from Dunedin Community Redevelopment Agency to Dunedin Historical Society to subsidize Dunedin Historical Society operations in the CRA district	\$ 25,000
Total transfers out	<u>\$ 25,000</u>

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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	E-3
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time	
Revenue Capacity	E-11
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax	
Debt Capacity	E-17
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	
Demographic and Economic Information	E-23
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place	
Operating Information	E-27
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	

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 Duneedin, Florida
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
Invested in capital assets, net of related debt	\$ 55,114,437	\$ 52,017,214	\$ 49,216,594	\$ 41,859,854	\$ 40,891,053	\$ 29,656,802	\$ 19,580,030	\$ 25,673,683	\$ 21,070,522	\$ 22,043,814
Restricted	3,309,277	919,351	666,759	1,492,721	1,580,164	1,452,082	11,747,673	2,263,755	4,122,498	3,286,461
Unrestricted	10,834,009	14,804,273	18,340,972	14,346,049	14,337,285	21,095,377	15,959,974	15,434,163	13,621,877	13,368,752
Total governmental activities net assets	\$ 69,257,723	\$ 67,740,838	\$ 68,224,325	\$ 57,698,624	\$ 56,808,502	\$ 52,204,261	\$ 47,287,677	\$ 43,371,601	\$ 38,814,897	\$ 38,699,027
Business type activities:										
Invested in capital assets, net of related debt	35,573,590	33,375,182	32,324,908	31,123,487	30,462,861	44,330,427	46,477,869	45,351,725	45,740,661	41,411,092
Restricted	8,719,804	9,734,525	12,119,646	11,491,080	13,757,080	4,677,025	4,443,428	4,897,856	5,240,067	8,149,659
Unrestricted	10,028,817	10,567,261	6,829,020	10,189,363	8,530,258	5,042,180	4,144,475	6,374,375	5,789,297	11,484,870
Total business type activities net assets	\$ 54,322,211	\$ 53,676,968	\$ 51,273,574	\$ 52,803,930	\$ 52,750,199	\$ 54,049,632	\$ 55,065,772	\$ 56,623,956	\$ 56,770,025	\$ 61,045,621
Primary government:										
Invested in capital assets, net of related debt	90,688,027	85,392,396	81,541,502	72,983,341	71,353,914	73,987,229	66,057,899	71,025,408	66,811,183	63,454,906
Restricted	12,029,081	10,653,876	12,786,405	12,983,801	15,337,244	6,129,107	16,191,101	7,161,611	9,362,565	11,436,120
Unrestricted	20,862,826	25,371,534	25,169,992	24,535,412	22,867,543	26,137,557	20,104,449	21,808,538	19,411,174	24,853,622
Total primary government activities net assets	\$ 123,579,934	\$ 121,417,806	\$ 119,497,899	\$ 110,502,554	\$ 109,558,701	\$ 106,253,893	\$ 102,353,449	\$ 99,995,557	\$ 95,584,922	\$ 99,744,648

City of Duneedin, Florida
Changes in Net Assets
Last Ten Fiscal Years
(accural basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EXPENSES										
Governmental activities:										
General government	\$ 2,169,100	\$ 2,499,304	\$ 3,681,315	\$ 2,578,302	\$ 2,964,692	\$ 2,489,508	\$ 2,177,358	\$ 1,616,858	\$ 1,747,698	\$ 3,018,658
Public safety	11,514,839	11,691,457	12,653,234	12,240,372	12,120,351	11,453,193	11,287,223	10,279,511	10,035,496	8,383,178
Physical environment	314,305	-	-	825	869	650	834	23,346	3,640	9,534
Transportation	2,248,772	2,226,040	1,839,363	2,610,475	(662,178)	2,125,973	2,258,259	1,337,617	1,905,403	2,161,199
Economic development	384,451	467,325	507,328	323,734	87,537	58,935	88,207	91,417	34,645	24,352
Culture and recreation	9,599,618	9,772,233	9,931,370	10,727,942	10,829,741	9,009,384	9,559,058	8,071,251	7,758,198	6,719,422
Interest on long term debt	700,290	772,810	834,618	866,910	966,878	1,085,875	837,648	904,118	828,206	795,984
Total governmental activities expenses	<u>26,931,375</u>	<u>27,429,169</u>	<u>29,447,228</u>	<u>29,348,560</u>	<u>26,307,890</u>	<u>26,223,518</u>	<u>26,208,587</u>	<u>22,324,118</u>	<u>22,313,286</u>	<u>21,112,327</u>
Business type activities:										
Solid waste	4,957,784	4,577,524	4,571,427	4,832,211	4,947,866	4,619,519	5,156,394	4,541,315	4,199,414	3,747,332
Water / sewer utility	17,122,361	16,661,525	18,511,182	17,899,287	17,244,324	14,490,880	14,197,584	14,278,420	13,479,564	12,069,996
Reclaimed water	-	-	-	(5,549)	(5,549)	1,622,107	1,478,474	1,453,574	1,485,628	1,321,665
Stormwater utility	1,892,990	1,792,841	1,615,538	1,729,016	1,365,579	1,196,132	1,207,654	1,173,210	1,255,618	850,376
Marina	491,495	484,848	478,476	469,475	471,605	432,949	353,576	252,462	275,201	227,441
Golf course	71,010	378,065	603,161	613,178	699,414	682,164	595,229	470,054	371,330	-
Total business type activities expenses	<u>24,535,640</u>	<u>23,894,803</u>	<u>25,779,784</u>	<u>25,517,930</u>	<u>24,723,239</u>	<u>23,043,751</u>	<u>22,988,910</u>	<u>22,169,035</u>	<u>21,066,755</u>	<u>18,216,810</u>
Total primary government expenses	<u>\$ 51,467,015</u>	<u>\$ 51,323,972</u>	<u>\$ 55,227,012</u>	<u>\$ 54,866,490</u>	<u>\$ 51,031,129</u>	<u>\$ 49,267,269</u>	<u>\$ 49,197,497</u>	<u>\$ 44,493,153</u>	<u>\$ 43,380,041</u>	<u>\$ 39,329,137</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services	5,257,061	5,568,711	5,352,945	5,762,057	5,206,427	5,514,108	4,731,225	4,241,434	4,336,349	4,336,349
Operating grants and contributions	137,880	228,748	415,025	190,371	407,785	543,267	588,149	465,311	363,014	363,014
Capital grants and contributions	1,656,723	1,941,343	10,311,831	1,426,814	951,232	1,375,691	3,664,873	2,417,088	1,728,855	1,728,855
Total governmental activities program revenues	<u>7,051,664</u>	<u>7,738,802</u>	<u>16,079,801</u>	<u>7,379,242</u>	<u>6,565,444</u>	<u>7,433,066</u>	<u>8,984,247</u>	<u>7,123,833</u>	<u>6,428,218</u>	<u>6,428,218</u>
Business type activities:										
Charges for services	23,614,305	23,704,819	23,213,802	23,228,886	22,449,361	21,323,934	20,188,223	20,268,203	17,513,348	4,635,066
Operating grants and contributions	7,113	-	-	571,527	113,645	-	-	3,666	-	452,791
Capital grants and contributions - parking fee	822,883	628,771	973,045	763,242	104,997	316,281	290,976	613,275	1,626,430	1,525,889
Total business type activities revenues	<u>24,444,301</u>	<u>24,333,590</u>	<u>24,186,847</u>	<u>24,563,655</u>	<u>22,668,003</u>	<u>21,640,215</u>	<u>20,479,199</u>	<u>20,885,144</u>	<u>19,139,778</u>	<u>6,613,746</u>
Total primary government program revenues	<u>\$ 31,495,965</u>	<u>\$ 32,072,392</u>	<u>\$ 40,266,648</u>	<u>\$ 31,942,897</u>	<u>\$ 29,233,447</u>	<u>\$ 29,073,281</u>	<u>\$ 29,463,446</u>	<u>\$ 28,008,977</u>	<u>\$ 25,567,996</u>	<u>\$ 13,041,964</u>
NET EXPENSE										
Governmental activities	(19,879,711)	(19,690,367)	(13,367,427)	(21,969,318)	(19,742,446)	(18,790,452)	(17,224,340)	(15,200,285)	(15,885,068)	(14,498,581)
Business type activities	(91,339)	438,787	(1,592,937)	(954,275)	(2,055,236)	(1,403,536)	(2,509,711)	(1,283,891)	(1,926,977)	(150,512)
Total primary government net (expense) / revenue	<u>\$ (19,971,050)</u>	<u>\$ (19,251,580)</u>	<u>\$ (14,960,364)</u>	<u>\$ (22,923,593)</u>	<u>\$ (21,797,682)</u>	<u>\$ (20,193,988)</u>	<u>\$ (19,734,051)</u>	<u>\$ (16,484,176)</u>	<u>\$ (17,812,045)</u>	<u>\$ (14,649,093)</u>

City of Duneedin, Florida
Changes in Net Assets (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
Taxes:										
Property taxes	\$ 6,540,293	\$ 7,277,630	\$ 8,364,594	\$ 9,212,358	\$ 9,982,922	\$ 8,844,774	\$ 7,662,303	\$ 7,063,015	\$ 6,016,687	\$ 5,416,600
Utility service taxes	4,534,665	4,807,075	4,713,985	4,248,062	4,273,255	4,253,827	4,095,884	4,134,755	4,306,796	4,178,073
Infrastructure sales surtax	2,674,927	2,720,927	4,727,908	3,708,123	3,188,280	3,603,251	3,509,710	3,163,833	2,995,546	2,932,069
Half cent sales tax	1,846,028	1,793,787	1,808,035	1,983,182	2,083,144	2,178,564	2,131,371	2,068,375	1,955,366	1,912,625
Franchise taxes	2,707,724	2,935,741	2,811,613	2,474,338	2,600,247	2,618,432	2,222,492	2,094,111	2,004,600	1,905,024
Other taxes	83,596	76,239	73,668	102,781	76,095	-	439,041	434,986	127,504	903,506
State revenue sharing	1,170,693	1,243,130	1,134,958	1,276,949	1,378,296	1,411,285	1,370,847	1,158,923	904,694	132,934
Grants and contributions not restricted to specific programs	-	1,639	-	-	-	-	21,397	20,833	36,586	7,981
Unrestricted investment earnings	95,313	146,429	(85,633)	340,398	664,200	825,776	302,899	303,299	235,644	556,865
Gain / (loss) on sale of capital assets	30,918	24,693	149,744	-	236,061	25,885	(54,221)	976	17,582	(59,295)
Transfers	(658,074)	(1,820,411)	(104,160)	(486,751)	(135,813)	(54,758)	(561,305)	(686,117)	(145,014)	(1,974,455)
Total government activities revenues	19,026,083	19,206,879	23,594,712	22,859,440	24,346,687	23,707,036	21,140,418	19,756,989	18,455,991	15,911,927
Business type activities:										
Unrestricted investment earnings	78,508	143,825	(43,434)	521,255	614,206	332,637	415,439	454,492	480,696	841,387
Loss on sale of capital assets	-	371	1,855	-	5,784	-	(25,215)	(2,787)	(86,543)	(103,807)
Transfers	658,074	1,820,411	104,160	486,751	135,813	54,758	561,305	686,117	145,014	1,974,455
Total business type activities	736,582	1,964,607	62,581	1,008,006	755,803	387,395	951,529	1,137,822	539,167	2,712,035
Total primary government revenues	\$ 19,762,665	\$ 21,171,486	\$ 23,657,293	\$ 23,867,446	\$ 25,102,490	\$ 24,094,431	\$ 22,091,947	\$ 20,894,811	\$ 18,995,158	\$ 18,623,962
CHANGE IN NET ASSETS										
Governmental activities	(853,628)	(483,488)	10,227,285	890,122	4,604,241	4,916,584	3,916,078	4,556,704	2,570,923	1,413,346
Business type activities	645,243	2,403,394	(1,530,356)	53,731	(1,299,433)	(1,016,141)	(1,558,182)	(146,069)	(1,387,810)	2,561,523
Total primary government	\$ (208,385)	\$ 1,919,906	\$ 8,696,929	\$ 943,853	\$ 3,304,808	\$ 3,900,443	\$ 2,357,896	\$ 4,410,635	\$ 1,183,113	\$ 3,974,869

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

Fiscal Year	Property	Franchise	Utility Service	Total
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
2010	7,277,630	2,935,741	4,807,075	15,020,446
2011	6,540,293	2,707,724	4,534,665	13,782,682

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund:									
Reserved	\$ 1,071,515	\$ 571,004	\$ 1,542,808	\$ 1,547,748	\$ 1,172,899	\$ 1,186,618	\$ 1,391,468	\$ 1,358,170	\$ 1,044,435
Unreserved	7,658,106	7,470,489	6,392,564	7,039,453	7,382,400	6,657,589	7,058,463	6,903,068	7,872,962
Total general fund	\$ 8,729,621	\$ 8,041,493	\$ 7,935,372	\$ 8,587,201	\$ 8,555,299	\$ 7,844,207	\$ 8,449,931	\$ 8,261,238	\$ 8,917,397
All other governmental funds:									
Reserved, reported in:									
Special revenue funds	525,082	15,319	334,605	3,193,297	54,685	1,170,995	2,398,481	872,787	2,948,820
Capital projects funds	562,702	279,355	27,410	154,142	423,505	10,362,798	591,375	2,411,835	1,794,537
Unreserved, reported in:									
Special revenue funds	2,546,222	5,915,014	4,417,004	998,488	7,473,489	4,676,052	2,675,596	1,199,498	759,361
Capital projects funds	707,512	667,991	911,711	814,596	3,545,504	1,393,716	1,291,290	2,335,611	1,662,641
Total all other governmental funds	\$ 4,341,518	\$ 6,877,679	\$ 5,690,730	\$ 5,160,523	\$ 11,497,183	\$ 17,603,561	\$ 6,956,742	\$ 6,819,731	\$ 7,165,359

	2011	2010
General fund:		
Nonspendable	15,275	255,599
Restricted	627,388	612,627
Committed	-	-
Assigned	2,020,923	562,133
Unassigned	4,984,151	7,302,058
Total general fund	7,647,737	8,732,417
All other governmental funds:		
Nonspendable	742	59,076
Restricted	2,681,888	3,782,026
Committed	603,830	397,793
Assigned	-	-
Unassigned	-	99,827
Total all other governmental funds	3,286,460	4,338,722

Note: GASB 34 implemented in FY 2002. Nine years of data available for GASB 34 compliance
GASB 54 adopted in FY 2011; FY 2010 data was restated for GASB 54 comparable presentation
Dunedin Historical Society and Dunedin Fine Arts Center were added to the General Fund for FY 2010 for GASB 54 comparable presentation

City of Duneedin, Florida
Change in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES										
Taxes	\$ 13,782,682	\$ 15,020,446	\$ 15,890,192	\$ 15,934,758	\$ 16,856,424	\$ 15,717,033	\$ 13,980,679	\$ 13,291,881	\$ 12,328,083	\$ 11,499,697
Licenses, fees and permits	754,756	732,845	445,622	491,412	561,566	840,240	962,809	639,369	555,621	542,938
Intergovernmental	7,429,830	8,251,620	18,955,257	8,971,822	8,026,149	8,824,756	10,444,576	9,028,401	7,888,959	7,557,007
Charges for services	5,393,724	5,369,511	5,679,455	5,558,004	5,236,041	5,066,509	4,825,858	5,021,375	4,482,710	3,205,305
Fines and forfeits	220,901	119,427	184,190	210,618	220,350	229,994	176,260	280,435	228,503	147,985
Interest earnings	77,993	122,088	(64,719)	338,180	729,396	1,069,178	419,102	283,811	284,889	754,730
Miscellaneous	702,380	735,251	556,292	880,385	726,037	889,520	1,563,088	1,101,400	1,095,500	750,774
Total revenues	28,362,266	30,351,188	41,646,289	32,385,179	32,355,963	32,637,230	32,372,372	29,646,672	26,864,265	24,458,436
EXPENDITURES										
General government	3,026,559	3,273,169	3,543,512	3,661,825	3,629,824	3,598,907	3,241,021	3,053,704	2,978,588	2,709,928
Public safety	11,252,343	11,781,242	11,876,309	11,653,936	11,395,437	10,741,490	10,533,630	9,601,978	8,829,569	8,101,083
Physical environment	-	-	-	825	869	650	834	23,346	3,640	9,534
Transportation	1,656,767	1,785,106	1,869,700	1,957,496	2,173,323	1,905,992	1,992,043	1,915,753	1,729,077	2,087,885
Economic development	409,780	466,280	394,828	323,734	87,537	58,935	88,207	91,417	34,411	19,552
Culture and recreation	7,329,256	7,934,753	8,126,402	8,670,406	9,028,183	8,020,637	7,781,134	7,089,003	6,513,513	5,927,263
Debt service:										
Principal	1,584,307	1,297,789	2,356,923	1,668,241	4,428,527	2,252,986	2,877,448	940,349	1,051,871	1,018,718
Interest	680,752	741,855	835,723	887,607	989,180	937,599	772,714	658,745	708,873	739,314
Total expenditures	25,939,764	27,280,194	29,003,397	28,824,070	31,732,880	27,517,196	27,287,031	23,374,295	21,849,542	20,613,277
Excess of revenues over expenditures	2,422,502	3,070,994	12,642,892	3,561,109	623,083	5,120,034	5,085,341	6,272,377	5,014,723	3,845,160
OTHER FINANCING SOURCES (USES)										
Capital outlay	(3,624,709)	(4,198,061)	(11,924,208)	(2,794,170)	(6,832,634)	(13,930,227)	(3,989,158)	(9,963,391)	(4,843,057)	(13,659,424)
Sale of capital assets	-	-	1,181,800	-	230,507	-	-	-	-	-
Aids and grants	(211,860)	(166,233)	(515,203)	(170,801)	(75,100)	(80,000)	(17,232)	(223,351)	(130,334)	(118,900)
Debt proceeds	1,696,012	2,405,836	3,870,555	5,028,788	2,500,023	3,900,000	9,784,806	4,900,000	-	1,193,904
Transfers in	(2,418,887)	(3,259,235)	(3,962,516)	(5,746,548)	(2,750,637)	(2,698,022)	(2,257,455)	(2,601,240)	(4,699,068)	(9,301,711)
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,559,444)	(5,217,693)	(11,349,572)	(3,682,731)	(6,927,841)	(10,515,320)	4,955,754	(5,946,673)	(6,016,510)	(14,497,861)
Net change in fund balances	\$ (2,136,942)	\$ (2,146,699)	\$ 1,293,320	\$ (121,622)	\$ (6,304,758)	\$ (5,395,286)	\$ 10,041,095	\$ 325,704	\$ (1,001,787)	\$ (10,652,701)
Debt service as a percentage of noncapital expenditures	6.5%	5.0%	8.8%	6.1%	16.2%	8.9%	11.8%	4.2%	5.1%	5.2%

City of Dunedin, Florida
General Governmental Expenditures and Transfers by Function¹
Last Ten Fiscal Years²

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Development	Culture and Recreation	Capital Outlay	Debt Service	Transfers Out	Other	Total
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	-	1,869,700	394,828	8,126,402	11,924,208	3,192,646	3,962,516	515,203	45,405,324
2010	3,273,169	11,781,242	-	1,785,106	466,280	7,934,753	4,198,061	2,039,644	3,259,235	166,233	34,903,723
2011	3,026,559	11,252,343	-	1,656,767	409,780	7,329,256	3,624,709	2,265,059	2,418,887	211,860	32,195,220

(1) Includes general, special revenue, debt service and capital projects funds.

(2) 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
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

FY Ended Sept 30,	Real Property							Total Direct Tax Rate ³	Estimated Actual Market Value	Assessed Value ⁴ as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property ¹	Personal Property	Less: Tax- Exempt Real Property ²	Total Taxable Assessed Value			
2002	\$ 991,575,000	\$181,588,000	\$16,583,900	\$ 22,499,220	\$126,843,340	\$ 2,986,500	\$ 1,336,102,960	\$2,081,472,090	64.2%	
2003	1,105,816,800	193,455,200	18,121,700	22,597,740	126,792,910	3,911,700	1,462,872,650	2,306,982,500	63.4%	
2004	1,237,502,400	205,269,200	19,199,700	22,520,300	127,929,960	4,719,600	1,607,701,960	2,533,204,966	63.5%	
2005	1,372,220,300	223,925,300	20,449,600	24,658,100	127,960,240	9,059,400	1,760,154,140	2,808,887,675	62.7%	
2006	1,588,722,100	241,563,400	23,694,200	28,758,200	123,476,459	8,745,500	1,997,468,859	3,233,337,399	61.8%	
2007	1,885,996,163	310,996,460	27,036,900	34,806,491	102,039,260	15,945,850	2,344,929,424	3,955,244,190	59.3%	
2008	2,085,334,947	321,438,745	27,796,700	41,619,755	106,309,880	29,365,125	2,553,134,902	4,211,355,400	60.6%	
2009	1,836,784,627	351,142,490	28,083,500	37,006,566	89,119,848	23,420,963	2,318,716,068	3,921,795,310	59.1%	
2010	1,595,877,397	280,821,157	26,056,165	59,651,262	86,727,617	25,506,094	2,023,627,504	3,278,182,101	61.7%	
2011	1,451,880,107	249,278,430	22,754,140	49,883,330	81,301,215	27,688,734	1,827,408,488	2,884,900,277	63.3%	
Change 2010 - 2011	-9.02%	-11.23%	-12.67%	-16.38%	-6.26%	8.56%	-9.70%	-12.00%		

- (1) Other Property includes Agricultural, Institutional, Government, Leasehold Interests, Miscellaneous, and Non-Agriculture Acreage
- (2) Additional \$25,000 Homestead Exemption for Persons Age 65 and Older (196.075, F.S.)
- (3) Tax rates are per \$1,000 of assessed value
- (4) Includes tax-exempt property

Source: Pinellas County Property Appraiser

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

Fiscal Year	Overlapping Rates						TOTAL
	¹ City Direct Rate	¹ County Wide	² School	² Transit District	² EMS	³ Other Districts	
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	19.1921
2010	3.5597	4.8730	8.3460	0.5601	0.5832	1.5106	19.4326
2011	3.5597	4.8730	8.3400	0.5601	0.5832	1.4410	19.3570

(1) County Wide includes:
General Fund 4.8108
Health Department 0.0622
4.8730

(2) Emergency Medical Services (EMS) and Transit District are assessed on Real Property only

(3) Other Districts includes:
Pinellas County Planning Council 0.0125
Juvenile Welfare Board 0.7915
Southwest Florida Water Management Di 0.3770
Pinellas Anclote River Basin 0.2600
1.4410

Source: Pinellas County Property Appraiser

**City of Dunedin, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago**

	September 30, 2011			September 30, 2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mac Alpine Place Apt.	\$ 29,900,000	1	1.04%	\$ 6,404,100	5	0.48%
Pinellas Marina LLC	22,947,616	2	0.80%			
Chesapeake Apartments	13,800,000	3	0.48%			
MHC Lake Haven LLC	9,425,000	4	0.33%			
Odyssey DP I LLC	7,500,000	5	0.26%			
SES Group - Windemere LTD	7,208,142	6	0.25%			
Publix Supermarkets Inc	7,124,000	7	0.25%	5,542,600	9	0.41%
Scottish Towers II Apt LTD Partnership	6,875,000	8	0.24%			
Coastal Palms SDM LLC	6,800,000	9	0.24%			
Coca-Cola Co Inc	6,690,322	10	0.23%	5,381,900	10	0.40%
Phoenix Home Life				11,866,500	1	0.89%
Nielson Media Research, Inc.				10,372,700	2	0.78%
Orangeland Vistas, Inc.				8,669,500	3	0.65%
Lessor, Jason K.				6,894,400	4	0.52%
Doheny- VidaVich Partners				6,258,910	6	0.47%
Olympia Development Group				6,173,000	7	0.46%
Dallas Corporate Square				6,045,800	8	0.45%
SUB-TOTAL:	118,270,080		4.12%	73,609,410		5.51%
ALL OTHERS:	2,766,630,197		95.88%	1,262,493,550		94.49%
TOTAL:	<u>\$2,884,900,277</u>		<u>100.00%</u>	<u>\$1,336,102,960</u>		<u>100.00%</u>

Source: Pinellas County Property Appraiser

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

FY Ended Sept 30,	Taxable Assessed Valuation	Millage Tax Rate	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
				Amount ¹	Percentage of Levy	Delinquent Collections ²	Amount	Percentage of Levy
2002	\$ 1,336,102,960	4.1166	\$ 5,500,201	\$ 5,244,626	95.4%	\$ 12,353	\$ 5,256,979	95.6%
2003	1,462,872,650	4.1166	6,022,062	5,778,528	96.0%	18,885	5,797,413	96.3%
2004	1,607,701,960	4.4253	7,114,563	6,760,523	95.0%	17,182	6,777,705	95.3%
2005	1,760,154,140	4.4253	7,789,210	7,299,459	93.7%	16,863	7,316,322	93.9%
2006	1,997,468,859	4.4253	8,839,399	8,347,924	94.4%	7,773	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	2,318,716,068	3.5597	9,304,361	7,731,980	83.1%	22,968	7,754,948	83.4%
2010	2,023,627,504	3.5597	7,203,507	6,763,013	93.9%	21,039	6,784,052	94.2%
2011	1,827,408,488	3.5597	6,505,022	6,111,943	94.0%	14,636	6,126,579	94.2%

(1) These amounts are net of discounts taken. Discounts are allowed for early payment:

4% for November, 3% for December, 2% for January, and 1% for February

(2) This column represents delinquent collections received that fiscal year

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Debt Capacity

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

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Special Assessment Bonds	Capital Leases		Sewer Bonds	Capital Leases				
2002	\$13,148,199	\$ 2,534,952	\$	\$18,905,277	\$	\$	\$ 34,588,428	3.00%	938
2003	12,329,768	3,909,120	-	18,121,267	-	-	34,360,155	2.86%	927
2004	16,651,043	2,891,746	-	16,690,824	-	-	36,233,613	2.94%	974
2005	24,151,757	1,651,020	-	14,727,981	-	-	40,530,758	3.25%	1,083
2006	22,968,165	911,361	-	14,005,615	-	-	37,885,141	2.83%	1,008
2007	21,411,326	1,387,855	-	28,252,680	-	-	51,051,861	3.56%	1,356
2008	19,730,418	1,312,117	-	26,843,018	-	-	47,885,553	4.52%	1,275
2009	17,373,495	1,953,199	-	24,693,131	-	-	44,019,825	4.20%	1,223
2010	16,075,706	1,663,588	-	23,845,710	-	-	41,585,004	4.42%	1,158
2011	14,491,429	2,174,240	-	20,750,655	-	-	37,416,324	3.76%	1,059

(1) See the schedule of Demographic and Economic Statistics on page E-24 for personal income and population data

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Dunedin, Florida
Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
September 30, 2011

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	APPLICABLE TO CITY OF DUNEDIN	
		PERCENT ¹	AMOUNT
Pinellas County	\$ -	3.140%	-
Pinellas County School Board	26,428,291	3.140%	829,848
Total overlapping debt			829,848
Total direct debt ²			-
Total direct and overlapping debt			829,848
Overall debt to F/Y 2011 taxable value			0.05%
Overall debt to per capita			\$ 23.49

(1) Applicable net debt percentage is based on ratio of City to County taxable values

City Taxable Value: \$ 1,827,408,488

County Taxable Value: \$ 58,203,688,479

(2) The City of Dunedin currently does not have any general obligation debt.

Sources: Assessed value used to estimate applicable percentages provided by the Pinellas County Property Appraiser.
Debt outstanding data provided by Pinellas County School Board.

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

Fiscal Year	Gross Revenues¹	Operating Expenses²	Net Revenue Available for Debt Service	Debt Service Requirements³	Coverage Ratio
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
2010	17,454,334	12,481,590	4,972,744	2,457,283	2.02
2011	18,133,758	12,945,494	5,188,264	2,486,758 ⁴	2.09

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

(2) Operating expenses are the costs of operation and maintenance of the system, exclusive of depreciation.

(3) 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.

(4) The debt requirement for FY 2011 was \$2,486,758, but the City paid \$1,899,162 of principal and interest on 9/30/2011 for payments due on 10/01/2011.

City of Dunedin, Florida
Schedule of Debt Service Ratio

Description	Actual September 30 2011	Budget September 30 2011	Adopted Budget September 30 2012
Total Governmental Revenues	\$ 28,362,266	\$ 31,180,669	\$ 32,059,236
Internal Service Revenues:			
Rental Income	25,389	25,632	25,632
Non-Operating:			
Investment earnings	26,410	22,500	-
Total Internal Services Revenues	<u>51,799</u>	<u>48,132</u>	<u>25,632</u>
Total Annual Revenues - September 30	<u>28,414,065</u>	<u>31,228,801</u>	<u>32,084,868</u>
Total Annual General Government Debt Service exclusive of Enterprise Funds, Internal Service Funds and Special Assessment Debt Service	<u>2,265,028</u>	<u>2,265,028</u>	<u>2,013,285</u>
Debt Service Ratio	<u>7.97%</u>	<u>7.25%</u>	<u>6.27%</u>
Total Capacity Debt Service (12.5%)	3,551,758	3,903,600	4,010,609
Less: Current Debt Service	2,265,028	2,265,028	2,013,285
Excess Debt Service Available	<u>1,286,730</u>	<u>1,638,572</u>	<u>1,997,324</u>
Excess Outstanding Debt Service Available			
10 Years	10,065,673	12,818,019	15,624,415
20 Years	16,404,211	20,889,759	25,463,393

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

Debt Description	September 30 2010	September 30 2011	Adopted Budget September 30 2012
Spring Training Facilities - Bank of America	\$ 1,075,184	\$ 1,075,184	\$ 1,075,188
Blue Jays - Spring Training Facilities	24,046	143,263	-
Palm Boulevard - Sunbank	111,776	221,472	111,655
Capital Improvement Bond - MLK / Shapiro property	91,521	106,622	106,623
Community Center	721,975	718,487	719,819
Total Annual General Government Debt Service	\$ 2,024,502	\$ 2,265,028	\$ 2,013,285

Demographic and Economic Information

City of Dunedin, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income ²	Per Capita Income ³	Median Age ⁴	School Enrollment ⁵	Unemployment Rate ⁶
2002	36,865	\$ 1,154,648,665	\$ 31,321	43.0	4,960	4.8%
2003	37,081	1,201,721,048	32,408	43.9	5,019	4.5%
2004	37,217	1,234,376,239	33,167	43.7	4,996	3.8%
2005	37,426	1,246,884,616	33,316	44.0	5,014	3.7%
2006	37,574	1,337,897,418	35,607	44.2	4,879	3.1%
2007	37,662	1,434,357,270	38,085	43.0	5,376	3.8%
2008	37,561	1,060,084,103	28,223	48.2	5,204	6.1%
2009	35,988	1,046,998,884	29,093	47.6	5,876	10.1%
2010	35,920	941,463,200	26,210	48.2	5,876	11.5%
2011	35,321	995,875,595	28,195	51.3	5,876	10.4%

Data Source:

- (1) FY 2002 - 2010: [City-data.com/city/Dunedin-Florida.html](http://city-data.com/city/Dunedin-Florida.html); FY 2011: 2010 US Census Results
- (2) Calculated using the above displayed Population and Per Capita Income figures
- (3) FY 2002 - 2010: [City-data.com/city/Dunedin-Florida.html](http://city-data.com/city/Dunedin-Florida.html); FY 2011: 2010 US Census Results
- (4) FY 2002 - 2010: Muninetguide.com/states/florida/municipality/Dunedin.php; FY 2011: 2010 US Census Results
- (5) Displaying most current data available at schools.fizber.com/florida/dunedin/
- (6) Bureau of Labor Statistics; Not Seasonally Adjusted; FY 2011 unemployment rate shown as of September 30, 2011

**City of Dunedin, Florida
Principal Employers ¹
Current Year and Five Years Ago ³**

Employer	September 30, 2011			September 30, 2006		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ²
Nielsen Media Research	704	1	4.56%	1,296	1	7.77%
Pinellas School System	610	2	3.95%	556	3	3.33%
Mease Dunedin Hospital	601	3	3.89%	697	2	4.18%
City of Dunedin	339	4	2.19%	402	4	2.41%
Mease Manor	325	5	2.10%	306	5	1.83%
Ocean Optics	218	6	1.41%			
Coca-Cola North America	165	7	1.07%	220	6	1.32%
Publix	150	8	0.97%			
Consumer Sales Solutions	130	9	0.84%			
Pinellas County Sheriff - N District	125	10	0.81%			
TOTAL	3,367		21.79%	3,477		20.84%

- (1) Source: Community Services Department
(2) Employment statistics are from the Bureau of Labor Statistics for the City of Dunedin (Not Seasonally Adjusted)
Total employment for 2011 15,453
Total employment for 2006 16,685
(3) Data not available prior to 2006

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Operating Information

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

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government	55,500	52,225	55,351	63,351	59,351	59,851	57,851	54,730	52,860	55,500
Public Safety										
Fire	22,000	22,000	22,000	22,000	23,000	20,500	20,500	19,500	19,500	19,500
Paramedics	33,000	33,000	33,000	33,000	33,000	36,000	36,000	36,000	36,000	36,000
Culture and recreation	75,500	82,000	89,000	97,570	96,965	92,965	92,840	91,000	90,670	91,000
Highways and streets										
Engineering	15,500	15,000	16,000	16,000	15,000	15,000	15,000	15,000	15,000	15,000
Maintenance	9,660	9,000	11,000	12,000	16,833	16,833	16,833	16,830	16,830	16,830
Facilities	9,660	12,000	12,000	24,000	23,333	23,333	23,333	22,330	22,330	22,330
Fleet Services	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Solid Waste	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	25,000	25,000
Water	32,000	29,000	30,000	30,000	30,000	30,000	30,000	31,000	32,000	32,000
Wastewater	38,000	47,000	47,000	50,000	50,000	50,000	51,000	51,000	50,000	47,000
Stormwater	10,660	10,000	10,000	10,000	10,333	10,333	10,333	10,333	8,330	8,330
TOTAL	337,980	347,725	361,851	394,421	394,315	391,315	390,190	384,223	377,020	376,990

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

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fire										
Number of fire emergencies with dollar loss**	108	110	111	704	108	108	175	185	178	195
EMS responses	5,012	4,973	4,895	5,372	5,472	5,472	4,804	4,667	4,664	4,418
Other calls	1,462	1,988	1,816	384	1,295	1,295	2,443	2,014	1,809	1,950
Inspections	1,509	1,596	1,484	1,376	1,007	1,007	977	489	3,900	3,900
Investigations	88	108	77	55	71	71	69	66	45	25
Highways and streets										
Streets paved (miles)	130	130	130	130	130	130	*	*	*	*
Streets unimproved (miles)	3	3	3	3	3	3	*	*	*	*
Street lights	3,568	3,568	3,568	3,568	3,568	3,540	3,463	3,463	3,373	3,373
Culture and recreation										
Recreation facilities - parks (acres)	322.0	322.0	322.0	322.0	322.0	322.0	322.0	322.0	322.0	294.0
Recreation facilities - beaches (acres)	36.6	36.6	36.6	36.6	36.6	36.6	*	*	*	*
Library materials	139,623	146,909	131,098	128,977	147,444	136,350	134,824	149,458	137,515	124,984
Library annual circulation	656,507	600,951	483,303	443,157	434,678	412,569	423,650	473,683	469,879	429,268
Library registered borrowers	26,439	29,735	27,477	32,858	29,994	17,302	26,612	46,996	45,909	43,644
Solid waste										
Customers serviced	14,473	14,492	14,596	14,546	14,496	14,390	14,116	13,250	12,750	12,750
Refuse / recycling collected (tons)	38,425	40,656	41,053	45,796	45,100	51,414	55,651	39,675	39,233	39,233
Water										
Total connections - regular ***	10,958	10,894	11,536	11,394	11,363	11,363	11,231	11,151	11,320	11,320
Total connections - reclaimed ***	3,396	3,395	3,343	3,323	3,383	3,233	3,233	3,185	2,871	2,583
Average daily consumption - regular	3,020,000	3,256,000	3,269,000	3,396,000	3,546,000	3,616,000	3,784,000	3,767,000	3,767,000	3,788,000
Average daily consumption - reclaimed	2,670,000	2,600,000	2,800,000	3,139,000	3,269,000	3,173,000	2,584,000	3,143,000	3,143,000	3,450,000
Operating wells	22	22	26	26	26	26	27	28	28	28
Sewer (wastewater)										
Miles of sanitary sewers	128	128	128	128	128	128	180	180	138	138
Lift stations	42	42	42	42	42	42	*	*	*	*
Average daily sewage treatment	4,390,000	4,596,000	4,613,000	4,382,000	4,382,000	4,900,000	4,966,000	4,966,000	4,966,000	4,966,000

* Information not available

** As of 2011, description changed from "Number of calls answered" to "Number of fire emergencies with dollar loss" to clarify reported statistics

*** As of 2011, description changed from "New connections" to "Total connections" to clarify reported statistics

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

Function	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Culture and recreation										
Baseball fields	12	12	12	12	12	12	12	14	14	14
Baseball stadium / training facility (seating capacity)	5,509	5,509	5,509	5,509	5,509	5,500	*	*	*	*
Basketball - indoor courts	1	1	1	1	1	1				
Basketball - outdoor courts	5	5	5	5	5	5	5	5	5	5
Community center	1	1	1	1	1		*	*	*	*
Fishing areas	15	15	15	14	14	7	*	*	*	*
Golf courses	2	2	2	2	2	2	*	*	*	*
Library	2	2	2	2	1	1	*	*	*	*
Marina (slips)	194	194	194	194	194	194	*	*	*	*
Multi- purpose indoor court	1	1	1	1	1	1	*	*	*	*
Nature center	1	1	1	1	1	1	*	*	*	*
Parks	32	31	31	30	30	22	22	22	22	18
Picnic areas	15	15	15	15	15	7	*	*	*	*
Public boat ramps	1	1	1	1	1	1	*	*	*	*
Recreation centers	3	3	3	3	3	3	*	*	*	*
Senior center	1	1	1	1	1	1	*	*	*	*
Soccer / football fields	4	4	4	4	4	4	*	*	*	*
Softball fields	3	3	3	3	3	3	*	*	*	*
State and county parks	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	11	11	11	11	11	11	*	*	*	*
Utility playfields	4	4	4	4	4	4	*	*	*	*
Water										
Water mains (miles)	172	172	172	172	172	166	*	*	*	*
Water plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,220	1,220	1,220	1,220	1,206	1,185	*	*	*	*
Sewer (wastewater)										
Mains	150	150	150	150	149	165	*	*	*	*
Treatment plants	1	1	1	1	1	1	1	1	1	1
Storm sewers (miles)	128	128	128	128	128	128	180	180	138	138

* Information not available



Department of Finance

Interoffice Memorandum

TO: To the Honorable Mayor, City Commissioners
Robert DiSpirito, City Manager

FROM: Jeffrey A. Yates, ^{Director} Director of Finance

DATE: March 8, 2012

RE: Response to Audit Findings for the Fiscal Year Ended September 30, 2011

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.

Update on Previous Year's Findings

I am extremely proud to report that of the nine (9) different findings from the FY 2010 audit, we have successfully resolved five (5) completely, have two (2) that are resolved, but were not resolved in time for FY 2011, and two (2) items that remain open. The table below outlines these items:

Item	Resolved/Open
<i>Material Weakness</i>	
As part of the audit, the external auditor proposed audit adjustments to revise the City's books at year-end. The failure to detect these errors was caused by a lack of a formalized year-end closing process for the accounting records. (IC 2011-01)	Open (See Comments)
Certain reconciliations that should have been performed during the fiscal year were either not performed or were incomplete. These reconciliation items result from the lack of a formalized internal control process and procedure related to the reconciliation of City accounts. (IC 2010-02)	Resolved
The City does not have adequate segregation of accounting functions, which is necessary to ensure internal controls. (IC 2010-03)	Resolved
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 with the City that applies for the grant to be responsible for ensuring that all compliance requirements are properly addressed.	Resolved

A complete and accurate Schedule of Expenditures of Federal Awards and State Financial Assistance were not available at the commencement of the audit. (IC 2009-05)

Item	Resolved/Open
<i>Significant Deficiencies</i>	
<p>The City's current system for tracking fees, recording collections, and monitoring non-collections associated with reclaimed water connection services is ineffective.</p> <p>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. (IC 2010-04)</p>	Resolved

Item	Resolved/Open
<i>Management Letter Comments</i>	
<p>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.</p> <p>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. (MLC 2009-01)</p>	Resolved in FY 2012 (See Comments)
<p>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. (MLC 2009-02)</p>	Resolved
<p>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</p>	Resolved in FY 2012 (See Comments)

<p>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. (MLC 2009-03)</p>	
<p>Cash collection and reconciliation at the Public Library. Revenues from the public library consists primarily of late fees and other charges for lost or damaged library materials, as well as fees charged to non-residents for use of the public library. Payments are received at the front desk. The library currently does not have a method to record and track all fees earned and collected each day. Currently, only fees collected over \$5 are logged in a cash receipt book. (MLC 2010-01)</p>	<p>Resolved</p>
<p>Utility billing processes. The initial utility set-up process requires a new customer to complete and sign a Utility Payment Responsibility form that is required per City Ordinance 78-217. The form includes the customer's name and address, the requested service, proof of ownership relating to service address, and the customer's signature documenting their understanding of the responsibility to pay for utility bills. Out of a sample of forty new customers, seven did not have either responsibility forms filed or a note within the customer's file to indicate the reason. Also, some of the forms that were obtained and evaluated did not indicate whether the customer address was located within or outside of city limits. No verification was made by City staff to make this determination. This impacts the accuracy of charges to customer accounts, since customers outside of city limits are to be charged higher service rates. (MLC 2010-02)</p>	<p>Resolved</p>

New Findings and Open Items

Material Weakness

Comment IC 2011-01: 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:

- Significant estimates, such as the self-insurance claims liability, fair value of the interest rate swap, capitalized interest on construction expenditures within the proprietary funds and the allowances for doubtful accounts relating to utility billings, had either not been evaluated or were inaccurately recorded prior to commencement of the audit.
- Certain transactions relating to long-term debt had not been properly recorded to the general ledger based on the timing of principal and interest payments made as of or subsequent to September 30, 2011.
- Infrastructure assets relating to street and sidewalk installation and resurfacing projects had not been capitalized in the government-wide financial statements (governmental activities) for approximately the last five years. Once the analysis of the historical activity had been completed, a prior period

adjustment was recorded in order to correct the material understatement of the beginning infrastructure capital asset balances.

- Various other account balances contained misstatements as a result of duplicate entries made to certain accounts, not correctly calculating accrued interest payable on outstanding debt, recording balances within fund balance categories incorrectly, and other miscellaneous errors identified as a result of audit procedures, all of which were subsequently corrected.

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 procedures, including ensuring the general ledger account balances are properly reconciled and all entries are recorded accurately, are followed during the closing process. Additionally, work has begun on a monthly review and recording of many of the year-end entries. This monthly closing process will ensure a timely year-end process. Corrective action will be implemented through the remainder of FY 2012 and during the closing process for the fiscal year ended September 30, 2012.

Implementation Period: During the closing process for the fiscal year ended September 30, 2012.

Management Letter Comments

Comment IC 2010-03: 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. In addition, it was noted that 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.

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.

Status: A revised Purchasing Card Policy was executed and became effective on January 1, 2012. The revised policy included changes in the approval process. The Finance Director now reviews and approves the purchasing card statements of all department directors. In addition, cardholders are required to complete a Single Transaction Limit Change Form for all requests to initiate single transaction limit changes, which are to be approved by the Deputy Finance Director. A formal training

of all relevant personnel on the new purchasing card policies is currently in process. Although corrective action had not been completely implemented by the fiscal year ended September 30, 2011, management anticipates that this finding and recommendation will be fully addressed in fiscal year 2012, once employees are formally trained on the new policies.

Comment MLC 2009-03: 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.

Status: The City has adopted a formal Cash Management and Handling Policy. Employee training is expected to be completed during fiscal year 2012. The use of RecTrac at both the MLK Center and Highlander Pool will be completed. If RecTrac is not implemented at either of these sites, then another effective means, such as a cash register, will be utilized in order to reconcile revenue transactions to cash collected.

Comment MLC 2011-01 (NEW): The City's façade program is a mechanism to stimulate and leverage private investment in its downtown redevelopment area and also as a way to enhance the appearance and condition of commercial structures in the City. It provides commercial building owners with financial assistance to enhance the exterior of their buildings. During the auditor's procedures, they noted that for a particular project the Economic Development Director did not obtain proof of payment from an applicant related to a construction invoice and an awning invoice. Additionally, the City's Economic Development Director is charged with selecting the applicant, approving the award, reviewing the reimbursement package, and submitting a request to the Finance Department for Payment.

The auditors recommend that duties relating to the façade program be better segregated between at least two or more qualified individuals, rather than the Economic Development Director solely overseeing the selection, approval, and review process. In addition, the auditors recommend that for every project, proof of payment be obtained from the applicant prior to reimbursement.

Response and Corrective Action: Management concurs with this finding. During FY 2012 a policy and internal controls will be designed to ensure appropriate approvals and segregation of duties.

Implementation Period: The policy and controls are anticipated to be in place during FY 2012.

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 auditors give 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 the intent of management to provide regular updates of the progress toward resolving these items.

It is important to note that we will continue to strive toward issuing our CAFR within 120 days of the close of the fiscal year, with the FY 2011 CAFR being delivered a month earlier than the FY 2010 and five months earlier than the FY 2009. This earlier delivery date is well within our disclosure requirements and other standards.

Please feel free to contact me should you have any additional questions or concerns.



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

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 for the year ended September 30, 2011, and have issued our report thereon dated March 12, 2012. Professional standards require that we provide you with the following information related to our audit.

Our responsibility under U.S. Generally Accepted Auditing Standards and Chapter 10.550, Rules of the Auditor General of the State of Florida

As stated in our engagement letter dated June 23, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City of Dunedin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major 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 Chapter 10.550, Rules of the Florida Auditor General.

As part of obtaining reasonable assurance about whether the City of Dunedin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with Chapter 10.550, Rules of the Auditor General, we examined, on a test basis, evidence about the City of Dunedin's compliance with the types of compliance requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* applicable to each of its major federal state projects for the purpose of expressing an opinion on the City of Dunedin's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City of Dunedin's compliance with those requirements.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.
3. We are also responsible for communicating certain matters in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits performed in the State of Florida. These matters are communicated on the Management Letter dated March 12, 2012.

Other information in documents containing audited financial statements

Our audit opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a client prepared document, such as an annual report, should be done only with our prior approval and review of the document. Our responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. We do not have an obligation to perform any procedures to corroborate other information contained in such documents.

Planned scope and timing of the audit

We performed the audit according to the planned scope and timing previously communicated to you in our meetings about planning matters on August 24, 2011.

Significant audit findings

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. The City of Dunedin implemented the accounting policy related to fund balance reporting by adopting Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

We noted no transactions entered into by the City of Dunedin during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of depreciation is based on the straight-line method using varying estimated useful lives according to the particular class in which each depreciable capital asset is categorized. We evaluated the key factors and assumptions used to develop the estimate of useful lives for depreciable capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension asset (obligation) and related change in the net pension asset (obligation) for the Municipal Firefighters' Pension Trust Fund was based upon an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate for the other post employment benefits (OPEB) obligation was based upon an actuarial valuation. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of investments in various securities and the derivative financial instrument is based on quoted market prices or by reference to the funds' underlying assets, or by the terms of the interest rate swap agreement with the counterparty. We evaluated the key factors and assumptions used to develop the valuation of investments in determining they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair value of the interest rate swap used as a hedging derivative instrument is based on the fair value measurement provided by the counter party, Bank of America Merrill Lynch.
- Management's estimate of claims payable associated with the self-insurance internal service fund is based on an analysis of potential losses after considering all available facts relating to each reported claim and also claims incurred but not reported.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the plan description, contributions and actuarial assumptions used in determining the net pension asset (obligation) within the Municipal Firefighters' Pension Trust Fund is described in the notes to the financial statements.
- The disclosure of other post employment benefits is described in the notes to the financial statements and includes the actuarial assumptions, such as future employment, mortality, and healthcare cost trends, to determine the estimated net OPEB obligation at the end of the fiscal year.

- The disclosure of Cash and Cash Equivalents and Investments in the notes to the financial statements addresses the various risk categories required by Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures* and also includes required disclosures related to the City's investments in external investment pools under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.
- The disclosure of the interest rate swap used as a hedging derivative instrument in the notes to the financial statements addresses the various risk categories and other required disclosures under GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing our audit. However, we experienced delays in management providing a draft of the Comprehensive Annual Financial Report (CAFR). Additionally, the initial draft CAFR provided to us required significant corrections. We incurred additional time to assist management in identifying the necessary changes for reconciling items, fund balance categorization, statements of cash flows as well as many presentation related items.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Certain material misstatements detected as a result of audit procedures were corrected by management: See attached schedule of material adjustments at Appendix A.

Disagreements with management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated March 12, 2012.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Honorable Mayor and
Members of the City Commission
City of Dunedin, Florida
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Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Honorable Mayor, Members of the City Commission, and management of the City of Dunedin, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
March 12, 2012

APPENDIX A – SUMMARY OF CORRECTED MISSTATEMENTS

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To correct capitalized interest at year end			
441-164.90-01	IMPROVEMENTS / IMPROVEMENTS	5,500	
441-169.90-01	CONSTRUCTION WORK IN PROG / CONSTR W.I.P.-UNALLOCAT	51,356	
443-169.90-01	CONSTRUCTION WORK IN PROG / CONSTR W.I.P.-UNALLOCAT	100,068	
449-5165-581.91.99	FA XFERS ELIMINATE	5,500	
441-381.91.99	FA XFERS ELIMINATE		5,500
441-5201-517.72.01	INTEREST EXP		51,356
443-5300-517.72.01	INTEREST EXP		100,068
449-5165-533.63.40	WATER SYSTEM		5,500
Total		162,424	162,424
Adjusting Journal Entries JE # 2			
To true up due from other governments detail schedule to the general ledger			
001-133.01-01	DUE FROM OTHER GOVTS / STATE & LOCAL	4,980	
110-133.01-01	DUE FROM OTHER GOVTS / STATE & LOCAL	11,216	
332-133.01-01	DUE FROM OTHER GOVTS / STATE & LOCAL	45,454	
447-115.29-99	A/R-TRADE / A/R-OTHER	50	
447-115.29-99	A/R-TRADE / A/R-OTHER	963	
447-115.29-99	A/R-TRADE / A/R-OTHER	3,448	
447-115.29-99	A/R-TRADE / A/R-OTHER	27,256	
447-115.29-99	A/R-TRADE / A/R-OTHER	89,067	
447-115.29-99	A/R-TRADE / A/R-OTHER	278,491	
001-314.40.01	UG-CLEARWATER GAS		4,980
110-337.40.01	GR-PINELLAS CO		11,216
332-334.70.10	FRDAP GRANTS		45,454
447-334.35.01	GR-STORM (SWFWMD)		399,275
Total		460,925	460,925

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To record SWAP interest adjustment			
441-223.09-01	SWAP / OBLIGATION	113,256	
443-223.09-01	SWAP / OBLIGATION	3,865	
441-154.02-01	INTEREST RATE / SWAP		113,256
443-154.02-01	INTEREST RATE / SWAP		3,865
Total		117,121	117,121
Adjusting Journal Entries JE # 4			
To correct debt balances at year end			
118-284.00-00	F/B - UNASSIGNED	28	
441-215.30-01	ACCRUED INTEREST PAYABLE / ACCR INT-DEPOSITS	232	
441-232.02-01	REVENUE BONDS PAY-CURRENT / '94 W/S REV BONDS-LT	21,115	
441-272.01-00	R/E-UNRESERVED	260,038	
443-227.01-01	REV BOND SER / CURRENT BONY	47,685	
443-272.01-00	R/E-UNRESERVED	330	
553-215.02-16	ACCRUED INTEREST PAYABLE / ACC INT - BOA LEASE	382	
553-225.02-16	CAPITAL LEASES-CURRENT / BOA LEASE	278,963	
553-225.92-16	CAPITAL LEASES-LONGTERM / BOA LEASE	477,907	
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD	20,956	
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD	21,522	
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD	113,694	
951-227.02-01	CURRENT REV BDS / DEBT / BofA #265 6MM	56,678	
951-234.02-05	LT REV BDS / DEBT / SUNTRUST-C.I.SERIES 2002	109,682	
118-5035-519.72.01	INTEREST		28
441-1503-513.72.61	INTEREST EXP-H2O DEPOSITS		232
441-232.01-01	REVREF BONDS LT / '93 W/S REV REF BONDS-LT		47,685
441-248.10-01	RETAINED EARNINGS-RESERVD / DEBT SERVICE - CY		21,115
441-5201-517.71.01	PRINCIPAL		6,670
441-5267-517.71.01	PRINCIPAL		253,368
443-5300-517.71.01	PRINCIPAL		330
553-225.92-16	CAPITAL LEASES-LONGTERM / BOA LEASE		278,963
553-6200-517.71.01	PRINCIPAL		477,907
553-6200-517.72.01	INTEREST EXP		382
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD		56,678
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD		105,993
951-215.02-16	ACCRUED INTEREST PAYABLE / ACC INT - BOA LEASE		113,694
951-227.02-03	CURRENT REV BDS / DEBT / BofA #281 4.3MM		21,522
951-227.02-05	CURRENT REV BDS / DEBT / SUNTRUST C.I. SERIES 2002		3,689
951-234.02-06	LT REV BDS / DEBT / CAP IMP SERIES MLKSHAPIRO		20,956
Total		1,409,212	1,409,212

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
To increase the reserve for bad debt for code enforcement fines.			
001-354.10.05	CODE ENFORCEMENT FINES	76,004	
001-117.01-00	ALLOW FOR UNCOLL-A/R / ALLOW FOR UNCOLL-A/R		76,004
Total		76,004	76,004
Adjusting Journal Entries JE # 6			
To accrue alcoholic beverage license receivable for July to September period.			
001-133.01-01	DUE FROM OTHER GOVTS / STATE & LOCAL	22,894	
001-335.15.02	ALCOHOLIC BEVERAGE LIC		22,894
Total		22,894	22,894
Adjusting Journal Entries JE # 7			
To reclass short term portion of long-term debt			
441-232.01-01	REVREF BONDS LT / '93 W/S REV REF BONDS-LT	1,315,120	
443-232.01-01	REVREF BONDS LT / '93 W/S REV REF BONDS-LT	47,685	
441-227.01-01	REV BOND SER / CURRENT BONY		1,315,120
443-227.01-01	REV BOND SER / CURRENT BONY		47,685
Total		1,362,805	1,362,805
Adjusting Journal Entries JE # 8			
To adjust Bond Premium for FY 2011			
441-224.91-01	UNAMORT PREM/DISC ON BOND / PREMIUM-'93 REV REF BON	67,128	
443-361.40.11	INT - AMORTIZED BOND PREM	1,140	
441-361.40.11	INT - AMORTIZED BOND PREM		33,564
441-5201-590.73.01	PREMIUM AMORTIZATION		33,564
443-5300-590.73.01	PREMIUM AMORTIZATION		1,140
Total		68,268	68,268
Adjusting Journal Entries JE # 9			
To adjust debt accrued interest adjustment for 4/1/12 pmt.			
441-209.01-51	ACCRUED INTEREST / 1993 BOND	47,159	
443-209.01-51	ACCRUED INTEREST / 1993 BOND	1,609	
443-209.01-54	ACCRUED INTEREST / UTIL SYS REV BDS 2007 BOA	86,208	
951-215.02-16	ACCRUED INTEREST PAYABLE / ACC INT - BOA LEASE	152,289	
441-5201-517.72.01	INTEREST EXP		47,159
443-5300-517.72.01	INTEREST EXP		1,609
443-5300-517.72.01	INTEREST EXP		86,208
951-181.90-00	AMT TO BE PROVIDED GLTDAG / AMT TO BE PROVIDED GLTD		152,289
Total		287,265	287,265

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 10			
To adjust WC Claim reserves			
552-239.91-03	OTHER LONG-TERM LIABILITY / EST LIAB W/C CLAIMS	102,428	
552-1612-513.45.40	INS -WORKERS' COMP CLAIMS		102,428
Total		102,428	102,428
Adjusting Journal Entries JE # 11			
To accrue portion of check#620558 for Kloote Contracting for the period of 9/16 - 10/15/11.			
660-1716-559.63.32	SIDEWALK,CURB,GUTTER,ETC.	32,189	
660-202.01-02	ACCOUNTS PAYABLE / ACCOUNTS PAYABLE-ACCRUED		28,970
660-206.01-00	RETAINAGES PAYABLE / RETAINAGES PAYABLE		3,219
Total		32,189	32,189
Adjusting Journal Entries JE # 12			
To reclassify Gain/Loss on Sale of Fixed Assets			
440-167.90-01	ACCUM DEPR-EQUIP/FURN / ACCUM DEPR-EQUIP/FURN	57,938	
440-364.41.30	GAIN(LOSS) ON F/A SALES		57,938
Total		57,938	57,938
Adjusting Journal Entries JE # 13			
To adjust fund balance for removal of Advance to Golf Course.			
001-281.03-10	RESV / ADV TO ST. ANDREWS	117,163	
470-236.01-01	ADV-GENERAL FUND / GENERAL FUND	26	
001-271.00-00	EQUITIES / FUND BALANCE (F/B)		117,163
470-381.01.01	TRFS FROM 001 GEN FUND		26
Total		117,189	117,189
Adjusting Journal Entries JE # 14			
To record current year infrastructure additions and capitalize infrastructure assets placed into service in prior years but not previously recorded			
901-164.90-02	IMPROVEMENTS / INFRASTRUCTURE	1,977,503	
901-165.90-02	ACCUM DEPR-IMPROVEMENTS / INFRASTRUCTURE	401,833	
901-280.10-13	INVEST IN GENL FIXD ASSET / TOTAL ACCUM DEPREC	58,701	
901-280.10-01	INVEST IN GENL FIXD ASSET / INVEST-GFA GEN FUND COS		2,438,037
Total		2,438,037	2,438,037

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15			
To adjust pooled cash and investment balances per general ledger to agree to cash and investment actually held by the City			
001-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	36,141	
440-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	5,627	
441-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	9,688	
443-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	6,554	
001-361.30.00	NET INV FMV CHANGE		36,141
440-361.30.00	NET INV FMV CHANGE		5,627
441-361.30.00	NET INV FMV CHANGE		9,688
443-361.30.00	NET INV FMV CHANGE		6,554
Total		58,010	58,010
Adjusting Journal Entries JE # 16			
Write off interfund loan to golf course, since repayment to general fund and capital improvements fund is not anticipated.			
001-8802-581.91-70	Transfer to Golf Course	239,725	
332-4242-581.91-70	Transfer 470 to Golf Course	59,089	
470-207.01-01	D/T OTHER FUNDS / D/T GENERAL FUND	122,562	
470-236.01-01	ADV-GENERAL FUND / GENERAL FUND	117,136	
470-236.03-32	ADV - CAPITAL PROJ FUNDS / ADVANCE FROM LSCIF	59,089	
001-131.50-01	D/F-INTERNAL SERVIC FUNDS / Due from Golf Course		122,562
001-132.90-70	ADVANCES TO OTHER FUNDS / ADVANCE TO ST. ANDREWS		117,163
332-132.90-70	ADVANCES TO OTHER FUNDS / ADVANCE TO ST. ANDREWS		59,089
470-381.01.01	TRFS FROM 001 GEN FUND		117,136
470-381.01.01	TRFS FROM 001 GEN FUND		122,562
470-381.01.32	TRANS FROM FUND 332		59,089
Total		597,601	597,601
Adjusting Journal Entries JE # 17			
Eliminate unamortized premium/discount account balance improperly reported within investments			
801-152.90-02	UNAMORT INVEST PREM/DISC / DISCOUNTS	7,500	
801-207.30-02	OVER(UNDER) ALLOCATD REVE / BK TO MKT		7,500
Total		7,500	7,500

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 18			
To reclassify progress energy franchise fee and utility tax to due from other governments			
001-133.01-01	DUE FROM OTHER GOVTS / STATE & LOCAL	513,950	
001-115.29-99	A/R-TRADE / A/R-OTHER		513,950
Total		513,950	513,950
Adjusting Journal Entries JE # 19			
To adjust capitalized interest based the correction of an error in the intial calculation of interest expense to capitalize			
441-5201-517.72.01	INTEREST EXP	23,199	
443-5300-517.72.01	INTEREST EXP	47,473	
441-169.90-01	CONSTRUCTION WORK IN PROG / CONSTR W.I.P.-UNALLOCAT		23,199
443-169.90-01	CONSTRUCTION WORK IN PROG / CONSTR W.I.P.-UNALLOCAT		47,473
Total		70,672	70,672
Adjusting Journal Entries JE # 20			
To eliminate negative balances in cash accounts and reclassify as transfers			
001-1400-581.91.10	TRF TO 110 FUND (GRANT)	1,400	
001-1400-581.91.11	TRF TO 111 FUND (STADIUM)	102,230	
001-1400-581.91.70	TRF TO 470 FD (ST ANDREW)	39,260	
110-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	1,400	
111-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	102,230	
470-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS	39,260	
001-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS		1,400
001-104.10-00	EQUITY IN POOLED CASH / EQUITY IN POOLED CASH-OPS		102,230
001-104.10-10	EQUITY IN POOLED CASH-OPS / EQ-CHRISTMAS SHARING		39,260
110-381.01.34	TRANS FROM FUND 334		1,400
111-381.01.01	TRFS FROM 001 GEN FUND		102,230
470-381.01.01	TRFS FROM 001 GEN FUND		39,260
Total		285,780	285,780

CITY OF DUNEDIN, FLORIDA
SINGLE AUDIT AND OTHER AUDITOR REPORTS
YEAR ENDED SEPTEMBER 30, 2011

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



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**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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2012. Our report includes a 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 opinions 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 a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 deficiency described as IC 2011-01 in the accompanying schedule of findings and questioned costs to be a material weakness.

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 other matters that we reported to management of the City in a separate letter dated March 12, 2012.

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

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.



CliftonLarsonAllen LLP

Tampa, Florida
March 12, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

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 Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of its major state projects for the year ended September 30, 2011. The City's major state projects are identified in the 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 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, and Chapter 10.550, Rules of the Auditor General. Those standards 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 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 could have a direct and material effect on each of its major state projects for the year ended September 30, 2011.

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 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 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 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.

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 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 state project will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of 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, 2011, and have issued our report thereon dated March 12, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by 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.

This report is intended solely for the information and use of management, the Mayor and Members of the City Commission, 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.



CliftonLarsonAllen LLP

Tampa, Florida
March 12, 2012

**CITY OF DUNEDIN, FLORIDA
 SCHEDULE OF EXPENDITURES OF
 STATE FINANCIAL ASSISTANCE
 YEAR ENDED SEPTEMBER 30, 2011**

<u>State Agency State Project</u>	<u>CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
<u>Department of Revenue</u>				
Direct Program				
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise (Toronto Blue Jays Stadium)	73.016	08-CT-C1-07-F7-J1-097	\$ 11,000,088	<u>\$ 500,004</u>
Total state financial assistance				<u><u>\$ 500,004</u></u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2011**

NOTE I – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance presents the activity of all 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 Chapter 10.550, Rules of the Auditor General of the State of Florida. A Schedule of Expenditures of Federal Awards was not included because, under the requirements of Office of Management and Budget (OMB) Circular A-133, such schedule is not required to be presented if annual expenditures of federal awards are under \$500,000. For the fiscal year ended September 30, 2011, the City had expended federal awards totaling \$70,644.

NOTE II – CONTINGENCIES

The state projects listed in the Schedule of Expenditures of 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
YEAR ENDED SEPTEMBER 30, 2011**

SECTION I – SUMMARY OF AUDITORS’ RESULTS:

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be a material weakness(es)	None reported
Noncompliance material to financial statements noted?	No

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	No
Significant deficiencies identified not considered to be a material weakness(es)	None reported
Type of auditors’ report issued on compliance for major projects?	Unqualified
Any audit findings disclosed that are required to be reported in accordance with –	
Florida Single Audit Act	No

Identification of Major Projects

<u>State</u>	<u>Name of Program or Cluster</u>	
CSFA 73.016	Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise	
Dollar threshold used to distinguish between Type A and		\$300,000

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2011**

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

IC 2011-01

Criteria

City management is responsible for establishing and maintaining internal controls for the proper recording of all of the City's receipts and disbursements, including proper classification of balances within each fund, year-end accruals of both revenues and expenses, and analysis and recording of significant estimates.

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:

- Significant estimates, such the self insurance claims liability, fair value of the interest rate swap, capitalized interest on construction expenditures within the proprietary funds, and the allowance for doubtful accounts relating to code enforcement fines, had either not been evaluated or were inaccurately recorded prior to commencement of the audit.
- Certain transactions relating to long term debt had not been properly recorded to the general ledger based on the timing of principal and interest payments made as of or subsequent to September 30, 2011.
- Infrastructure assets relating to street and sidewalk installation and resurfacing projects had not been capitalized in the government-wide financial statements (governmental activities) for approximately the last five years. Once the analysis of the historical activity had been completed, a prior period adjustment was recorded in order to correct the material understatement of the beginning infrastructure capital asset balance.
- Various other account balances contained misstatements as a result of duplicate entries made to certain accounts, not correctly calculating accrued interest payable on outstanding debt, recording balances within fund balance categories incorrectly, and other miscellaneous errors identified as a result of audit procedures, all of which were subsequently corrected.
- There is not a formal review process in place to detect and ultimately correct any material errors or omissions within the financial statements prepared by management. Management made significant corrections and other adjustments to the draft of the Comprehensive Annual Financial Report (CAFR) that were detected as a result of our audit procedures.

Cause

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

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2011**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS: IC 2010-01
(CONTINUED)**

Effect

The design of the internal controls over recording receipts and disbursements, including reclassifications, could affect the ability of the City to prevent, or detect and correct misstatements on a timely basis.

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 the general ledger account balances are properly reconciled and all entries are recorded accurately, are followed during the closing process. Additionally, work has begun on a monthly review and recording of many of the year-end entries. This monthly closing process will ensure a timely year-end process. Corrective action will be implemented through the remainder of FY 2012 and during the closing process for the fiscal year ended September 30, 2012.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS:

None reported

SECTION IV – PRIOR YEAR MAJOR STATE PROJECT AUDIT FINDINGS AND QUESTIONED COSTS:

None reported



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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, 2011 and have issued our report thereon dated March 12, 2012. Our report includes a reference to 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. 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*. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 12, 2012, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Refer to the heading below under Appendix A - Prior Year Findings and Recommendations, which describes the corrective actions taken to address findings and recommendations made in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City's policy complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

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

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) deficiencies in internal control that are not significant deficiencies. Refer to Appendix B – Current Year Findings and Recommendations.

- 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 I 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, 2011 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, 2011. 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 management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.



CliftonLarsonAllen LLP

Tampa, Florida
March 12, 2012

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

IC 2010-03 & 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. In addition, we noted that 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.

To ensure that all requests related to the City's usage of purchasing cards are properly documented, we recommended that a manual change request form be completed, signed by both employee and supervisor, and then provided to the purchasing manager to process. Also, we recommended that a qualified individual 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.

Current Year Status

A revised Purchasing Card Policy was executed and became effective on January 1, 2012. The revised policy included changes in the approval process. The Finance Director now reviews and approves the purchasing card statements of all department directors. In addition, cardholders are required to complete a Single Transaction Limit Change Form for all requests to initiate single transaction limit changes, which are to be approved by the Deputy Finance Director. A formal training of all relevant personnel on the new purchasing card policies is currently in process. Although corrective action had not been completely implemented by the fiscal year ended September 30, 2011, management anticipates that this finding and recommendation will be fully addressed in fiscal year 2012, once employees are formally trained on the new policies.

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.

Current Year Status

The City has adopted a formal cash management and handling policy. Employee training is expected to be completed during fiscal year 2012. The use of RecTrac at both the MLK Center and Highland Pool will be contemplated. If RecTrac is not implemented at either of these sites, then another effective means, such as a cash register, will be utilized in order to reconcile revenue transactions to cash collected.

CITY OF DUNEDIN, FLORIDA
SEPTEMBER 30, 2010

APPENDIX A (CONTINUED)

IC 2010-02, IC 2010-04, MLC 2009-02, MLC 2010-01, and MLC 2010-02

These findings have been addressed during fiscal year 2011.

APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MLC 2011-01

Façade Program

Criteria

The City's façade program is a mechanism to stimulate and leverage private investment in its downtown redevelopment area and also as a way to enhance the appearance and condition of commercial structures in the City. It provides commercial building owners with financial assistance to enhance the exterior of their buildings.

Condition

As a result of our audit procedures, we noted that for a particular project the Economic Development Director did not obtain proof of payment from an applicant relating to a construction invoice and an awning invoice. Specifically, only a "paid in full" stamp was observed on the construction invoice, and only a check number written on the awning invoice was observed.

Cause

The City's Economic Development Director is charged with selecting the applicant, approving the award, reviewing the reimbursement package, and submitting a request to the Finance Department for payment.

Effect

Costs are initially borne by the applicant and are later reimbursed by the City up to the specified award amount. There is a risk that the applicant could receive payment from the City for costs that may not have been incurred.

Recommendation

We recommend that duties relating to the façade program be better segregated between at least two or more qualified individuals, rather than the Economic Development Director solely overseeing the selection, approval, and review process. In addition, we recommend that for every project, proof of payment be obtained from the applicant prior to reimbursement.

Views of responsible officials and planned corrective actions

Management concurs with this finding. During FY 2012 a policy and internal controls will be designed to ensure appropriate approvals and segregation of duties. The policy and controls are anticipated to be in place during the year.