

# **CITY OF DUNEDIN, FLORIDA**

## ***Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2005***

### **CITY COMMISSION**

**JOHN DOGLIONE**  
Mayor-Commissioner

**JULIE SCALES**  
Vice Mayor - Commissioner

**ROBERT HACKWORTH**  
Commissioner

**DEBORAH KYNES**  
Commissioner

**DAVE EGGERS**  
Commissioner

### **CITY MANAGER**

**MAUREEN FREANEY**

### **FINANCE DIRECTOR**

**M. EARL SANDERS, 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, 2005**

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# CITY OF DUNEDIN

"Dedicated to Quality Service"

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

March 31, 2006

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, 2005. 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 that is 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 Davidson, Jamieson & Cristini, P.L., a firm of licensed certified public accountants. 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, 2005, 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, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require 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 25 square miles and serves a population of approximately 37,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's manager in April of each year. The manager uses these requests as a starting point for developing a proposed



budget. The 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 special approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page B-8 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented on pages B-9 and D11 – D24.

### **Factors Affecting Financial Condition**

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

**Local economy.** The economy of Dunedin is primarily dependent upon tourism, services and retirement living. The City mainly consists of residential land uses (47%) and recreational land uses (28%). Industrial and commercial land uses comprise only one percent and four percent, respectively, of the City's land area. Major employers include Mease Hospital Dunedin, a medical complex, Coca-Cola North America, Mease Manor Inc. (a retirement facility), the City of Dunedin and the Pinellas County School System. The City has only one small industrial park. The service industry (banking, retailing, personal services, etc.) has risen significantly to meet the demands of the area's population.

The City's total labor force was 19,019 people in September 2005. In that same month, unemployment for Pinellas County and the City was 3.6%.

The retirement population continues to influence the local economy. Thirty percent of Dunedin's residents were of retirement age (65 and over) in 2000. Dunedin has many retirement homes, condominiums and apartment complexes which accommodate retirees. More young families are moving into the City; therefore, the median age (which was 44.0 years of age in 2005) is continuing to decline. The local economy is also influenced during the winter months by a seasonal population of approximately 3,400 people.

Per capita income in Pinellas County has increased by 35% between 1996 and 2005 (the most recent year for which this information is available) to \$33,316.

**Long-term financial planning.** St. Andrews Links golf course was purchased by the City in December 2002, and renovations since then continue to improve playing conditions and use by the public. In fiscal year 2005, the City Commission approved construction of a \$9.8 million community center, with completion projected for fall of 2006. Funding was obtained through issuance of \$10 million in Sales Tax Revenue Bonds.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in U.S. Government Securities, U.S. Government agency and instrumentality securities, Bank of America (checking) and the State Board of Administration investment pool. The maturities of the investments range from 30 days to 11 years, with an average maturity of .5 years. The City's average yield on investments (excluding pension funds) was 3.21 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 - \$500,000), its first \$250,000 of any employee work injury, and other areas falling outside of the City's normal coverage. The City also self-insures all general liability and auto liability losses.

#### **Pension and other post employment benefits.**

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

All other qualified City employees hired before January 1, 1996 participate in the Florida Retirement System Pension Plan which is administered by the State of Florida, Department of Administration, Division of Retirement. At September 30, 2005, the City contributed 7.83% of regular employee gross wages to the plan.

All employees hired subsequent to December 31, 1995 who would qualify for participation in the Florida Retirement System participate in the City's defined contribution plan. The City's contribution rate is 10% of employee's gross wages.

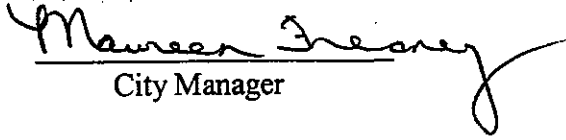
Additional information on the City's pension arrangements can be found on pages C-38 to C-45 in the notes to the financial statements.

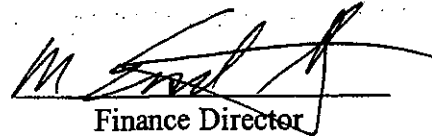
#### **Acknowledgements**

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 Davidson, Jamieson and Cristini, P.L., who provided their expertise throughout the year.

Respectfully submitted,

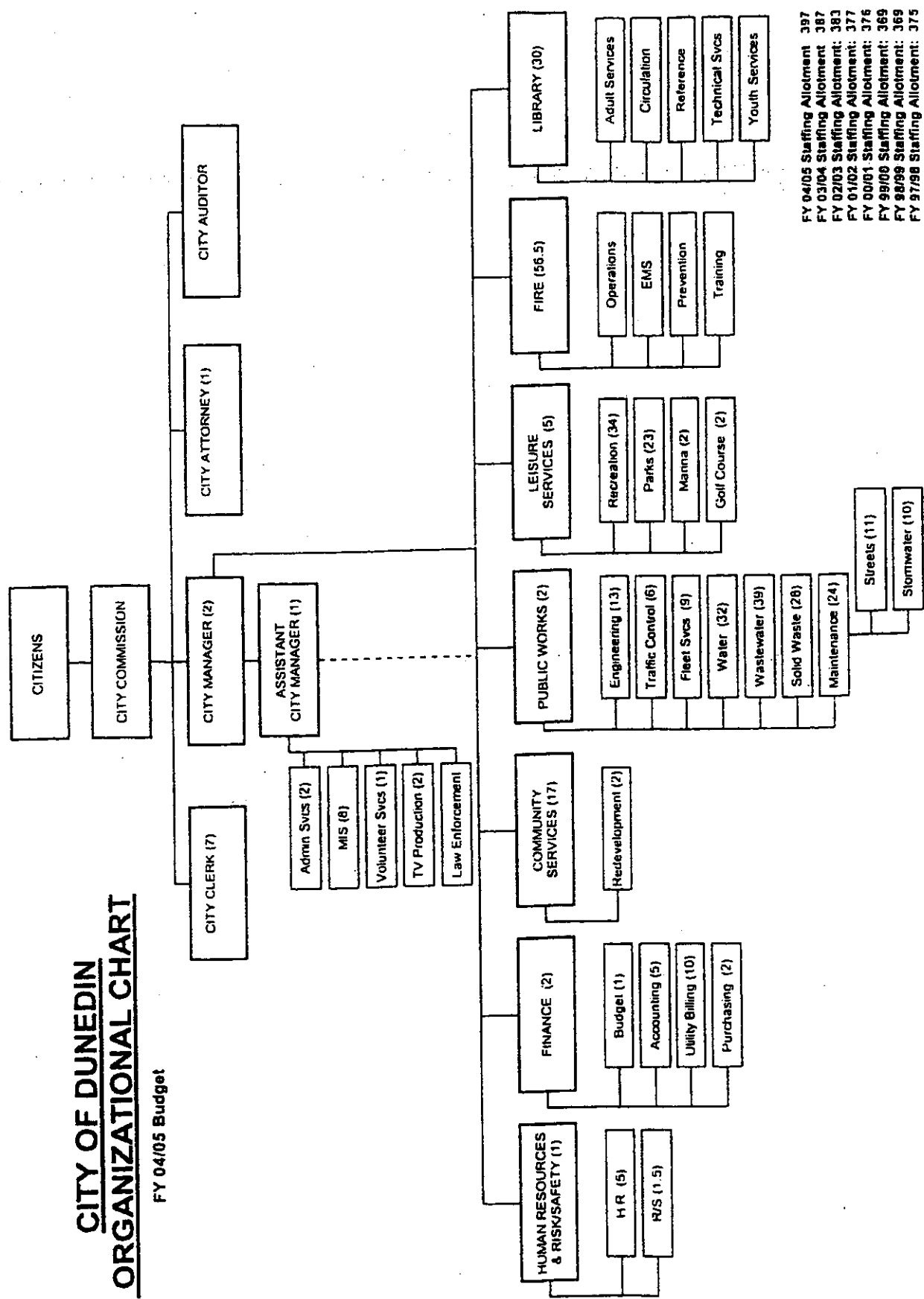
  
City Manager

  
Finance Director

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# CITY OF DUNEDIN ORGANIZATIONAL CHART

FY 04/05 Budget



FY 04/05 Staffing Allotment: 357  
 FY 03/04 Staffing Allotment: 387  
 FY 02/03 Staffing Allotment: 383  
 FY 01/02 Staffing Allotment: 377  
 FY 00/01 Staffing Allotment: 376  
 FY 99/00 Staffing Allotment: 369  
 FY 98/99 Staffing Allotment: 369  
 FY 97/98 Staffing Allotment: 375

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**Davidson, Jamieson & Cristini, P.L.**

**Certified Public Accountants**

1956 Bayshore Boulevard  
Dunedin, Florida 34698-2503  
(727)734-5437 or 736-0771  
FAX (727) 733-3487

*Members of the Firm*  
John N. Davidson, CPA\*, CVA  
Harry B. Jamieson, CPA\*  
Richard A. Cristini, CPA\*, CPPT, CGFM

Member  
American Institute of  
Certified Public Accountants  
Florida Institute of  
Certified Public Accountants

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\*Regulated by the  
State of Florida

The Honorable Mayor  
and City Commission  
City of Dunedin, Florida

**INDEPENDENT AUDITOR'S REPORT**

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, as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 19, 2006 on our consideration of the City of Dunedin, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Honorable Mayor  
and City Commission

The *accompanying management's discussion and analysis* on pages A-3 through A-15 is not a required part of the basic financial statements but is 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The *introductory section and statistical tables* have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them.

*Davidson, Jameson & Cristini, P.L.*

January 19, 2006



## 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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii – xi of this report.

### Financial Highlights

The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$102,353,449 (*net assets*). Of this amount, \$20,104,449 (*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 \$2,357,892 (2.4%). Net assets supporting governmental activities increased \$3,916,076 (9.0%) and business-type activities net assets decreased \$1,558,184 (2.8%).

On September 30, 2005 the City's governmental funds reported combined ending fund balances of \$25,447,768, an increase of \$10,041,095. This increase reflects proceeds from debt financing of the City's new community center of \$10,000,000. Of this total amount, \$12,727,357 (50.0%) is *available for spending* at the City's discretion (*unreserved fund balance*).

On September 30, 2005, unreserved fund balance for the general fund was \$6,657,589 (27.1%) of total general fund expenditures.

### Overview of Financial Statements

This discussion and analysis is intended to serve 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 information showing how the City's net assets changed 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 in 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, reclaimed water, stormwater utility, a marina operation, and a golf course.

The government-wide financial statements include not only the City of Dunedin, Florida itself, but also the Community Redevelopment Agency (CRA) and the Firefighters' Pension Fund (known as the *primary government*). Although the CRA and the Firefighters' Pension Fund are legally separate, they are financially accountable to the City. The City approves the contribution rates and is responsible for funding shortfalls. The City Commission also 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 that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided to 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, reclaimed water, stormwater utility, marina operations, and golf course. *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* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages B-10 – B-15 of this report.

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

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

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages C-1 – C-48 of this report.

### Other information

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the Notes to the Financial Statements. Fund statements (combining and individual fund statements) can be found on pages D-1 - D-31 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$102,353,449 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (64.5%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, improvements other than buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Dunedin, Florida  
Net Assets  
September 30, 2005 and 2004

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets:</b>						
Current and other assets	\$ 31,980,320	\$ 22,463,304	\$ 13,438,655	\$ 14,731,060	\$ 45,418,975	\$ 37,194,364
Capital assets	45,182,119	45,216,473	59,002,987	60,651,029	104,185,106	105,867,502
<b>Total assets</b>	<b>77,162,439</b>	<b>67,679,777</b>	<b>72,441,642</b>	<b>75,382,089</b>	<b>149,604,081</b>	<b>143,061,866</b>
<b>Liabilities:</b>						
Current and other liabilities	1,902,668	2,645,451	2,348,560	2,630,018	4,251,228	5,275,469
Long-term liabilities outstanding:						
Due within one year	1,899,994	2,500,869	1,358,666	1,315,542	3,258,660	3,816,411
Due in more than one year	26,072,100	19,161,856	13,668,644	14,812,573	39,740,744	33,974,429
<b>Total liabilities</b>	<b>29,874,762</b>	<b>24,308,176</b>	<b>17,375,870</b>	<b>18,758,133</b>	<b>47,250,632</b>	<b>43,066,309</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	19,580,030	25,673,683	46,477,869	45,351,725	66,057,899	71,025,408
Restricted	11,747,673	2,283,755	4,443,428	4,897,856	16,191,101	7,161,611
Unrestricted	15,959,974	15,434,163	4,144,475	6,374,375	20,104,449	21,808,538
<b>Total net assets</b>	<b>\$ 47,287,677</b>	<b>\$ 43,371,601</b>	<b>\$ 55,065,772</b>	<b>\$ 56,623,956</b>	<b>\$ 102,353,449</b>	<b>\$ 99,995,557</b>

An additional portion of the City's net assets (15.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$20,104,449 (19.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

### Change in Net Assets

The following table reflects the *changes in net assets* for the fiscal years ended September 30, 2005 and 2004:

**City of Dunedin, Florida  
Net Assets Change  
September 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ 4,731,225	\$ 4,241,434	\$ 20,188,223	\$ 20,268,203	\$ 24,919,448	\$ 24,509,637
Operating grants and contributions	588,149	465,311	2,849	3,666	590,998	468,977
Capital grants and contributions	3,664,873	2,417,088	288,127	613,275	3,953,000	3,030,363
General revenues:					0	
Property taxes	7,662,303	7,063,015			7,662,303	7,063,015
Other taxes	13,769,345	13,054,983			13,769,345	13,054,983
Grants and contributions not restricted to specific programs	21,397	20,833			21,397	20,833
Other	248,678	304,275	390,224	451,705	638,902	755,980
<b>Total revenues</b>	<u>30,685,970</u>	<u>27,566,939</u>	<u>20,869,423</u>	<u>21,336,849</u>	<u>51,555,393</u>	<u>48,903,768</u>
<b>Expenses:</b>						
General government	2,177,359	1,616,858			2,177,359	1,616,858
Public safety	11,287,223	10,279,511			11,287,223	10,279,511
Physical environment	834	23,346			834	23,346
Transportation	2,258,259	1,337,617			2,258,259	1,337,617
Economic environment	88,207	91,417			88,207	91,417
Culture and recreation	9,559,059	8,071,251			9,559,059	8,071,251
Interest on long-term debt	837,648	904,118			837,648	904,118
Solid waste			5,156,394	4,541,315	5,156,394	4,541,315
Water/Sewer utility			14,197,584	14,278,420	14,197,584	14,278,420
Reclaimed water			1,478,475	1,453,574	1,478,475	1,453,574
Stormwater utility			1,207,654	1,173,210	1,207,654	1,173,210
Marina			353,576	252,462	353,576	252,462
Golf course			595,229	470,054	595,229	470,054
<b>Total expenses</b>	<u>26,208,589</u>	<u>22,324,118</u>	<u>22,988,912</u>	<u>22,169,035</u>	<u>49,197,501</u>	<u>44,493,153</u>
<b>Increase in net assets before transfers</b>	4,477,381	5,242,821	(2,119,489)	(832,186)	2,357,892	4,410,635
<b>Transfers</b>	<u>(561,305)</u>	<u>(686,117)</u>	<u>561,305</u>	<u>686,117</u>	<u>0</u>	<u>0</u>
<b>Increase in net assets</b>	3,916,076	4,556,704	(1,558,184)	(146,069)	2,357,892	4,410,635
<b>Net assets October 1</b>	<u>43,371,601</u>	<u>38,814,897</u>	<u>56,623,956</u>	<u>56,770,025</u>	<u>99,995,557</u>	<u>95,584,922</u>
<b>Net assets September 30</b>	<u>\$ 47,287,677</u>	<u>\$ 43,371,601</u>	<u>\$ 55,065,772</u>	<u>\$ 56,623,956</u>	<u>\$ 102,353,449</u>	<u>\$ 99,995,557</u>

The City's total revenues increased \$2,651,605 (5.4%) while total expenses increased \$4,704,348 (10.6%). Applicable to total revenues, property taxes increased \$599,288, charges for services increased \$409,811 and capital grants and contributions increased \$922,637. As to total expenses, public safety increased \$1,007,712, culture and recreation increased \$1,487,808, and solid waste increased \$615,079. The analysis below separately considers the operations of governmental and business-type activities in further detail.

### **Governmental activities**

Total revenues for governmental activities increased \$3,119,031 (11.3%). The major factors were:

- Capital grants and contributions increased \$1,247,785 (51.6%) due to funds received for the Martin Luther King, Jr. recreation center.
- Property taxes increased by \$599,288 (8.5%) during the year primarily due to annexations, new construction and increases in property tax values.

Of the increase in total expenses of \$3,884,471, public safety experienced increases in personal services, and supplies and services costs of \$390,021 and \$557,831 respectively. Culture and recreation had increases in personal services costs of \$273,995, and in supplies and services costs of \$245,145.

Transfers from governmental activities to business-type activities were \$561,305 for the year, reflecting a \$82,000 transfer from the Leisure Services Capital Fund, and a \$388,305 transfer from the Park's Impact Fee Fund to the golf course, and a transfer from the One Cent Sales Tax Fund to the Reclaimed Capital Fund of \$91,000.

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

Total revenues for business-type activities decreased \$467,426 (2.2%). The major factors were:

- Charges for services decreased by \$79,980, primarily reflecting an increase in solid waste of \$273,489, and a decrease in the water/sewer utility of \$370,349.
- Total capital grants and contributions for business-type activities declined by \$325,148. Of this total, water/sewer utility impact fees, which are linked directly to new construction, declined \$198,524 during the current fiscal year. Contributions from reclaimed water customers, other funds and grants declined \$559,124.

Total expenses for business-type activities increased \$819,877 (3.7%). Solid waste expenses increased \$615,079 (13.5%), reflecting primarily an increase in supplies and services expenses of \$545,958 (17.8%). Water and sewer utility expenses decreased \$80,836, due to a decrease in supplies and service costs of \$230,718.

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

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,447,768, an increase of \$10,041,095 in comparison with the prior year reflecting the \$10 million funding for the new community center. *Reserved fund balance* indicates resources that are not available for new spending because they have already been committed 1) to liquidate contracts and purchase orders of the prior period (\$811,328), 2) to purchase capital assets per revenue bond agreements (\$10,362,798), 3) to generate income to pay for future utility costs (\$851,468), 4) to pay debt service (\$329,752), 5) to generate income to pay for perpetual care of the municipal cemetery (\$149,833), and 6) for a variety of other restricted purposes (\$215,232). The remainder of the fund balance (\$12,727,357) is *unreserved fund balance*, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$6,657,589, while total fund balance reached \$7,844,207. As a measure of this fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures (including transfers out). Unreserved fund balance represents 27.1% of total expenditures.

The fund balance of the City's General Fund decreased by \$605,724 (7.2%) during the current fiscal year. Key factors in this decrease are as follows:

- Total revenues increased \$674,433 (2.9%) primarily due to an increase in property tax revenue of \$538,617.

Total expenses increased \$1,646,743 (7.7%). Primary components were public safety personal services, and supplies and services expenditures of \$390,021 and \$557,831 respectively; and culture and recreation expenditures for personal services, and supplies and services of \$273,995 and \$245,145.

The One Cent Sales Tax Fund has a total fund balance of \$3,995,337, an increase during the year of \$1,410,135. The major projects funded this fiscal year by the One Cent Sales Tax Fund were the Library renovation (\$428,618), South Douglas (\$507,808), Pioneer Park (\$103,337), various street resurfacing projects (\$351,080), annual debt service for the City's information technology program (\$376,245), various Public Works projects (\$141,393), and annual debt service (\$711,297).

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



Unrestricted net assets of the Solid Waste Fund at fiscal year-end amounted to \$536,480, a decrease from prior year of \$300,863 (36%). Operating revenues increased \$273,489 (6.1%) while operating expenses increased \$605,870 (13.2%). The increase in operating expenses reflected an increase in personnel services expenses of \$66,885, and increased supplies and services costs of \$545,958.

Unrestricted net assets of the Water/Sewer Utility Fund at fiscal year-end amounted to \$2,318,482. Total net assets decreased from the prior year by \$1,199,895 (3.7%). Operating revenues decreased \$370,349, while operating expenses increased \$116,567.

Unrestricted net assets of the Reclaimed Water Fund at fiscal year-end amounted to \$545,015. Total net assets decreased during the year by \$671,701 (4.2%). Operating revenues decreased \$54,942, while operating expenses increased \$32,807 as compared to prior year. Contributions and transfers declined \$508,124.

Unrestricted net assets of the Stormwater Utility Fund at fiscal year-end amounted to \$544,596. The increase in total net assets was \$158,103 (4.1%). Operating revenues decreased \$48,307, while operating expenses increased \$29,577. Contributions from other funds increased \$40,000.

Unrestricted net assets of the Marina Fund at the end of the year amounted to \$132,500. The growth in total net assets was \$39,464 (2.3%). Revenues increased \$62,233 while expenses increased \$103,214, primarily reflecting depreciation of the dredging project.

The Golf Course Fund ended the year with net assets of \$1,157,709, an increase over the prior year of \$345,458. Revenues increased \$57,896 with an increase in operating expenses of \$135,760. Transfers in increased \$391,688.

## **General Fund Budgetary Highlights**

As detailed on page B-8, actual total revenues exceeded budgetary estimates by \$875,905 (3.8%). Major components of this variance were intergovernmental revenues with \$792,661, and charges for Services with \$271,171. Actual total expenditures were below budgetary estimates by \$465,747 (2.0%).

## **Capital Asset and Debt Administration**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounted to \$104,185,106 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements other than buildings, machinery and equipment.

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

- The City entered into a contract for the construction of a new \$9.8 million community center. Estimated completion date is November, 2006.
- The City began a \$700,000 project to improve Virginia Street between Milwaukee Avenue and Patricia Avenue.
- Design work was begun for an addition to Fire Station Number 62, with a projected cost of \$155,000.

**City of Dunedin, Florida's Capital Assets (net of depreciation)  
September 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 6,079,515	\$ 6,079,515	\$ 1,378,896	\$ 1,378,896	\$ 7,458,411	\$ 7,458,411
Buildings	20,670,050	17,791,060	6,236,367	7,028,902	26,906,417	24,819,962
Infrastructure	848,750	866,250	-	-	848,750	866,250
Improvements other than buildings	11,067,486	10,537,738	50,366,834	51,550,955	61,434,320	62,088,693
Machinery and equipment	5,354,368	6,000,215	776,445	646,853	6,130,813	6,647,068
Construction in progress	<u>1,161,950</u>	<u>3,941,695</u>	<u>244,445</u>	<u>45,422</u>	<u>1,406,395</u>	<u>3,987,117</u>
<b>Total</b>	<b><u>\$45,182,119</u></b>	<b><u>\$45,216,473</u></b>	<b><u>\$59,002,987</u></b>	<b><u>\$60,651,028</u></b>	<b><u>\$104,185,106</u></b>	<b><u>\$105,867,501</u></b>

Additional information on the City's capital assets can be found in note IV.A.4 on pages C-19 – C-23 of this report.

**Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$41,097,059. Of this amount, there was \$1,651,020 in capital leases and \$766,989 in special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's debt, \$38,679,050 represented bonds secured by specified revenue sources (i.e., revenue bonds).

**City of Dunedin, Florida's Outstanding Debt  
September 30, 2005 and 2004**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Capital Leases	\$1,651,020	\$2,891,746	\$0	\$0	\$1,651,020	\$2,891,746
Special assessment debt with governmental commitment	200,688	267,585	566,301	633,474	766,989	901,059
Revenue bonds	<u>23,951,069</u>	<u>16,383,458</u>	<u>14,727,981</u>	<u>15,976,350</u>	<u>38,679,050</u>	<u>32,359,808</u>
<b>Total</b>	<b><u>\$25,802,777</u></b>	<b><u>\$19,542,789</u></b>	<b><u>\$15,294,282</u></b>	<b><u>\$16,609,824</u></b>	<b><u>\$41,097,059</u></b>	<b><u>\$36,152,613</u></b>

In the current fiscal year, the City's debt increased by \$4,944,446 (13.7%), which reflected \$5,055,554 in principal payments, and additional debt issuance of \$10,000,000. The additional debt was a \$10 million bond issue to fund construction of the new City community center.

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

- The City's overall outstanding ratio of total annual general government debt service exclusive of enterprise fund, internal service fund and special assessment debt service to total annual general government revenue shall not exceed 12.5%; *the City's current ratio is 6.74%*.
- The City's maximum ratio of outstanding capital debt to the property tax base shall not exceed 20%; *the City's current ratio is 2.1%*.
- The City's use of revenue bonds may be 100% of total debt; *the City's current ratio is 92.8%*.

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

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

- The unemployment rate for the City of Dunedin for September 30, 2005 was 3.6%, an increase of .5% from a year ago. The rate for Pinellas County for September 2005 was also 3.6%.
- The City is substantially built out thereby minimizing any major growth impacts.

These factors were considered in preparing the City's budget for fiscal year 2006.

The City's elected and appointed officials considered many factors when setting the fiscal year 2005-06 budget, including tax rates and fees that will be charged for the business-type activities.

As a result of the rate study done for the Water and Sewer Fund, which provided for a 2.35% increase in fiscal year 2005, an additional 2.35% increase will occur in fiscal 2006.

Current property tax revenues are based on the current millage rate of 4.425. This rate is 17.3% less than it was in fiscal year 1994-5 when it was 5.350 mills. Property tax revenues, franchise fees, utility taxes and available cash reserves will be used to fund the current programs in fiscal year 2006.

### **Request for Information**

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



## **Basic Financial Statements**

**City of Dunedin, Florida**  
**Statement of Net Assets**  
**September 30, 2005**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 29,062,944	\$ 2,795,768	\$ 31,858,712
Receivables, net of allowance for doubtful accounts	641,164	2,563,123	3,204,287
Internal balances	(108,425)	108,425	-
Due from other governments	1,628,710	58,126	1,686,836
Inventories	90,486	499,013	589,499
Prepaid items	57,732	3,903	61,635
Accrued interest receivable	75,898	16,964	92,862
Deposits	40,650	650	41,300
Advances to other funds	161,410	-	161,410
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	328,899	3,718,270	4,047,169
Interest receivable	852	-	852
Charges receivable	-	3,434,761	3,434,761
Deferred charges	-	239,652	239,652
Capital assets, net of accumulated depreciation			
Land	6,079,515	1,378,896	7,458,411
Buildings	20,670,050	6,236,367	26,906,417
Infrastructure	848,750	-	848,750
Improvements other than buildings	11,067,486	50,366,834	61,434,320
Machinery and equipment	5,354,368	776,445	6,130,813
Construction in progress	1,161,950	244,445	1,406,395
Total assets	<u>\$ 77,162,439</u>	<u>\$ 72,441,642</u>	<u>\$ 149,604,081</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other current liabilities	\$ 1,353,240	\$ 637,574	\$ 1,990,814
Accrued interest payable	260,078	333,471	593,549
Deferred revenue	250,670	-	250,670
Due to other governments	38,680	-	38,680
Due to other funds	-	161,410	161,410
Liabilities payable from restricted assets	-	1,216,105	1,216,105
Noncurrent liabilities:			
Due within one year	1,899,994	1,358,666	3,258,660
Due in more than one year	26,072,100	13,668,644	39,740,744
Total liabilities	<u>29,874,762</u>	<u>17,375,870</u>	<u>47,250,632</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	19,580,030	46,477,869	66,057,899
Restricted for:			
Public safety programs	53,822	-	53,822
Capital asset replacement	10,362,798	778,170	11,140,968
Street lights	851,468	-	851,468
Debt service	329,752	3,665,258	3,995,010
Perpetual care	149,833	-	149,833
Unrestricted	15,959,974	4,144,475	20,104,449
Total net assets	<u>\$ 47,287,577</u>	<u>\$ 55,065,772</u>	<u>\$ 102,353,449</u>

The accompanying notes are an integral part of these financial statements



City of Dunedin, Florida  
Statement of Activities  
For the Fiscal Year Ended September 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 2,177,359	\$ -	\$ 31,425	\$ -	\$ (2,145,934)	\$ -	\$ (2,145,934)
Public safety	11,287,223	2,768,789	23,946	48,262	(8,445,226)	-	(8,445,226)
Physical environment	934	-	160,504	-	159,670	-	159,670
Transportation	2,258,259	-	37,424	645,932	(1,574,903)	-	(1,574,903)
Economic environment	88,207	149,967	19,032	-	80,792	-	80,792
Culture and recreation	9,559,059	1,811,469	315,818	2,970,679	(4,461,093)	-	(4,461,093)
Interest on long-term debt	837,648	-	-	-	(837,648)	-	(837,648)
<b>Total governmental activities</b>	<b>26,208,569</b>	<b>4,731,225</b>	<b>588,149</b>	<b>3,664,873</b>	<b>(17,224,342)</b>	<b>-</b>	<b>(17,224,342)</b>
<b>Business-type activities:</b>							
Solid waste	5,156,384	4,757,036	-	-	-	(399,358)	(399,358)
Water/Sewer utility	14,197,584	12,889,356	-	120,776	-	(1,187,452)	(1,187,452)
Reclaimed water	1,478,475	345,407	-	130,200	-	(1,002,868)	(1,002,868)
Stormwater utility	1,207,654	1,327,234	-	40,000	-	159,580	159,580
Marina	353,576	387,409	-	-	-	33,833	33,833
Golf course	595,229	481,781	-	-	-	(113,448)	(113,448)
<b>Total business-type activities</b>	<b>22,988,912</b>	<b>20,188,223</b>	<b>-</b>	<b>290,976</b>	<b>-</b>	<b>(2,509,713)</b>	<b>(2,509,713)</b>
<b>Total primary government</b>	<b>\$ 49,197,501</b>	<b>\$ 24,919,448</b>	<b>\$ 588,149</b>	<b>\$ 3,955,849</b>	<b>(17,224,342)</b>	<b>(2,509,713)</b>	<b>(19,734,055)</b>
Property taxes					7,662,303	-	7,662,303
Utility service taxes					4,095,884	-	4,095,884
Infrastructure sales surtax					3,509,710	-	3,509,710
Half cent sales tax					2,131,371	-	2,131,371
Franchise taxes					2,222,492	-	2,222,492
State revenue sharing					1,370,847	-	1,370,847
Other taxes					439,041	-	439,041
Grants and contributions not restricted to specific programs					21,397	-	21,397
Unrestricted investment earnings					302,899	415,439	718,338
Loss on sale of capital assets					(54,221)	(25,215)	(79,436)
Transfers					(561,305)	561,305	-
<b>Total general revenues and transfers</b>					<b>21,140,418</b>	<b>951,529</b>	<b>22,091,947</b>
Change in net assets					3,916,076	(1,558,184)	2,357,892
Net Assets - beginning					43,371,901	56,623,956	99,995,857
Net - Assets - ending					\$ 47,287,977	\$ 55,065,772	\$ 102,353,749

The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida  
Balance Sheet for Governmental Funds  
September 30, 2005

	General Fund	One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,492,336	\$ 3,135,988	\$ 13,457,629	\$ 24,085,953
Accounts receivable, net of allowance for doubtful accounts	474,571	-	47,536	522,107
Assessments/liens receivable, net of allowance for uncollectibles	-	-	113,057	113,057
Pledges receivable	-	-	6,000	6,000
Due from other funds	-	-	-	-
Due from other governments	550,410	933,584	54,104	1,538,098
Inventories	4,280	-	-	4,280
Prepaid items	57,228	-	320	57,548
Accrued interest receivable	19,985	8,357	34,565	62,907
Deposits	150	-	500	650
Advances to other funds	108,227	-	53,183	161,410
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	-	328,899	328,899
Accrued interest receivable	-	-	852	852
<b>Total assets</b>	<b>\$ 8,707,187</b>	<b>\$ 4,077,929</b>	<b>\$ 14,096,645</b>	<b>\$ 28,881,761</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 428,449	\$ 75,037	\$ 155,047	\$ 658,533
Contracts payable	-	7,555	176,681	184,236
Accrued salaries payable	128,402	-	-	128,402
Deposits payable	3,135	-	500	3,635
Deferred revenue	131,614	-	119,056	250,670
Due to other funds	-	-	-	-
Due to other governments	1,543	-	37,137	38,680
Other current liabilities	169,837	-	-	169,837
<b>Total liabilities</b>	<b>862,980</b>	<b>82,592</b>	<b>488,421</b>	<b>1,433,993</b>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Encumbrances	23,356	260,402	527,570	811,328
Advances	108,227	-	53,183	161,410
Public safety programs	53,734	-	88	53,822
Capital projects	-	-	10,362,798	10,362,798
Street lights	851,468	-	-	851,468
Debt service	-	-	329,752	329,752
Perpetual care nonexpendable	149,833	-	-	149,833
<b>Unreserved, reported in:</b>				
General fund	6,657,589	-	-	6,657,589
One cent sales tax fund	-	3,734,935	-	3,734,935
Special revenue funds	-	-	941,117	941,117
Capital projects funds	-	-	1,393,716	1,393,716
<b>Total fund balances</b>	<b>7,844,207</b>	<b>3,995,337</b>	<b>13,608,224</b>	<b>25,447,768</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,707,187</b>	<b>\$ 4,077,929</b>	<b>\$ 14,096,645</b>	

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.	40,547,959
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.	6,904,124
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.	(25,612,174)
<b>Net assets of governmental activities</b>	<b>\$ 47,287,677</b>

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

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City of Dunedin, Florida  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended September 30, 2005

	General Fund	One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,316,322	\$ -	\$ 345,981	\$ 7,662,303
Franchise	2,222,492	-	-	2,222,492
Utility service	4,095,884	-	-	4,095,884
Licenses and permits	962,809	-	-	962,809
Intergovernmental	3,941,259	3,509,710	2,993,607	10,444,576
Charges for services	4,472,381	71,489	281,988	4,825,858
Fines	176,260	-	-	176,260
Investment earnings	143,203	54,046	221,853	419,102
Rents	347,268	-	(8,160)	339,108
Contributions and donations	56,175	-	42,752	98,927
Other revenue	71,822	-	1,053,231	1,125,053
Total revenues	<u>23,805,875</u>	<u>3,635,245</u>	<u>4,931,252</u>	<u>32,372,372</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,226,909	-	14,112	3,241,021
Public safety	10,512,658	-	20,972	10,533,630
Physical environment	-	-	834	834
Transportation	1,981,852	-	10,191	1,992,043
Economic environment	-	-	88,207	88,207
Culture and recreation	7,387,898	-	393,236	7,781,134
Debt service:				
Principal	1,890	778,781	2,096,777	2,877,448
Interest	4,242	183,240	585,232	772,714
Capital outlay:				
General government	-	69,732	442,708	512,440
Public safety	-	587,114	27,533	614,647
Transportation	-	-	923,836	923,836
Economic environment	-	-	303,615	303,615
Culture and recreation	-	428,618	1,206,002	1,634,620
Aids and grants	-	-	17,232	17,232
Total expenditures	<u>23,115,449</u>	<u>2,047,485</u>	<u>6,130,487</u>	<u>31,293,421</u>
Excess of revenues over (under) expenditures	<u>690,426</u>	<u>1,587,760</u>	<u>(1,199,235)</u>	<u>1,078,951</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	9,784,806	9,784,806
Transfers in	125,000	63,375	1,246,418	1,434,793
Transfers out	(1,421,150)	(241,000)	(595,305)	(2,257,455)
Total other financing sources (uses)	<u>(1,296,150)</u>	<u>(177,625)</u>	<u>10,435,919</u>	<u>8,962,144</u>
Net change in fund balances	(605,724)	1,410,135	9,236,684	10,041,095
Fund balances - beginning	<u>8,449,931</u>	<u>2,585,202</u>	<u>4,371,540</u>	<u>15,406,673</u>
Fund balances - ending	<u>\$ 7,844,207</u>	<u>\$ 3,995,337</u>	<u>\$ 13,608,224</u>	<u>\$ 25,447,768</u>

The accompanying notes are an integral part of these financial statements

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 Year Ended September 30, 2005

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

Net change in fund balances - total governmental funds (page B-6)	\$	10,041,095
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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	3,871,182	
Less current year depreciation	<u>(3,516,682)</u>	354,500

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.

Additions to long-term debt	(9,784,806)	
Principal payments	<u>2,877,448</u>	(6,907,358)

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	(23,093)	
Change in accrued interest expense	<u>27,953</u>	4,860

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.

422,979

Change in net assets of governmental activities (page B-3)

	\$	<u><u>3,916,076</u></u>
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The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended September 30, 2005

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Taxes:				
Property	\$ 7,466,537	\$ 7,491,911	\$ 7,316,322	\$ (175,589)
Franchise	2,062,588	2,062,588	2,222,492	159,904
Utility service	4,564,500	4,564,500	4,095,884	(468,616)
Licenses and permits	819,000	819,000	962,809	143,809
Intergovernmental	3,179,522	3,148,598	3,941,259	792,661
Charges for services	4,201,210	4,201,210	4,472,381	271,171
Fines	170,000	170,000	176,260	6,260
Investment earnings	100,308	100,308	143,203	42,895
Rents	315,355	315,355	347,268	31,913
Contributions and donations	26,000	26,000	56,175	30,175
Other revenue	30,500	30,500	71,822	41,322
Total revenues	<u>22,935,520</u>	<u>22,929,970</u>	<u>23,805,875</u>	<u>875,905</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City commission	208,263	199,529	239,488	(39,959)
City manager	262,140	260,207	262,783	7,424
Legal	190,731	189,936	139,021	50,915
City clerk	414,953	411,307	326,873	84,434
Finance	732,284	722,247	718,090	4,157
Administration	1,700,532	1,658,511	1,550,654	107,857
Total general government	<u>3,508,903</u>	<u>3,441,737</u>	<u>3,226,909</u>	<u>214,828</u>
Public safety:				
Law enforcement	3,904,167	3,904,167	3,793,037	111,130
Fire control	5,576,554	5,530,390	5,417,582	112,808
Community services	1,371,789	1,355,890	1,302,039	53,851
Total public safety	<u>10,852,510</u>	<u>10,790,447</u>	<u>10,512,658</u>	<u>277,789</u>
Transportation:				
Traffic control	1,011,176	1,006,773	1,006,889	(116)
Streets	1,032,707	1,022,762	974,963	47,799
Total transportation	<u>2,043,883</u>	<u>2,029,535</u>	<u>1,981,852</u>	<u>47,683</u>
Culture and recreation:				
Library	2,121,178	2,099,860	2,014,802	85,058
Leisure services administration	419,294	414,651	452,868	(38,217)
Recreation	2,911,004	2,831,188	2,952,506	(121,318)
Parks	1,919,149	1,898,778	1,967,722	(68,944)
Total culture and recreation	<u>7,370,625</u>	<u>7,244,477</u>	<u>7,387,898</u>	<u>(143,421)</u>
Debt service:				
Principal	-	-	1,890	(1,890)
Interest	-	-	4,242	(4,242)
Total debt service	<u>-</u>	<u>-</u>	<u>6,132</u>	<u>(6,132)</u>
Aids and grants	75,000	75,000	-	75,000
Total expenditures	<u>23,850,921</u>	<u>23,581,196</u>	<u>23,115,449</u>	<u>465,747</u>
Excess of revenues over (under) expenditures	<u>(915,401)</u>	<u>(651,226)</u>	<u>690,426</u>	<u>1,341,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	125,000	125,000	125,000	-
Transfers out	(1,451,558)	(1,451,558)	(1,421,150)	30,408
Total other financing uses	<u>(1,326,558)</u>	<u>(1,326,558)</u>	<u>(1,296,150)</u>	<u>30,408</u>
Net change in fund balances	(2,241,959)	(1,977,784)	(605,724)	1,372,060
Fund balances - beginning	8,449,931	8,449,931	8,449,931	-
Fund balances - ending	<u>\$ 6,207,972</u>	<u>\$ 6,472,147</u>	<u>\$ 7,844,207</u>	<u>\$ 1,372,060</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Infrastructure sales surtax	\$ 3,000,000	\$ 3,000,000	\$ 3,509,710	\$ 509,710
Charges for Services:				
Other Charges for Services	300,000	300,000	71,489	(228,511)
Miscellaneous revenues:				
Interest earnings	26,413	26,413	54,046	27,633
Total revenues	<u>3,326,413</u>	<u>3,326,413</u>	<u>3,635,245</u>	<u>308,832</u>
<b><u>EXPENDITURES</u></b>				
Capital projects:				
General government	800,000	800,000	69,732	730,268
Public Safety	1,390,000	1,390,000	587,114	802,886
Transportation	70,000	70,000	-	70,000
Culture and recreation	-	-	428,618	(428,618)
Debt service				
Principal	194,050	194,050	778,781	(584,731)
Interest	779,378	779,378	183,240	596,138
Total expenditures	<u>3,233,428</u>	<u>3,233,428</u>	<u>2,047,485</u>	<u>1,185,943</u>
Excess of revenues over expenditures	<u>92,985</u>	<u>92,985</u>	<u>1,587,760</u>	<u>1,494,775</u>
<b><u>OTHER FINANCING SOURCES / (USES)</u></b>				
Transfers in	63,375	63,375	63,375	-
Transfers out	(207,000)	(207,000)	(241,000)	(34,000)
Total other financing uses	<u>(143,625)</u>	<u>(143,625)</u>	<u>(177,625)</u>	<u>(34,000)</u>
Net change in fund balances	(50,640)	(50,640)	1,410,135	1,460,775
Fund balances - beginning	<u>2,585,202</u>	<u>2,585,202</u>	<u>2,585,202</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,534,562</u>	<u>\$ 2,534,562</u>	<u>\$ 3,995,337</u>	<u>\$ 1,460,775</u>

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

City of Dunedin, Florida  
Statement of Net Assets  
Proprietary Funds  
September 30, 2005

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Reclaimed Water	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 279,030	\$ 1,161,072	\$ 438,898	\$ 381,710	\$ 407,171	\$ 128,087	\$ 2,795,768	\$ 4,976,991
Accounts receivable, net of allowance for uncollectibles	616,716	1,259,324	165,363	220,696	7,025	722	2,269,846	-
Assessments/liens receivable, net of allowance for uncollectibles	8,135	285,142	-	-	-	-	293,277	90,612
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	20,011	36,183	-	1,932	-	-	58,126	-
Inventories	-	444,936	41,885	-	-	12,192	499,013	86,206
Prepaid items	-	3,834	-	69	-	-	3,903	184
Interest receivable	718	11,617	1,987	1,114	1,193	335	16,964	12,991
Deposits	-	-	-	-	-	650	650	40,000
Total current assets	924,610	3,202,108	647,933	605,521	415,389	141,986	5,937,547	5,206,984
Noncurrent assets:								
Restricted cash, cash equivalents, and investments:								
Customer deposits	-	1,146,444	-	-	52,086	-	1,198,530	-
Impact fees	-	596,573	-	-	-	-	596,573	-
Revenue bond covenant accounts	-	1,556,818	322,810	43,539	-	-	1,923,167	-
Charges receivable	-	-	3,434,761	-	-	-	3,434,761	-
Total restricted assets	-	3,299,835	3,757,571	43,539	52,086	-	7,153,031	-
Deferred charges	-	223,992	8,100	7,560	-	-	239,652	-
Capital assets:								
Land	-	305,364	-	-	-	1,073,532	1,378,896	-
Buildings	315,011	15,538,893	-	2,000	36,589	28,525	15,921,018	1,331,781
Improvements other than buildings	5,837	61,510,483	20,560,935	5,541,318	1,949,553	153,506	89,721,632	4,744
Machinery and equipment	769,500	1,269,847	50,705	83,555	6,313	21,508	2,191,428	9,631,117
Construction in progress	-	175,358	22,511	46,576	-	-	244,445	13,219
Less accumulated depreciation	(671,453)	(39,645,024)	(7,498,598)	(1,901,380)	(659,638)	(78,339)	(50,454,432)	(6,346,701)
Total capital assets, net of accumulated depreciation	408,895	39,154,921	13,135,553	3,772,069	1,332,817	1,198,732	59,002,987	4,634,160
Total noncurrent assets	408,895	42,678,748	16,901,224	3,823,168	1,384,903	1,198,732	66,395,670	4,634,160
Total assets	\$ 1,333,505	\$ 45,880,856	\$ 17,549,157	\$ 4,428,689	\$ 1,800,292	\$ 1,340,718	\$ 72,933,217	\$ 9,641,144

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



City of Dunedin, Florida  
Statement of Net Assets  
Proprietary Funds  
September 30, 2005  
(continued)

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Reclaimed Water	Stormwater Utility	Martina	Golf Course	Total	Internal Service Funds
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 122,716	\$ 264,659	\$ 11,281	\$ 39,032	\$ 4,317	\$ 14,872	\$ 456,877	\$ 191,166
Contracts payable	-	84,443	3,514	1,972	4,062	-	93,991	-
Accrued salaries payable	20,831	55,764	1,693	4,612	1,220	2,586	86,706	17,431
Accrued interest payable	-	-	-	-	-	-	-	60,833
Capital leases payable - current	-	-	-	-	-	-	-	714,647
Advances from other funds	-	-	-	-	-	161,410	161,410	-
Total current liabilities	143,547	404,866	16,488	45,616	9,599	178,868	799,984	984,077
Current liabilities payable from restricted assets:								
Revenue bonds payable	-	1,071,142	253,369	34,155	-	-	1,358,666	-
Accrued interest payable	-	323,093	-	10,378	-	-	333,471	-
Customer deposits payable	-	1,139,913	-	-	49,139	-	1,189,052	-
Deposits payable	-	11,100	15,953	-	-	-	27,053	-
Total current liabilities payable from restricted assets	-	2,545,248	269,322	44,533	49,139	-	2,908,242	-
Noncurrent liabilities:								
Revenue bonds payable, net of amortized discounts and deferred amount on refunding	-	10,635,579	1,774,612	345,957	-	-	12,756,148	889,203
Capital leases payable	244,583	624,612	10,663	22,869	5,628	4,141	912,496	262,862
Compensated absences	-	-	-	-	-	-	-	692,453
Claims liabilities	244,583	11,260,191	1,785,275	368,826	5,628	4,141	13,668,644	1,844,518
Total noncurrent liabilities	388,130	14,210,305	2,071,085	458,975	64,366	183,009	17,375,870	2,828,595
Total liabilities	408,895	28,681,925	11,430,362	3,425,118	1,332,817	1,198,732	46,477,869	3,744,957
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	-	507,561	-	-	270,609	-	778,170	-
Restricted for capital assets	-	162,583	3,502,675	-	-	-	3,665,258	-
Restricted for debt service	536,480	2,318,482	545,015	544,596	192,500	(41,023)	4,036,050	3,267,592
Unrestricted	\$ 945,375	\$ 31,670,551	\$ 15,478,072	\$ 3,969,714	\$ 1,735,926	\$ 1,157,709	\$ 54,957,347	\$ 7,012,549
Total net assets								
							108,425	
							\$ 55,065,772	

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net assets of business-type activities

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, 2005

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Reclaimed Water	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
<b>Operating revenues:</b>								
Charges for services	\$ 4,284,685	\$ 12,644,579	\$ 345,407	\$ 1,325,841	\$ -	\$ 479,317	\$ 19,079,829	\$ 5,834,070
Other operating revenue	472,351	244,777	-	1,393	387,409	2,464	1,108,384	195,424
Total operating revenues	4,757,036	12,889,356	345,407	1,327,234	387,409	481,781	20,188,223	6,029,494
<b>Operating expenses:</b>								
Personal services	1,445,203	5,094,806	210,675	410,398	123,327	230,739	7,515,148	1,650,388
Supplies and services	3,614,370	5,233,262	205,224	574,397	87,243	345,908	10,060,404	2,996,838
Depreciation	142,690	3,162,236	1,030,033	204,080	147,413	31,474	4,717,926	1,047,298
Total operating expenses	5,202,263	13,490,304	1,445,932	1,188,875	357,983	608,121	22,293,478	5,694,522
Operating income (loss)	(445,227)	(600,948)	(1,100,525)	138,359	29,426	(126,340)	(2,105,255)	334,972
<b>Nonoperating revenues (expenses):</b>								
Investment earnings	11,367	128,819	254,917	8,174	10,359	1,803	415,439	94,806
Grant revenue	-	2,849	-	-	-	-	2,849	91,353
Interest/amortization expense	-	(838,062)	(41,543)	(28,430)	-	-	(908,035)	(92,887)
Gain (loss) on disposal of capital assets	(8,354)	(10,480)	(5,750)	-	(321)	(310)	(25,215)	(54,221)
Total nonoperating revenues (expenses)	3,013	(716,874)	207,624	(20,256)	10,038	1,493	(514,952)	39,251
<b>Income before contributions and transfers</b>	(442,214)	(1,317,822)	(892,901)	118,103	39,464	(124,847)	(2,620,217)	374,223
Contributions - other funds	-	-	-	40,000	-	-	40,000	-
Contributions - special assessments/charges	-	-	130,200	-	-	-	130,200	-
Contributions - impact fees	-	117,927	-	-	-	-	117,927	-
Transfers in	-	-	91,000	-	-	470,305	561,305	261,357
<b>Change in net assets</b>	(442,214)	(1,199,895)	(671,701)	158,103	39,464	345,458	(1,770,785)	635,580
Total net assets - beginning	1,387,589	32,870,446	16,149,773	3,811,611	1,696,462	812,251	6,376,869	6,376,869
Total net assets - ending	\$ 945,375	\$ 31,670,551	\$ 15,478,072	\$ 3,969,714	\$ 1,735,926	\$ 1,157,709	\$ 7,012,549	\$ 7,012,549
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							212,601	
Change in net assets of business-type activities (page B-3)							\$ (1,558,184)	

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

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City of Dunedin, Florida  
Statement of Cash Flows  
Proprietary Funds

For the Fiscal Year Ended September 30, 2005

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Reclaimed Water	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers	\$ 4,133,450	\$ 13,174,250	\$ 407,597	\$ 1,363,245	\$ 11,284	\$ 480,466	\$ 19,570,292	\$ 5,796,223
Payments to suppliers	(3,653,778)	(5,209,438)	(227,581)	(542,646)	(141,302)	(342,993)	(10,117,738)	(2,906,401)
Payments to employees	(1,450,646)	(4,976,562)	(207,095)	(422,255)	(122,423)	(225,488)	(7,404,489)	(1,607,367)
Other operating revenues	472,351	244,777	-	1,393	387,409	2,464	1,108,394	288,977
Net cash provided by (used in) operating activities	(498,623)	3,233,007	(27,079)	399,737	134,968	(85,551)	3,156,459	1,571,432
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Transfers in	-	-	91,000	-	-	470,305	561,305	261,357
Advances from other funds	-	-	-	-	-	(260,078)	(260,078)	-
Net cash provided by (used for) noncapital financing activities	-	-	91,000	-	-	190,227	281,227	261,357
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Purchase of capital assets	(1,339)	(2,382,494)	(156,983)	(188,862)	(340,517)	311	(3,069,884)	(444,727)
Principal paid on capital debt	-	(902,619)	(253,368)	(28,503)	-	-	(1,184,490)	(861,088)
Interest paid on capital debt	-	(845,843)	(45,098)	(28,756)	-	-	(919,697)	(77,238)
Proceeds from sale of capital assets	(6,354)	(10,480)	(5,750)	-	(321)	(310)	(25,215)	(54,221)
Capital contributions from private sources	-	120,775	130,200	40,000	-	-	290,975	-
Net cash used for capital and related financing activities	(9,693)	(4,020,660)	(330,999)	(206,121)	(340,838)	1	(4,908,310)	(1,437,274)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Investment earnings	11,517	122,938	253,801	7,312	9,898	1,492	406,958	86,824
Net cash provided by investing activities	11,517	122,938	253,801	7,312	9,898	1,492	406,958	86,824
Net increase (decrease) in cash and cash equivalents	(496,799)	(664,715)	(13,277)	200,928	(195,972)	106,169	(1,063,666)	482,339
Cash and cash equivalents - October 1	775,829	5,125,622	774,765	224,321	655,229	21,918	7,577,704	4,494,652
Cash and cash equivalents - September 30	\$ 279,030	\$ 4,460,907	\$ 761,508	\$ 425,249	\$ 459,257	\$ 128,087	\$ 6,514,038	\$ 4,976,991

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, 2005

Business-type Activities - Enterprise Funds

	Solid Waste	Water/Sewer Utility	Reclaimed Water	Stormwater Utility	Marina	Golf Course	Total	Internal Service Funds
Operating income (loss)	\$ (445,227)	\$ (600,948)	\$ (1,100,525)	\$ 138,359	\$ 29,426	\$ (126,340)	\$ (2,105,255)	\$ 334,972
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	142,690	3,162,236	1,030,033	204,080	147,413	31,474	4,717,926	1,047,298
(Increase) decrease in Accounts receivable	(206,573)	455,620	62,190	(1,098)	1,307	1,299	312,745	54,087
Decrease in due from other governments	-	(16,421)	(21,006)	-	-	(2,031)	(39,458)	1,619
Inventories	55,336	54,802	-	38,502	-	-	148,642	(9,962)
Due from other governments	-	1,483	-	(69)	-	-	1,414	-
Prepaid items	-	24,888	900	840	-	-	26,628	(184)
Deferred charges	-	-	-	-	-	-	-	-
Increase (decrease) in Accounts payable	(39,408)	13,874	(2,251)	30,980	(54,059)	4,946	(45,918)	113,722
Accrued expenses	5,921	18,649	609	279	406	1,110	26,974	3,591
Deposits	-	19,249	-	-	9,977	(150)	29,076	-
Due to other funds	-	-	-	-	-	-	-	(13,141)
Compensated absences	(11,364)	99,575	2,971	(12,136)	498	4,141	83,685	39,430
Total adjustments	(53,396)	3,833,955	1,073,446	261,378	105,542	40,789	5,261,714	1,236,460
Net cash provided by (used in) operating activities	\$ (488,623)	\$ 3,233,007	\$ (27,079)	\$ 399,737	\$ 134,968	\$ (85,551)	\$ 3,156,459	\$ 1,571,432

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

**City of Dunedin, Florida**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2005**

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	<u>Pension Plans</u>
<b>ASSETS</b>	
Cash and cash equivalents	
Investments	\$ 16,918,317
Accounts receivable	30,433
Prepaid items	1,041
Accrued interest/dividends receivable	126,694
Total assets	<u>17,076,485</u>
<b>LIABILITIES</b>	
Accounts payable	97,300
Total liabilities	<u>97,300</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 16,979,185</u>

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

**City of Dunedin, Florida**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2005**

	<b>Pension Plans</b>
<b>ADDITIONS:</b>	
<b>Contributions</b>	
Employer	\$ 998,854
Plan members	148,451
Total contributions	1,147,305
<b>Investment earnings</b>	
Net appreciation in fair value of investments	1,008,094
Interest	279,609
Dividends	186,919
Total investment earnings	1,474,622
Less investment expenses	(133,780)
Net investment earnings	1,340,842
Miscellaneous revenue	180,295
Total additions	2,668,442
<b>DEDUCTIONS:</b>	
Benefits	813,772
Administrative expenses	61,706
Total deductions	875,478
<b>Change in net assets</b>	1,792,964
Net assets - beginning	15,186,221
Net assets - ending	\$ 16,979,185

The accompanying notes are an integral part of these financial statements

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**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

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

**A. REPORTING ENTITY**

The City is a Florida municipal corporation with a five member City Commission comprised of the Mayor (elected at large) and four commissioners. In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, may be included within the City's Financial Statements. In accordance with GASB Statement No. 14, 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. Firefighters' Pension Fund:**

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

Complete financial statements of the above individual component units can be obtained from: Earl "Sandy" Sanders, CPA, Finance Director, City of Dunedin, 750 Milwaukee Avenue, Dunedin, Florida 34698.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

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

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

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

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

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

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

The City reports the following major funds:

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

The *One Cent Sales Tax Fund* accounts for the costs of infrastructure having a life expectancy of five (5) or more years and is funded by proceeds from the one-cent sales surtax approved by Pinellas County, Florida voters.

The *Solid Waste Fund* accounts for the provision of solid waste services to the residents of the City. All activities necessary to the provisions of this service are accounted for in this fund.

The *Water/Sewer Utility Fund* accounts for the provision of water and sewer services to residents of the City, and some County residents. All activities necessary to the provision of these services are accounted for in this fund, including, but not limited to, administration, treatment plants and line maintenance.

The *Reclaimed Water Fund* accounts for the provision of services for the collection, treatment, storage, and conveyance of reclaimed water.

The *Stormwater Utility Fund* accounts for the provision of services for the collection, storage, treatment and conveyance of stormwater for the benefit of all developed property within the City.

The *Marina Fund* accounts for the financing, operation and maintenance of the City marina and the associated real property.

The *Golf Course Fund* accounts for the financing, operation and maintenance of the City's golf course.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for building maintenance, vehicle maintenance and self insurance (risk management) provided to other departments of the City on a cost reimbursement basis.

The *Pension Trust Funds* account for the activities of the Firefighters' Retirement Plan and the Employees Defined Contribution Plan, which accumulates resources for pension benefit payments to firefighters and non-special risk employees hired after December 31, 1995.

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste, water/sewer utility, reclaimed water, 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, corporate bonds, repurchase agreements, debt of Florida political subdivisions, money market mutual funds, time deposits, savings accounts, mutual funds and bankers acceptances.

All of the City's investments are stated at fair value. The fair value of these investments are determined by the funds' share price as of September 30, 2005.

Investments for the City that do not have an established market are reported at estimated fair values. Fair value is the amount at which an investment would be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Florida State Board of Administration Local Government Pooled Investment Fund has met the criteria to be considered a "2A-7 like" Investment Fund 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).

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in 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, reclaimed water, and stormwater), solid waste and marina operating revenues are generally recognized on the basis of monthly cycle billings. The City records utility operating revenues for services delivered during the current fiscal year which will be billed during the next fiscal year.

**3. Property Taxes**

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

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

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation (exclusive of taxes levied for the payment of bonds). The millage rate levied by the City for the fiscal year ended September 30, 2005 was 4.4253 mills and budgeted for 2005-2006 at 4.4253 mills. Current tax collections for the City were approximately 98.5% of the total tax levy.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

**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 consists 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.

The City has elected to indicate a reservation of fund balance for all inventory held in governmental funds at the end of the fiscal year.

**5. Prepaid Items**

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

**6. Capital Assets**

Capital assets, which include property, plant and equipment 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 \$750 (amount not rounded) and an estimated useful life in excess of two years. 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 has elected to delay implementing of the retroactive recodation of infrastructure assets, such as roads, bridges, curbs, gutters, streets and sidewalks and lighting systems, acquired prior to October 1, 2001. The implementation of that part of GASB Statement No. 34 may be deferred until fiscal year 2007. However, for the year ended September 30, 2004 any newly constructed infrastructure assets have been included in these financial statements..

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

**6. Capital Assets (Continued)**

<u>Assets</u>	<u>Years</u>
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.

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 in long-term debt.

**8. Long-term obligations**

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

**9. 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 they are maintained in separate bank accounts and 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.

**10. Reserves**

a. Governmental Funds and certain Fiduciary Funds-Reserves have been established for open encumbrances at year end reflecting purchase commitments expected to generate claims on current assets. Reserves have been established to reflect legal restrictions which limit the City's spending discretion. Finally, designations of unreserved fund equities indicate City management's tentative plans for financial resource utilization in a future period.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

**10. Reserves (continued)**

b. Debt Service Funds and Fiduciary Funds - Reserves are created to indicate a segregation of a portion of fund balance equal to the net current assets restricted for meeting various covenants defined in the revenue bond indentures and restricting current funds for future retirement benefits. Usage of reserves has been limited to the following items:

- (1) Reserves for Debt Services - restricted for future servicing of the Revenue bonds.
- (2) Held in trust for pension benefits - restricted for payment of retirement benefits.

**11. Deferred Revenue**

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

**12. Encumbrances**

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

**13. Net Assets**

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets net of related debt, restricted or unrestricted. The first category represents net assets related to property, plant, equipment and infrastructure, net of unspent financing proceeds. The restricted category represents assets restricted by requirements of revenue bonds and other externally imposed constraints or by legislation in excess of the related liabilities payable from unrestricted assets.

**E. REVENUES, EXPENDITURES AND EXPENSES**

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

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

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



**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

**E. REVENUES, EXPENDITURES AND EXPENSES (CONTINUED)**

**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 Utility Fund for services rendered that benefit other funds. Both the General Fund and the Utility Fund receive payment for these services based on a percentage allocation in accordance with budgeted appropriations. These administrative reimbursements for the year ended September 30, 2005 are presented below.

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

<u>Fund</u>	<u>Amount</u>
Solid Waste	\$ 328,804
Water/Sewer Utility	1,210,633
Marina	28,949
Stormwater	107,987
Reclaimed Water	<u>50,614</u>
Total	<u>\$ 1,726,987</u>

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

<u>Fund</u>	<u>Amount</u>
General	\$ 254,040
Solid Waste	146,400
Marina	2,272
Stormwater Utility	97,281
Reclaimed Water	<u>40,888</u>
Total	<u>\$ 540,881</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(25,612,174) difference are as follows:

Accrued interest payable	\$	(199,245)
Capital leases payable		(47,170)
Revenue bonds payable		(23,951,069)
Special assessment debt with government commitment		(200,688)
Compensated absences		<u>(1,214,002)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - government wide activities</i>		<u>\$ (25,612,174)</u>

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$402,080 difference are as follows:

Capital outlay	\$	3,871,182
Depreciation expense		<u>(3,516,682)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>		<u>\$ 354,500</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE II - RECONCILIATION OF GOVERNMENT-WIDE  
AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF  
ACTIVITIES (CONTINUED)**

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net assets. The details of this (\$6,907,358) difference are as follows:

Additions to long-term debt	\$ (9,784,806)
Principal repayments:	
Revenue notes	2,432,348
Capital leases	378,204
Special assessment	<u>66,896</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (6,907,358)</u>

Another element of that reconciliation states that "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." The details of this \$4,860 difference is as follows:

Compensated absences	\$ (23,093)
Accrued interest	<u>27,953</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,860</u>

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

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

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.
2. The City Manager submits to the City Commission a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

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

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

4. The budget is approved by the City Commission through the passage of a resolution. The level on which expenditures/expenses may not legally exceed appropriations is the individual department/fund.
5. The appropriated budget is prepared by fund, function and department. The City Manager is authorized to transfer budgeted amounts within departments, except for budget changes affecting salary line items. All salary budget changes, as well as transfers between departments must have City Commission approval.
6. Formal budgetary integration was employed as a management control device during the year for all budgeted funds.

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

The City met the Rate Covenant requirement stipulated in the Water and Sewer Refunding Revenue Bonds, Series 1993. The rate covenant requires Net Revenues to be 125% of the Bond Service Requirement. Net Revenues were 174% of the Bond Service Requirements for the Fiscal Year Ending September 30, 2005. The indebted Enterprise Funds had sufficient assets to make all required debt payments during the 2004-2005 Fiscal Year.

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

**C. ESTABLISHMENT/ELIMINATION OF FUNDS**

No funds were established during this fiscal year. The Dunedin Stadium Debt Service Fund was eliminated during the fiscal year ended September 30, 2005. The 1988 Public Improvement Debt Service Fund and the City Transport Fee Fund (Capital Projects Fund) were eliminated during the fiscal year ended September 30, 2004.

During the 2003-04 fiscal year, the Spring Training Facilities Construction Fund (Capital Projects Fund) was renamed as the Stadium Capital Project Fund.

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

There is an excess of Expenditures over Revenue in the Solid Waste Fund, Utility Fund, Reclaimed Water Fund, Government Grants Fund, Harbor View Dredging Fund, Stadium Capital Project Fund, County Gas Tax Fund, Capital Improvement Fund and Information Technology Project Fund. All of these funds have sufficient undesignated fund balances as of September 30, 2005 to cover the excess expenditures.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS**

**A. ASSETS**

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

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

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

**a. Deposits**

At year end, the book balance of the City's deposits was \$56,858 and the bank balance was \$452,791. The difference between the book balance and bank balance is due to outstanding checks as of September 30, 2005. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposits Act.

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

**b. Investments:**

The City's investment policy and guidelines, except for pension fund assets, are defined by City ordinance. The written investment policy was revised, by City Commission approval, on November 7, 2002. The policy specifies limits by instrument and institution (within instrument) and establishes a diversified investment strategy, minimum credit quality and authorized institutions available as counterparties.

Implementation and direction, within policy limits, is managed by the Director of Finance, with City Manager approval required for all transactions.

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

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

Investments in the SBA, mutual funds and indexed (passively managed) pension accounts are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form. All classifiable investments in the Operating portfolios are classified as Category 1. Investments are reported at fair value. Short-term investments are reported at cost, which approximates market value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair market values.

In addition to authorizing investment instruments, the City's policies also identify various portfolio parameters addressing issuer diversification, term-to-maturity and liquidity.

The State Board of Administration (SBA) was established on June 21, 1928, pursuant to Chapter 14486, 1929 laws of Florida. The Board was subsequently created as a constitutional body corporate on January 1, 1943, under the provisions of Senate Joint Resolution No. 324, 1941; approved by the electorate in November 1942. The Board is composed of the Governor, as Chairman, the State Treasurer, as Treasurer and the State Comptroller, as Secretary, and provides the following services by law: (1) investment of funds of the Florida Retirement System (FRS); (2) administration of debt service funds; (3) investment of trust and agency funds; and (4) distribution of the "Second Gas Tax."

The Local Government Pooled Investment Fund is governed by Ch. 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Pooled Investment Fund. Additionally, the office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration.

Since the Florida SBA Local Government Pooled Investment Fund (Fund) typically owns a substantial amount of treasury bills and notes, the Fund has utilized security lending programs to generate supplemental income. This income is used to pay a significant portion of the fees associated with the Fund which otherwise would have to be paid from regular Fund earnings. Any residual is used to build the Fund's reserve on behalf of participants. Both of these goals have been accomplished without impacting the regular earnings in the Fund and with no change in the Fund's investment strategy. The investment in the Florida SBA pool is carried at the pool's share price at September 30, 2005.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

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

**b. Investments (continued):**

The City's investments for all pools are summarized and categorized under GASB 40 guidelines as follows to give an indication of the level of risk assumed by the City at September 30, 2005.

	<u>Category</u>			<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Average Duration (In Years)</u>
	<u>1</u>	<u>2</u>	<u>3</u>		<u>Standard &amp; Poor's</u>	
U.S. Government Agencies	\$ 203,302	\$ -	\$ -	\$ 203,302	AAA	.49
U.S. Government Instrumentalities	<u>24,832,879</u>	<u>-</u>	<u>-</u>	<u>24,832,879</u>	AAA	.49
	<u>\$ 25,036,181</u>	<u>\$ -</u>	<u>\$ -</u>	25,036,181		

**Investments Not Subject to Categorization:**

Investment in Florida State Board of Administration Local Government Surplus Funds Investment Pool	10,807,437	Not Rated	Daily
Cash in bank	56,848	-	-
Petty cash	<u>5,415</u>	-	-
<b>Total Investments – cash and cash equivalents</b>	<u>\$ 35,905,881</u>		

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

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

**b. Investments (continued):**

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the City's name or held by the counterparty's trust department or agent, but not in the name of the City.

U. S. Government Securities are principally composed of U.S. Treasury notes and bonds. U.S. Government Agencies include instruments issued by Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corp (Freddie Mac), Federal Farm Credit Bank and Federal Home Loan Bank.

Investments held in Pension Funds:

Investments held by the City's Pension Trust Funds are not subject to risk categorization. These investments are summarized as follows:

	Fair	Rating	Weighted Average
Pension Funds:	Value	Standard & Poor's	Duration (In Years)
U.S. Government and Agency Securities	\$ 4,246,967	AAA	4.2
Corporate Equities	11,686,264	-	-
Corporate Obligations	670,411	A - AAA	5.6
Money Market	<u>314,675</u>	AAA	Daily
Total Pension Funds	<u>\$ 16,918,317</u>		

**Credit Risk.** Consistent with state law and the investment guidelines for the City, the firefighters pension plan, and the defined contribution pension plan their fixed income investments are limited to a quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments which are downgraded to 'BAA' or equivalent must be liquidated within a reasonable period of time not to exceed twelve months. Fixed income investments which are downgraded below 'BAA' shall be liquidated immediately.

**Investments Risk.** The City manages its exposure to fair value losses arising from increasing rates through its adopted investment policies. The City limits its fixed portfolio's weighted average maturity to 2.5 years.

The duration of the fixed income portfolios of the firefighters' and the defined contribution pension plans will not exceed that of the Lehman Brothers Aggregate Bond Index.



**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**2. Receivables**

Receivables as of the fiscal year ended September 30, 2005 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Solid Waste</u>	<u>Water/Sewer Utility</u>	<u>Reclaimed Water</u>	<u>Stormwater Utility</u>	<u>Marina</u>	<u>Golf Course</u>	<u>Nonmajor and Other</u>	<u>Total</u>
Receivables:									
Accounts Billed	\$ 488,774	\$ 228,315	\$ 551,715	\$ 103,110	\$ 96,741	\$ 9,525	\$ 722	\$ 49,536	\$ 1,526,438
Accounts Unbilled	-	400,670	1,055,609	62,253	123,955	-	-	-	1,642,487
Special Assessments	-	-	274,506	-	-	-	-	113,057	367,563
Liens Receivable	-	16,135	19,655	-	-	-	-	-	35,790
Pledges Receivable	-	-	-	-	-	-	-	6,000	6,000
Charges	-	-	-	-	-	-	-	-	-
Gross Receivables	488,774	645,120	1,901,485	165,363	220,696	9,525	722	166,593	3,598,278
Less: Allowance for Uncollectibles	<u>(14,203)</u>	<u>(20,269)</u>	<u>(357,019)</u>	-	-	<u>(2,500)</u>	-	-	<u>(393,991)</u>
Net Total Receivables	<u>\$ 474,571</u>	<u>\$ 624,851</u>	<u>\$ 1,544,466</u>	<u>\$ 165,363</u>	<u>\$ 220,696</u>	<u>\$ 7,025</u>	<u>\$ 722</u>	<u>\$ 166,593</u>	<u>\$ 3,204,287</u>

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**2. Receivables (continued)**

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

	General Fund	Harbor View Dredging Fund	Leisure Services Capital Improvement Funds	Total Unearned Revenue For Governmental Funds
License fees not yet earned	\$ 131,614	\$ -	\$ -	\$ 131,614
Assessments receivable	-	113,057	-	113,057
Pledges receivable	-	-	6,000	6,000
<b>Total</b>	<u>\$ 131,614</u>	<u>\$ 113,057</u>	<u>\$ 6,000</u>	<u>\$ 250,670</u>

**3. Due From Other Governments**

The following amounts were due from other governments as of September 30, 2005.

<u>Name of Government</u>	<u>AMOUNT</u>
Pinellas County, Florida	\$ 1,169,681
State of Florida	308,822
Housing Authorities	65,178
City of Clearwater	29,271
Federal Emergency Management Agency (FEMA)	<u>113,884</u>
<b>TOTAL</b>	<u>\$ 1,686,836</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**4. Capital assets**

Capital asset activity for the fiscal year ended September 30, 2005 was as follows:

**a. Primary Government**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,079,515	\$ -	\$ -	\$ 6,079,515
Construction in Process	<u>3,941,695</u>	<u>729,744</u>	<u>(3,509,489)</u>	<u>1,161,950</u>
Total Capital Assets not being depreciated	<u>10,021,210</u>	<u>729,744</u>	<u>(3,509,489)</u>	<u>7,241,465</u>
Capital Assets being depreciated:				
Buildings	22,972,727	3,906,216	(2,517)	26,876,426
Infrastructure	875,000	-	-	875,000
Improvements other than buildings	15,169,551	1,458,993	(96,209)	16,532,335
Machinery and equipment	<u>15,569,758</u>	<u>1,125,163</u>	<u>(1,112,638)</u>	<u>15,582,283</u>
Total Capital Assets being depreciated	<u>54,587,036</u>	<u>6,490,372</u>	<u>(1,211,364)</u>	<u>59,866,044</u>
Less Accumulated depreciation for:				
Buildings	(5,181,667)	(1,026,001)	1,292	(6,206,376)
Infrastructure	(8,750)	(17,500)	-	(26,250)
Improvements other than buildings	(4,631,813)	(863,863)	30,827	(5,464,849)
Machinery and Equipment	<u>(9,569,543)</u>	<u>(1,609,318)</u>	<u>950,946</u>	<u>(10,227,915)</u>
Total Accumulated Depreciation	<u>(19,391,773)</u>	<u>(3,516,682)</u>	<u>983,065</u>	<u>(21,925,390)</u>
Total Capital Assets being depreciated, net	<u>35,195,263</u>	<u>2,973,690</u>	<u>(228,299)</u>	<u>37,940,654</u>
Governmental Activities Capital Assets, net	<u>\$ 45,216,473</u>	<u>\$ 3,703,434</u>	<u>\$ (3,737,788)</u>	<u>\$ 45,182,119</u>

\$3,509,489 in Construction in Progress was transferred to other capital asset categories during the fiscal year ended September 30, 2005.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**5. Capital assets**

Capital asset activity for the fiscal year ended September 30, 2005 was as follows:

**b. Primary Government**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,378,896	\$ -	\$ -	\$ 1,378,896
Construction in Process	<u>45,422</u>	<u>215,355</u>	<u>(16,332)</u>	<u>244,445</u>
Total Capital Assets not being depreciated	<u>1,424,318</u>	<u>215,355</u>	<u>(16,332)</u>	<u>1,623,341</u>
Capital Assets being depreciated:				
Buildings	15,922,888	-	(1,870)	15,921,018
Improvements other than buildings	87,817,240	2,518,354	(613,962)	89,721,632
Machinery and equipment	<u>2,009,473</u>	<u>377,747</u>	<u>(195,792)</u>	<u>2,191,428</u>
Total Capital Assets being depreciated	<u>105,749,601</u>	<u>2,896,101</u>	<u>(811,624)</u>	<u>107,834,078</u>
Less Accumulated depreciation for:				
Buildings	(8,893,986)	(791,870)	1,205	(9,684,651)
Improvements other than buildings	(36,266,285)	(3,694,343)	605,830	(39,354,798)
Machinery and Equipment	<u>(1,362,620)</u>	<u>(231,713)</u>	<u>179,330</u>	<u>(1,414,983)</u>
Total Accumulated Depreciation	<u>(46,522,891)</u>	<u>(4,717,926)</u>	<u>786,385</u>	<u>(50,454,432)</u>
Total Capital Assets being depreciated, net	<u>59,226,710</u>	<u>(1,821,825)</u>	<u>(25,239)</u>	<u>57,379,646</u>
Business-type Activities Capital Assets, net	<u>\$ 60,651,028</u>	<u>\$ (1,606,470)</u>	<u>\$ (41,571)</u>	<u>\$ 59,002,987</u>

\$16,332 in Construction in Progress was transferred to other capital asset categories during the fiscal year ended September 30, 2005.

**CITY OF DUNEDIN, FLORIDA  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**4. Capital assets (continued)**

**c. Depreciation**

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

**Governmental Activities:**

General government	\$ 748,567
Public safety	805,003
Transportation	318,161
Culture and recreation	<u>1,644,951</u>
Total depreciation expense - Governmental Activities	<u>\$ 3,516,682</u>

**Business-type Activities:**

Solid waste	\$ 142,690
Water/Sewer utility	3,162,236
Reclaimed water	1,030,033
Stormwater utility	204,080
Marina	147,413
Golf Course	<u>31,474</u>
Total depreciation expense - Business-type Activities	<u>\$ 4,717,926</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**4. Capital assets (continued)**

**d. Construction contracts.**

The City has entered into contracts or the construction of its general fixed assets as follows:

	September 30, 2005	
	ESTIMATED CONTRACT AMOUNT	CONSTRUCTION IN PROGRESS
<b>Governmental Activities:</b>		
The City has entered into a contract with Creative Contractors, Inc. for the construction of a new Community Center. The estimated completion date is November 2006.	\$ 9,800,000	\$ 947,425
The City has begun a project to improve Virginia Street between Milwaukee Ave and Patricia Ave.	700,000	79,305
The City has begun the process of designing the addition of a bunkroom and other renovations to Fire Station #62.	155,000	79,305
The City has contracted to improve the lighting at the Jerry Lake Soccer Complex.	158,412	122,001
Total Governmental Activities	\$ 10,813,412	\$ 1,161,950

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

**4. Capital assets (continued)**

**d. Construction contracts (continued)**

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

	September 30, 2005	
	<u>ESTIMATED CONTRACT AMOUNT</u>	<u>CONSTRUCTION IN PROGRESS</u>
<b>Utility Fund:</b>		
The City has awarded a contract to TLC Diversified to replace a 30" fiberglass waterline at the R/O Water Treatment Facility. Estimated completion is spring 2006.	\$ 900,000	\$ 146,543
The City has continued a design process to replace the anti-scalant rapid mixer at the Water Treatment Plant.	109,000	11,490
The R/O Water Plant is in the process of improving the microfiltration pretreatment system.	360,000	17,325
<b>Total Utility Fund</b>	\$ 1,369,000	\$ 175,358
<b>Stormwater Fund</b>		
The City has contracted with a consultant to begin the process of improvements to Curlew Creek Channel A.	\$ 180,000	\$ 46,576
<b>Total Stormwater Fund</b>	\$ 180,000	\$ 46,576
<b>Reclaimed Water Fund</b>		
The City is to upgrade its telemetry system.	\$ 147,516	\$ 22,511
<b>Total Reclaimed Water Fund</b>	\$ 147,516	\$ 22,511
<b>TOTAL ENTERPRISE FUNDS</b>	<b>\$ 1,696,516</b>	<b>\$ 244,445</b>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**A. ASSETS (CONTINUED)**

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

The composition of interfund balances as of September 30, 2005, is as follows:

**Interfund transfers**

Transfers Out:	Transfers In:						Total
	General	Reclaimed Water	Utility	Golf Course	Non Major Governmental	Internal Service	
General	\$ -	\$ -	\$ -	\$ -	\$ 1,255,229	\$ 263,814	\$ 1,519,043
One Cent Sales Tax	-	432,500	175,000	-	351,080	-	958,580
Nonmajor Governmental	<u>45,000</u>	-	-	<u>78,617</u>	-	<u>290,000</u>	<u>413,617</u>
Total transfers	<u>\$ 45,000</u>	<u>\$ 432,500</u>	<u>\$ 175,000</u>	<u>\$ 78,617</u>	<u>\$ 1,606,309</u>	<u>\$ 553,814</u>	<u>\$ 2,891,240</u>

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

<u>Advances from Other Funds</u>		<u>Advances to Other Funds</u>	
<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
		General Leisure Service	\$ 108,227
		Capital Improvement	<u>53,183</u>
Golf Course	<u>\$ 161,410</u>		<u>\$ 161,410</u>

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

**B. LONG-TERM DEBT**

The following changes occurred in long-term debt during the fiscal year ended September 30, 2005:

**1. Capital Leases**

For the period from October 17, 1997 through March 20, 1999, the City entered into three lease-purchase agreements to finance \$1,189,153 in vehicles. These five-year capital leases had an interest rate of 4.853% and provided for payments totaling \$417,884 due annually. These leases were refinanced on December 12, 2001 adjusting the interest rate to 3.18% with no change in scheduled principal reductions.

For the period from April 9, 1999 through April 18, 2001, the City entered into four lease-purchase agreements to finance \$2,672,707 in vehicles. These five-year capital leases had interest rates ranging from 4.118% to 5.12% and provided for payments totaling \$609,839 due annually. The interest rates on these leases were renegotiated to 4.00% on December 12, 2001 with no change in scheduled principal reductions.



**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

**1. Capital Leases (continued)**

On October 1, 1998, the City entered into a lease-purchase agreement to finance a new computer system with a cost of \$1,720,000. This new system will network all the departments and divisions throughout the City. This capital lease had a 4.16% interest rate and provided for five payments of \$388,075 due annually from April 1, 2001 to 2005. The two initial years of the lease require payments for the interest only on the balance. The interest rate on this lease was renegotiated to 4.00% on December 12, 2001 with no change in scheduled principal reductions.

For the period from June 30, 2000 through October 26, 2000, the City entered into two lease-purchase agreements to finance \$47,463 in mailing machines. These three- and four-year capital leases have a 7.50% interest rate and provide for quarterly payments up to \$4,036 from September 2000 to October 2004.

On March 5, 2002, the City entered into a lease-purchase agreement to finance \$1,721,143 in vehicles. This five-year capital lease has a 3.3% interest rate and provides for annual payments of \$379,094.

On December 30, 2002, the City entered into a lease purchase agreement to finance \$795,912 in vehicles. This five-year capital lease has a 2.41% interest rate and provides for annual payments of \$170,874.

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (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, 2005 were as follows:

	<u>Governmental Activities</u>
2006	\$ 791,879
2007	639,355
2008	242,620
2009	<u>65,866</u>
 Total minimum lease payments	 1,739,720
 Less: amount representing interest	 <u>(88,700)</u>
 Present value of minimum lease payments	 <u>\$ 1,651,020</u>

**2. Special Assessments**

**a. Drainage Assessment Revenue Note, Series 1988 - Harbor View Villas Subdivision**

During the fiscal year ended September 30, 1998, the City undertook a special assessment project for the dredging of certain canals within the Harbor View Villas 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 and the related special assessment was \$696,563. 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 1998-1999 and will be included in the ad valorem tax bill issued by the Pinellas County, Florida tax collector.

In September 1998 the City issued a Drainage Assessment Revenue Note, Series 1998 for \$600,000 to finance the above project. Repayment for this note is from drainage assessment revenues. Drainage assessment revenues received from Harbor View Villas residents assessed for the respective benefited properties are leined and pledged as collateral. In the event that Drainage Assessment Revenues are not sufficient to cover the indebtedness, the note is also secured by a pledge of the proceeds generated by the One Cent Infrastructure Sales Surtax.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

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

**2. Special Assessments (continued)**

**a. Drainage Assessment Revenue Note, Series 1988 - Harbor View Villas Subdivision (continued)**

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:           \$    600,000

Final Maturity:                    September 17, 2008

Interest Rate:

Years 1 - 5                         4.75%

Years 6 - 10                       55.88% of SunTrust Bank Prime Rate on September 17, 2003

Annual payments:

Years 1 - 5                         \$    76,776

Years 6 - 10                       \$    76,776 (assuming no change in rates)

Amount Outstanding at

September 30, 2005:             \$ 200,688

**b. 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 is anticipated to cost more than the related special assessment of \$759,000. The repayment terms of this assessment are summarized as follows:

- The assessment may be paid at any time within thirty days after the project is completed or
- The Assessment may be paid in ten equal annual installments with interest at the rate of five and three-quarters percent. The first payment of this assessment will be due in fiscal year 2002-2003 and 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.

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

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

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

**3. Revenue Bonds (continued)**

**g. Reclaimed Water Fund – Utility System Revenue Note, Series 1994 (continued):**

**Early Redemption**

The note resolution provides for early redemption, at the option of the City, in minimum increments of \$100,000 on the first day of any month.

**Parity**

This note is designated as an additional parity obligation to the Utility System Refunding Revenue Bonds, Series 1993.

**Repayment terms:**

The term, interest rate and payments are as follows:

Original Amount Issued to date:	\$ 3,427,703
Final Maturity:	October 1, 2014
Interest Rate:	5.20%, subject to adjustment on October 1, 2008 and 2011
Interest Rate:	5.20%, subject to adjustment on October 1, 2008 and 2011
Annual payments:	\$ 283,095
Amount Outstanding at September 30, 2005:	<u>\$ 2,027,981</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

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

**3. Revenue Bonds (continued)**

**h. Debt service requirements**

Revenue bond debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,178,721	\$ 946,200	\$ 1,288,369	\$ 725,500
2007	1,533,911	1,014,591	1,269,585	674,523
2008 - 2012	8,595,464	4,054,011	7,319,701	2,312,613
2013 - 2017	7,361,377	2,147,595	4,850,326	334,181
2018 - 2022	2,646,596	969,079	-	-
2023 - 2026	<u>2,635,000</u>	<u>222,224</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,951,069</u>	<u>\$ 9,353,700</u>	<u>\$ 14,727,981</u>	<u>\$ 4,046,817</u>

**i. Refunded Issues**

The City presently has outstanding revenue bonds, which were refunded on February 20, 1978, May 7, 1985, and October 5, 1993 as follows:

SEPTEMBER 30, 2005

1977 Water and Sewer Refunding Bonds	\$ 85,000
1978 Water and Sewer Revenue Bonds	3,440,000
1978 A Special Obligation	<u>10,000</u>
	<u>\$ 3,535,000</u>

Since U.S. Government obligations are held in escrow for payment and interest, these bonds are not liabilities of the City.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

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

**4. Changes in long-term liabilities**

Long-term liability activities for the fiscal year ended September 30, 2005:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital leases	\$ 2,891,746	\$ -	\$ (1,240,726)	\$ 1,651,020	\$ 714,687
Special assessment debt with governmental commitment	267,585	-	(66,897)	200,688	69,983
<b>Bonds payable</b>					
Revenue bonds	16,383,458	10,000,000	(2,432,389)	23,951,069	1,115,324
Estimated claims and judgments	705,594	329,945	(343,086)	692,453	-
Compensated absences	<u>1,414,342</u>	<u>62,522</u>	<u>-</u>	<u>1,476,864</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 21,662,725</u>	<u>\$ 10,392,467</u>	<u>\$ (4,083,098)</u>	<u>\$ 27,972,094</u>	<u>\$ 1,899,994</u>
<b>Business-type activities:</b>					
Special assessment debt with government commitment	\$ 633,474	\$ -	\$ (67,173)	\$ 566,301	\$ 70,297
<b>Bonds payable</b>					
Revenue bonds	15,806,350	-	(1,078,369)	14,727,981	1,288,369
<b>Deferred amounts:</b>					
For issuance premiums	347,040	-	(34,704)	312,336	-
On refunding	<u>(1,657,560)</u>	<u>-</u>	<u>(165,756)</u>	<u>(1,491,804)</u>	<u>-</u>
Total utility system revenue bonds	<u>14,665,830</u>	<u>-</u>	<u>(1,117,317)</u>	<u>13,548,513</u>	<u>1,288,369</u>
Estimated claims and judgments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Compensated absences	<u>828,811</u>	<u>83,685</u>	<u>-</u>	<u>912,496</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 16,128,115</u>	<u>\$ 83,685</u>	<u>\$ (1,184,490)</u>	<u>\$ 15,027,310</u>	<u>\$ 1,358,666</u>

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**NOTE IV. DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)**

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

**4. Changes in long-term liabilities (continued)**

Internal service funds serve governmental and enterprise funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type activities. At year-end \$223,432 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

**5. Mease Hospital Revenue Refunding Bonds**

Resolution 93-15 approved the issuance of \$86,810,000 aggregate principal amount of the City's Hospital Revenue Refunding Bonds pursuant to the Florida Industrial Development Financing Act. The Trustees of Mease Hospital, Inc. d/b/a ("Mease Hospital Care (the "Hospital") is undertaking a project (the "1993 Project") consisting generally of advance refunding all or a portion of the outstanding City of Dunedin, Florida Hospital Refunding Bonds, Series 1985 (Mease Health Care) and all or a portion of the outstanding City of Dunedin, Florida Hospital Revenue Bonds, Series 1991 (Mease Health Care) (collectively, the "Refunded Bonds").

The 1993 bonds were issued as a series of "additional bonds" pursuant to a Trust Indenture dated July 1, 1985, and amended as of August 1, 1991 and March 1, 1993, which provides that such bonds shall not be deemed to constitute a debt, liability or obligation of the City or a pledge of the faith and credit of the City of Dunedin.

The Mease Hospital Revenue Refunding Bonds were redeemed by the Hospital on November 18, 2003.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION**

**A. PENSION**

**1. Florida Retirement System**

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

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

FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to: State of Florida, Division of Retirement, 3639-C North Monroe Street, Tallahassee, FL 32399-1560.

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

**Deferred Retirement Option Program**

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

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.



**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

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

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

Employers pay contributions at a rate of 9.33% of salary for all DROP participants as of September 30, 2005.

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

MEMBERSHIP CATEGORY	RETIREMENT BENEFIT	VESTING	CITY CONTRIBUTIONS RATE ACTUARIALLY DETERMINED	
			EMPLOYER CONTRIBUTION RATES BEGINNING JULY 1, 2005	EMPLOYER CONTRIBUTION RATES THROUGH JUNE 30, 2005
Regular	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	7.39% of covered payroll	7.83% of covered payroll
Elected State, County and City Officers	1.6% times years of service times average compensation (5 highest years) if age 62 or 30 years of service at any age.	After 6 years of creditable service.	9.37% of covered payroll	10.45% of covered payroll

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

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 and its required contributions for the past three years are summarized as follows:

<u>Year Ended</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
September 30, 2005	\$ 501,669	100.0%
September 30, 2004	\$ 643,208	100.0%
September 30, 2003	\$ 426,066	100.0%
September 30, 2002	\$ 497,192	100.0%
September 30, 2001	\$ 624,557	100.0%
September 30, 2000	\$ 801,558	100.0%

**2. Firefighters' Retirement Fund**

All of the City's full-time fire employees participate in a separate single-employer, defined benefit pension plan.

Current membership in the Plan is summarized as follows:

<u>Group</u>	<u>9/30/05</u>
Retirees and beneficiaries currently receiving benefits	33
Drop retirees	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	
Active plan members	
Fully Vested	11
Nonvested	42

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**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:

<u>BENEFITS</u>	<u>VESTING</u>
Normal retirement at age 55 with ten years of service, age 52 with 25 years of service, or completion of 20 years of credited service, 3.0% of final three year average annual compensation multiplied by years of service; reduced benefits for early retirement.	After ten years of creditable service.

Deferred Retirement Option Plan

Any Plan participant who is eligible to receive a normal retirement pension may elect to participate in a deferred retirement option plan (DROP) while continuing his or her active employment as a firefighter. Upon participation in the DROP, the participant becomes a retiree for all Plan purposes so that he or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the participant as a result of retirement are accumulated and invested in the DROP to be distributed to the participant upon his or here termination of employment. Participation in the DROP ceases for a Plan participant after the earlier of 5 years or the attainment of his/her earliest normal retirement date. There were 2 members in the DROP as of September 30, 2005.

A portion of the plan net assets are designated for benefits that accrue in relation to the DROP accounts. Allocations to the DROP accounts determined in the most recent annual actuarial valuation for the year ended September 30, 2005 are as follows:

Designated plan net assets for DROP accounts (fully funded)	\$	129,484
Undesignated plan net assets		14,265,043
Total plan net assets	\$	14,394,527

The City of Dunedin Firefighters' Retirement Plan 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: Earl "Sandy" Sanders, CPA, Finance Director, City of Dunedin, P.O. Box 1348, Dunedin, Florida 34697-1348.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

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

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

The City's Annual Pension Cost and Net Pension Obligations for the year ended September 30, 2005 is as follows:

Annual required employer contributions	\$ 366,661
Interest on net pension obligation	-
Adjustment to annual required contribution	_____ -
Annual Pension cost	<u>366,661</u>
Increase (decrease) in net pension obligation	-
Net Pension obligation (credit), beginning of year	_____ -
Net pension obligation (credit) end of year	<u>\$ _____ -</u>

The annual required contribution for current year was determined as part of the September 30, 2004 (most recent) actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 7.00% per year. Both (a) and (b) included an inflation component of 3.50%. The assumptions did not include post-retirement benefit increases.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods at September 30, 2005 was 30 years. The Plan's three year trend information is summarized as follows:

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/02	\$ 104,558	100%	-
9/30/03	151,872	100%	-
9/30/04	357,651	100%	-

The City has calculated its pension liability (asset) as of September 30, 2005 in accordance with GASB Statement No. 27. The City had no pension liability (asset) as of September 30, 2005 or at the prior year-end (September 30, 2004). The Plan's table of required supplementary information is presented below:

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress**

Actuarial Valuation Date October 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as Percentage of Covered Payroll (b-a)/c
1997	\$10,351,430	\$8,592,200	\$(1,759,230)	120%	\$1,797,034	(98)%
1998	11,878,157	8,570,841	(3,307,316)	139	1,770,728	(187)
1999	12,887,811	9,304,219	(3,583,592)	139	1,985,393	(181)
2000	13,884,790	11,037,197	(2,847,593)	126	1,744,823	(163)
2001	14,097,536	11,627,907	(2,469,629)	121	1,784,028	(138)
2002	13,438,085	12,275,088	(1,162,997)	110	1,968,250	(59)
2003	13,291,020	12,802,764	(488,256)	104	2,357,502	(21)
2004	13,356,895	13,507,266	150,371	99	2,575,437	6

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**A. PENSION (CONTINUED)**

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

Schedule of Employer Contributions

<u>Year Ended September 30</u>	<u>Annual Required Contribution</u>	<u>Actual Percentage Contributed</u>
1998	134,291	100%
1999	120,560	100%
2000	1,601	100%
2001	-	100%
2002	59,591	100%
2003	45,367	100%
2004	252,072	100%
2005	366,661	100%

**3. Defined Contribution Plan**

Beginning January 1, 1996, the City began providing retirement benefits for all of its full-time employees not covered under the Florida Retirement System or the Firefighters' Pension Plan through a non-contributory defined contribution plan administered by the SunTrust Bank under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2005 there were 252 Plan members in the defined contribution plan. Benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate after one year of employment. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested after six years of continuous service. City contributions for, and interest forfeited by, employees who leave employment before six years are used to reduce the City's current-period contribution requirement. Plan provisions and contribution requirements are established and may be amended by the City Commission.

The City's total payroll in fiscal year ended September 30, 2005 was \$15,202,570. The City's contributions were calculated using the participant's salary amount of \$6,369,704. The City made the required contribution of \$631,134.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**B. DEFERRED COMPENSATION PLAN**

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

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

**C. SELF INSURANCE PROGRAM**

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

The City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risk of loss. Under this program, for the year ended September 30, 2005, the Self-Insurance Fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim, \$1,000 for each property damage claim (except flood and earthquake which has \$250,000 maximum), and \$25,000 for each public official's liability claim. 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, 2005**

**V. OTHER INFORMATION (CONTINUED)**

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

The current claims liability of \$692,453 reported in the Fund at September 30, 2005, based on information identified prior to the issuance of the financial statements, indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities including IBNR (incurred but not reported claims) are based on the estimated ultimate cost of settling the claims (excluding the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that would modify past experiences. Claims liabilities also include specific incremental claim adjustment expenses. As of January 19, 2006, all of those covered liabilities are still outstanding. Changes in the Fund's claims liability amount during the year ended September 30, 2005, are as follows:

<u>Liability Balance September 30, 2004</u>	<u>Current Claim and Changes to Estimates</u>	<u>Liability Claim Payments</u>	<u>Liability Balance September 30, 2005</u>
<u>\$ 705,594</u>	<u>\$ 329,945</u>	<u>\$ 343,086</u>	<u>\$ 692,453</u>

**D. POST EMPLOYMENT BENEFITS**

Other than the postretirement benefits described in Section V.A.1, the City does not provide any postretirement health care benefits.

Postemployment health care benefits are made available to the City's terminated employees in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Under COBRA, the City is required to offer an election to deceased or terminated participants, their spouses or dependents, to continue coverage in the health plan provided by the City. The cost of coverage which the City may charge the participant may not exceed 102% of the applicable premium.

**CITY OF DUNEDIN, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2005**

**V. OTHER INFORMATION (CONTINUED)**

**E. CONTINGENCIES AND COMMITMENTS**

The City of Dunedin and other Pinellas County cities have entered into an agreement with PACT, Inc. and a local savings and loan institution to guarantee payment of a portion of the principal and interest on mortgage notes in the aggregate principal amount not to exceed \$5,500,000. The notes were issued by PACT, Inc. for the purpose of assisting in the financing of a Performing Arts Center Theater which serves an area maximum including the City of Dunedin. No payments would be due from the City until there was a foreclosure of the mortgage lien or title to the project had been acquired by the Lender, resulting in less than full payment of all amounts due. Demand shall have been made for all payments due by the other cities under the Guaranty Agreements between each such public body. The notes were issued for a period of 25 years in 1982.

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

**F. FEDERAL AND STATE GRANTS**

The City participates in a number of federal and state assisted programs, principal of which are the Federal Emergency Management Agency (FEMA), Recycling Grant, CDBG for Streetscape Project, and Local Law Enforcement Block Grant Program. These programs are subject to the financial and compliance audits made in accordance with the Office of Management and Budget Circular A-133. The audits of these programs for and including the year ended September 30, 2005 will be issued under a separate report. The amount, if any, of expenditures which may be disallowed by the granting agencies is immaterial to the City's Combined Financial Statements.

# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

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

### **Government Grants Fund**

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

### **Dunedin Stadium Fund**

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

### **Impact Fees Fund**

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

### **Fine Arts Center Fund**

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

### **Community Redevelopment Agency Fund**

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

### **G. Koutsourias Youth Fund**

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

## **Debt Service Funds**

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

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

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

### **Dunedin Stadium Fund**

To accumulate monies for the repayment of the 2001 Spring Training Facilities Revenue Notes. Grants from State of Florida and Pinellas County are pledged for payment of the 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.

### **Leisure Services 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.

### **Information Technology Project Fund**

To account for the expenditures incurred to upgrade the City's Information Technology Infrastructure. The major funding source is through capital lease proceeds.

City of Dunedin, Florida  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2005

	Special Revenue							Special Revenue Total
	Government Grants	Dunedin Stadium	Impact Fees	Fine Arts Center	Community Redevelopment Agency	G. Koutsourias Youth		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 293	\$ 327,050	\$ 1,141,064	\$ 1,790	\$ 761,814	\$ 25,576	\$ 2,257,587	
Accounts Receivable	-	-	-	-	-	-	-	
Assessments/liens receivable, net of allowance for uncollectibles	-	-	-	-	-	-	-	
Pledges receivable	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	320	-	320	
Prepaid items	-	765	2,497	-	1,991	67	5,320	
Accrued interest receivable	-	500	-	-	-	-	500	
Deposits	-	-	-	-	-	-	-	
Advances to other funds	-	-	-	-	-	-	-	
Restricted assets:								
Temporarily restricted:								
Cash and cash equivalents	-	-	-	-	-	-	-	
Accrued interest receivable	-	-	-	-	-	-	-	
Total assets	\$ 293	\$ 328,315	\$ 1,143,561	\$ 1,790	\$ 764,125	\$ 25,643	\$ 2,263,727	
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 51,286	\$ 350	\$ 39,330	\$ -	\$ 90,966	
Contracts payable	205	-	-	-	31,356	-	31,561	
Deposits payable	-	500	-	-	-	-	500	
Deferred revenue	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	-	
Due to other governments	-	-	37,137	-	-	-	37,137	
Other current liabilities	-	-	-	-	-	-	-	
Total liabilities	205	500	88,423	350	70,686	-	160,164	
<b>FUND BALANCES</b>								
Reserved for encumbrances	-	-	12,175	-	107,220	-	119,395	
Reserved for public safety programs	88	-	-	-	-	-	88	
Reserved for capital projects	-	-	1,042,963	-	-	-	1,042,963	
Reserved for debt service	-	-	-	-	-	-	-	
Unreserved, designated	-	-	-	-	-	-	-	
Unreserved, undesignated	-	327,815	-	1,440	586,219	25,643	941,117	
Total fund balances	88	327,815	1,055,138	1,440	693,439	25,643	2,103,563	
Total liabilities and fund balances	\$ 293	\$ 328,315	\$ 1,143,561	\$ 1,790	\$ 764,125	\$ 25,643	\$ 2,263,727	

City of Dunedin, Florida  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2005

	Debt Service				Debt Service Total
	Harbor View Dredging	Dunedin Stadium	Capital Improvement		
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	-
Accounts receivable	-	-	-	-	-
Assessments/liens receivable, net of allowance for uncollectibles	113,057	-	-	-	113,057
Pledges receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	234,114	-	94,785	-	328,899
Accrued interest receivable	609	-	243	-	852
Total assets	\$ 347,780	\$ -	\$ 95,028	\$ -	\$ 442,808
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	-
Contracts payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	113,056	-	-	-	113,056
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Total liabilities	113,056	-	-	-	113,056
<b>FUND BALANCES</b>					
Reserved for encumbrances	-	-	-	-	-
Reserved for public safety programs	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Reserved for debt service	234,724	-	95,028	-	329,752
Unreserved, designated	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Total fund balances	234,724	-	95,028	-	329,752
Total liabilities and fund balances	\$ 347,780	\$ -	\$ 95,028	\$ -	\$ 442,808

City of Dunedin, Florida  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 September 30, 2005

	Capital Projects						Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Leisure Services Capital Improvement	Capital Improvement	Information Technology Project	Capital Projects Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 187,241	\$ 587,731	\$ 9,305,028	\$ 629,544	\$ 490,488	\$ 11,200,042	\$ 13,457,629
Accounts receivable	-	-	47,536	-	-	47,536	47,536
Assessments/licenses receivable, net of allowance for uncollectibles	-	-	-	-	-	-	113,057
Pledges receivable	-	-	6,000	-	-	6,000	6,000
Due from other governments	-	54,104	-	-	-	54,104	54,104
Prepaid items	-	-	-	-	-	-	320
Accrued interest receivable	485	1,384	24,456	1,651	1,289	29,245	34,565
Deposits	-	-	-	-	-	-	500
Advances to other funds	-	-	53,183	-	-	53,183	53,183
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents	-	-	-	-	-	-	328,899
Accrued interest receivable	-	-	-	-	-	-	852
Total assets	\$ 187,726	\$ 643,219	\$ 9,436,203	\$ 631,195	\$ 491,767	\$ 11,390,110	\$ 14,096,645
<b>LIABILITIES</b>							
Accounts payable	-	\$ 964	\$ 56,106	\$ 7,011	\$ -	\$ 64,081	\$ 155,047
Contracts payable	-	86,691	48,113	10,316	-	145,120	176,681
Deposits payable	-	-	-	-	-	-	500
Deferred revenue	-	-	6,000	-	-	6,000	119,056
Due to other governments	-	-	-	-	-	-	37,137
Total liabilities	-	87,655	110,219	17,327	-	215,201	486,421
<b>FUND BALANCES</b>							
Reserved for encumbrances	7,425	-	254,194	145,469	1,087	408,175	527,570
Reserved for public safety programs	-	-	-	-	-	-	88
Reserved for capital projects	-	-	9,016,578	-	303,257	9,319,835	10,362,798
Reserved for debt service	-	-	-	-	-	-	329,752
Unreserved, designated	180,301	-	120,248	468,399	187,423	956,371	956,371
Unreserved, undesignated	-	555,564	(95,036)	-	-	480,528	1,431,645
Total fund balances	187,726	555,564	9,325,984	613,868	491,767	11,174,909	13,608,224
Total liabilities and fund balances	\$ 187,726	\$ 643,219	\$ 9,436,203	\$ 631,195	\$ 491,767	\$ 11,390,110	\$ 14,096,645



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City of Dunedin, Florida  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended September 30, 2005

	Special Revenue							Special Revenue Total
	Government Grants	Dunedin Stadium	Impact Fees	Fine Arts Center	Community Redevelopment Agency	G. Koutsourias Youth		
<b>REVENUES</b>								
Taxes:								
Property								
Intergovernmental revenues	18,779	756,317	209,381	-	345,946	-	\$	345,946
Charges for services	-	281,988	-	-	237,342	-	-	1,221,819
Fines and Forfeitures	-	-	-	-	-	-	-	281,988
Impact fees	-	-	837,724	-	-	-	-	837,724
Investment earnings (loss)	37	967	14,106	29	13,306	503	-	28,948
Assessments	-	-	-	-	-	-	-	-
Rents	-	-	-	-	(8,160)	-	-	(8,160)
Contributions and donations	-	-	-	-	-	14,752	-	14,752
Other revenue	-	43	3,475	350	25,909	-	-	29,777
Total revenues	18,816	1,039,315	1,064,666	379	614,343	15,255	\$	2,752,794
<b>EXPENDITURES</b>								
Current:								
General government								
Public safety	7,227	-	-	-	-	-	-	7,227
Physical environment	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	88,207	-	-	88,207
Culture and recreation	1,547	129,431	-	136,282	-	4,061	-	271,321
Capital projects:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	2,565	-	-	-	-	2,565
Physical environment	-	-	-	-	-	-	-	-
Transportation	-	-	14,933	-	-	-	-	14,933
Economic environment	-	-	-	-	303,615	-	-	303,615
Culture and recreation	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	540,679	-	-	-	-	-	540,679
Interest	-	558,591	-	-	-	-	-	558,591
Aids and grants	17,232	-	-	-	-	-	-	17,232
Total expenditures	26,006	1,228,701	17,498	136,282	391,822	4,061	-	1,804,370
Excess of revenues over (under) expenditures	(7,190)	(189,386)	1,047,168	(135,903)	222,521	11,194	\$	948,424
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds								
Transfers in	4,540	566,870	-	136,033	150,000	-	-	857,443
Transfers out	-	(125,000)	(388,305)	-	-	-	-	(513,305)
Total other financing sources (uses)	4,540	441,870	(388,305)	136,033	150,000	-	-	344,138
Net change in fund balances	(2,650)	252,484	658,883	130	372,521	11,194	\$	1,292,562
Fund balances - beginning	2,738	75,331	396,255	1,310	320,918	14,449	-	811,001
Fund balances - ending	88	327,815	1,055,138	1,440	693,439	25,643	\$	2,103,563

Debt  
 2,259,973  
 1,111,977

**City of Dunedin, Florida**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended September 30, 2005**

	Debt Service				Debt Service Total
	Harbor View Dredging	Dunedin Stadium	Capital Improvement		
<b>REVENUES</b>					
Taxes:					
Property	\$ 35	\$ -	\$ -	\$ -	35
Intergovernmental revenues	-	41,667	-	-	41,667
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Impact fees	61,663	-	-	-	61,663
Investment earnings	5,726	6,492	2,330	-	14,548
Assessments	-	-	-	-	-
Rents	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>67,424</u>	<u>48,159</u>	<u>2,330</u>		<u>117,913</u>

<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	834	-	-	-	834
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital projects:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	66,896	-	83,422	-	150,318
Interest	8,375	-	13,586	-	21,961
Aids and grants	-	-	-	-	-
Total expenditures	<u>76,105</u>		<u>97,008</u>		<u>173,113</u>
Excess of revenues over (under) expenditures	<u>(8,681)</u>	<u>48,159</u>	<u>(94,678)</u>		<u>(55,200)</u>

<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	(292,599)	104,040	-	(188,559)
Total other financing sources (uses)		<u>(292,599)</u>	<u>104,040</u>		<u>(188,559)</u>
Net change in fund balances	(8,681)	(244,440)	9,362	-	(243,759)
Fund balances - beginning	243,405	244,440	85,666	-	573,511
Fund balances - ending	<u>\$ 234,724</u>	<u>\$ -</u>	<u>\$ 95,028</u>		<u>\$ 329,752</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, 2005

	Stadium Capital Project	Capital Projects				Information Technology Project	Capital Projects Total	Grand Total Nonmajor Governmental Funds
		County Gas Tax	Letsure Services Capital Improvement	Capital Improvement				
<b>REVENUES</b>								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345,981	
Intergovernmental revenues	-	338,381	1,391,740	-	-	1,730,121	2,993,607	
Charges for services	-	-	-	-	-	-	281,988	
Impact fees	-	-	-	-	-	-	899,387	
Investment earnings	4,970	14,306	130,932	14,584	13,565	178,357	221,853	
Rents	-	-	-	-	-	-	(8,160)	
Contributions and donations	-	-	3,000	25,000	-	28,000	42,752	
Other revenue	-	-	9	124,058	-	124,067	153,844	
Total revenues	4,970	352,687	1,525,681	163,642	13,565	2,060,545	4,931,252	
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	11,454	2,658	14,112	14,112	
Public safety	-	-	-	13,745	-	13,745	20,972	
Physical environment	-	-	-	-	-	-	834	
Transportation	-	10,191	-	-	-	10,191	10,191	
Economic environment	-	-	-	-	-	-	88,207	
Culture and recreation	22,217	-	99,698	-	-	121,915	393,236	
Capital projects:								
General government	-	-	-	244,091	198,617	442,708	442,708	
Public safety	-	-	-	24,968	-	24,968	27,533	
Physical environment	-	-	-	-	-	-	-	
Transportation	-	907,245	-	1,658	-	908,903	923,836	
Economic environment	-	-	-	-	-	-	303,615	
Culture and recreation	33,374	-	1,105,911	66,717	-	1,206,002	1,206,002	
Debt service:								
Principal	-	-	-	14,040	-	14,040	2,096,777	
Interest	-	-	-	4,680	-	4,680	585,232	
Aids and grants	-	-	-	-	-	-	17,232	
Total expenditures	55,591	917,436	2,597,349	381,353	201,275	4,153,004	6,130,487	
Deficiency of revenues over (under) expenditures	(50,621)	(564,749)	(1,071,668)	(217,711)	(187,710)	(2,092,459)	(1,199,235)	
<b>OTHER FINANCING SOURCES (USES)</b>								
Debt proceeds	-	-	9,784,806	-	-	9,784,806	9,784,806	
Transfers in	-	-	577,534	-	-	577,534	1,246,418	
Transfers out	-	-	(82,000)	-	-	(82,000)	(595,305)	
Total other financing sources	-	-	10,280,340	-	-	10,280,340	10,435,919	
Net change in fund balances	(50,621)	(564,749)	9,208,672	(217,711)	(187,710)	8,187,881	9,236,684	
Fund balances - beginning	238,347	1,120,313	117,312	831,579	679,477	2,987,028	4,371,540	
Fund balances - ending	\$ 187,726	\$ 555,564	\$ 9,325,984	\$ 613,868	\$ 491,767	\$ 11,174,909	\$ 13,608,224	

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Grants - federal	\$ -	\$ -	\$ 18,779	\$ 18,779
Grants - state	-	-	-	-
Grants - local	-	-	-	-
Miscellaneous revenues:				
Interest earnings	-	-	37	37
Contributions and donations	-	-	-	-
Other miscellaneous revenue	43,600	43,600	-	(43,600)
<b>Total revenues</b>	<b>43,600</b>	<b>43,600</b>	<b>18,816</b>	<b>(24,784)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Public safety	-	-	7,227	(7,227)
Physical environment	-	-	-	-
Culture and recreation	-	-	1,547	(1,547)
Capital outlay:				
General government	-	-	-	-
Public safety	43,600	43,600	-	43,600
Physical environment	-	-	-	-
Culture and recreation	-	-	-	-
Aids and grants	-	-	17,232	(17,232)
<b>Total expenditures</b>	<b>43,600</b>	<b>43,600</b>	<b>26,006</b>	<b>17,594</b>
Deficiency of revenues under expenditures	-	-	(7,190)	(7,190)
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	-	-	4,540	4,540
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>4,540</b>	<b>4,540</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(2,650)</b>	<b>(2,650)</b>
<b>Fund balances - beginning</b>	<b>2,738</b>	<b>2,738</b>	<b>2,738</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 2,738</b>	<b>\$ 2,738</b>	<b>\$ 88</b>	<b>\$ (2,650)</b>

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b><u>REVENUES</u></b>				
Charges for services:				
Blue Jay ticket sales	\$ 210,000	\$ 210,000	\$ 199,779	\$ (10,221)
Parking/concessions	21,000	21,000	21,984	984
Special events	60,000	60,000	60,000	-
Miscellaneous revenues:			756,316	
Interest earnings	-	-	967	967
Other miscellaneous revenue	-	-	269	269
<b>Total revenues</b>	<u>291,000</u>	<u>291,000</u>	<u>1,039,315</u>	<u>(8,001)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Culture and recreation				
Concessions/novelties	113,098	113,098	129,431	(16,333)
Recreation	-	-	-	-
Capital outlay:	-	-	-	-
Debt service				
Principal	-	-	540,679	(540,679)
Interest	-	-	558,591	(558,591)
<b>Total expenditures</b>	<u>113,098</u>	<u>113,098</u>	<u>1,228,701</u>	<u>(1,115,603)</u>
Excess of revenues over (under) expenditures	<u>177,902</u>	<u>177,902</u>	<u>(189,386)</u>	<u>(367,288)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	566,870	566,870
Transfers out	(125,000)	(125,000)	(125,000)	-
<b>Total other financing sources (uses)</b>	<u>(125,000)</u>	<u>(125,000)</u>	<u>441,870</u>	<u>566,870</u>
<b>Net change in fund balances</b>	<u>52,902</u>	<u>52,902</u>	<u>252,484</u>	<u>199,582</u>
Fund balances - beginning	<u>75,331</u>	<u>75,331</u>	<u>75,331</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 128,233</u>	<u>\$ 128,233</u>	<u>\$ 327,815</u>	<u>\$ 199,582</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental revenues:				
Transportation impact fees	\$ 70,000	\$ 70,000	\$ 837,724	\$ 767,724
Grants - federal				-
Grants - state	-	-	209,381	209,381
Miscellaneous revenues:				
Land dedication fees	300,000	300,000	3,475	(296,525)
Fire facilities fees	10,000	10,000	-	(10,000)
Police facilities fees	10,000	10,000	-	(10,000)
Interest earnings	17,492	17,492	14,106	(3,386)
Total revenues	<u>407,492</u>	<u>407,492</u>	<u>1,064,686</u>	<u>657,194</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public safety	-	-	-	-
Transportation	-	-	-	-
Capital outlay:				
Public safety	50,000	50,000	2,565	47,435
Transportation	-	-	14,933	(14,933)
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>17,498</u>	<u>32,502</u>
Excess of revenues over expenditures	<u>357,492</u>	<u>357,492</u>	<u>1,047,188</u>	<u>689,696</u>
<b><u>OTHER FINANCING USES</u></b>				
Transfers in	-	-	-	-
Transfers out	(388,305)	(388,305)	(388,305)	-
Total other financing uses	<u>(388,305)</u>	<u>(388,305)</u>	<u>(388,305)</u>	<u>-</u>
Net change in fund balances	(30,813)	(30,813)	658,883	689,696
Fund balances - beginning	<u>396,255</u>	<u>396,255</u>	<u>396,255</u>	<u>-</u>
Fund balances - ending	<u>\$ 253,801</u>	<u>\$ 365,442</u>	<u>\$ 1,055,138</u>	<u>\$ 689,696</u>

City of Dunedin, Florida  
 Fine Arts Center Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual  
 For the Fiscal Year Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous revenues:				
Interest earnings	\$ -	\$ -	\$ 379	\$ 379
Total revenues	<u>-</u>	<u>-</u>	<u>379</u>	<u>379</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	63,033	63,033	136,282	(73,249)
Capital:				
Culture and recreation	-	-	-	-
Aids and grants	73,000	73,000	-	73,000
Total expenditures	<u>136,033</u>	<u>136,033</u>	<u>136,282</u>	<u>(249)</u>
Excess of revenues over expenditures	<u>(136,033)</u>	<u>(136,033)</u>	<u>(135,903)</u>	<u>130</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	136,033	136,033	136,033	-
Total other financing sources	<u>136,033</u>	<u>136,033</u>	<u>136,033</u>	<u>-</u>
Net change in fund balances	-	-	130	130
Fund balances - beginning	<u>1,310</u>	<u>1,310</u>	<u>1,310</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,310</u>	<u>\$ 1,310</u>	<u>\$ 1,440</u>	<u>\$ 130</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 339,322	\$ 339,322	\$ 345,946	\$ 6,624
Intergovernmental revenues:				
Grants - federal	-	-	-	-
Grants - state	-	-	89,015	89,015
Grants - local	170,000	170,000	148,327	(21,673)
Miscellaneous revenues:				
Investment earnings	3,600	3,600	13,306	9,706
Rent	-	-	(8,160)	(8,160)
Contributions and donations	-	-	-	-
Other revenues	18,000	18,000	25,909	7,909
Total revenues	<u>530,922</u>	<u>530,922</u>	<u>614,343</u>	<u>83,421</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Economic environment	77,113	77,113	88,207	(11,094)
Capital projects:				
Economic environment	731,500	731,500	303,615	427,885
Aids and grants	-	-	-	-
Total expenditures	<u>808,613</u>	<u>808,613</u>	<u>391,822</u>	<u>416,791</u>
Deficiency of revenues over (under) expenditures	<u>(277,691)</u>	<u>(277,691)</u>	<u>222,521</u>	<u>500,212</u>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers in	150,000	150,000	150,000	-
Total other financing sources	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balances	<u>(127,691)</u>	<u>(127,691)</u>	<u>372,521</u>	<u>500,212</u>
Fund balances - beginning	<u>320,918</u>	<u>320,918</u>	<u>320,918</u>	<u>-</u>
Fund balances - ending	<u>\$ 193,227</u>	<u>\$ 193,227</u>	<u>\$ 693,439</u>	<u>\$ 500,212</u>

City of Dunedin  
 Combining Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 September 30, 2005

	Firefighters' Retirement Pension Plan	Defined Contribution Pension Plan	Total
<b>ASSETS</b>			
Investments	\$ 14,338,064	\$ 2,580,253	\$ 16,918,317
Due from other governments	30,433	-	30,433
Prepaid items	1,041	-	1,041
Accrued interest/dividends receivable	122,289	4,405	126,694
Total assets	<u>14,491,827</u>	<u>2,584,658</u>	<u>17,076,485</u>
<b>LIABILITIES</b>			
Accounts payable	97,300	-	97,300
Total liabilities	<u>97,300</u>	<u>-</u>	<u>97,300</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits	<u>\$ 14,394,527</u>	<u>\$ 2,584,658</u>	<u>\$ 16,979,185</u>

**City of Dunedin**  
**Combining Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2005**

	<u>Firefighters' Retirement Pension Plan</u>	<u>Defined Contribution Pension Plan</u>	<u>Total</u>
<b>ADDITIONS:</b>			
<b>Contributions:</b>			
Employer	\$ 366,661	\$ 632,193	\$ 998,854
Plan members	148,451	-	148,451
<b>Total contributions</b>	<u>515,112</u>	<u>632,193</u>	<u>1,147,305</u>
<b>Investment earnings:</b>			
Net appreciation in fair value of investments	908,199	99,895	1,008,094
Interest	211,764	67,845	279,609
Dividends	186,919	-	186,919
<b>Total investment earnings</b>	<u>1,306,882</u>	<u>167,740</u>	<u>1,474,622</u>
Less investment expenses	<u>(133,780)</u>	<u>-</u>	<u>(133,780)</u>
<b>Net investment earnings</b>	<u>1,173,102</u>	<u>167,740</u>	<u>1,340,842</u>
 Miscellaneous revenue	 <u>180,295</u>	 <u>-</u>	 <u>180,295</u>
<b>Total additions</b>	<u>1,868,509</u>	<u>799,933</u>	<u>2,668,442</u>
<b>DEDUCTIONS:</b>			
Benefits	813,772	-	813,772
Administrative expenses	8,672	53,034	61,706
<b>Total deductions</b>	<u>822,444</u>	<u>53,034</u>	<u>875,478</u>
 Change in net assets	 1,046,065	 746,899	 1,792,964
Net assets - beginning	13,348,462	1,837,759	15,186,221
 Net assets - ending	 <u>\$ 14,394,527</u>	 <u>\$ 2,584,658</u>	 <u>\$ 16,979,185</u>

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**Statistical Section**

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Table I  
 City of Dunedin, Florida  
 Net Assets by Component  
 Last Four Fiscal Years \*  
 (accrual basis of accounting)

	2005	2004	2003	2002
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 19,580,030	\$ 25,673,683	\$ 21,070,522	\$ 22,043,814
Restricted	11,747,673	2,283,755	4,122,498	3,286,461
Unrestricted	15,959,974	15,434,163	13,621,877	13,368,752
Total governmental activities net assets	\$ 47,287,677	\$ 43,371,601	\$ 38,814,897	\$ 38,699,027
<b>Business type activities:</b>				
Invested in capital assets, net of related debt	46,477,869	45,351,725	45,740,661	41,411,092
Restricted	4,443,428	4,897,856	5,240,067	8,149,659
Unrestricted	4,144,475	6,374,375	5,789,297	11,484,870
Total business type activities net assets	\$ 55,065,772	\$ 56,623,956	\$ 56,770,025	\$ 61,045,621
<b>Primary government:</b>				
Invested in capital assets, net of related debt	66,057,899	71,025,408	66,811,183	63,454,906
Restricted	16,191,101	7,161,611	9,362,565	11,436,120
Unrestricted	20,104,449	21,808,538	19,411,174	24,853,622
Total primary government activities net assets	\$ 102,353,449	\$ 99,995,557	\$ 95,584,922	\$ 98,744,648

\* GASB 34 implemented in Fiscal Year 2002

Table II  
City of Dunedin, Florida  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

	2005	2004	2003	2002
<b>EXPENSES</b>				
<b>Governmental activities:</b>				
General government	\$ 2,177,359	\$ 1,616,858	\$ 1,747,698	\$ 3,018,658
Public safety	11,287,223	10,279,511	10,035,495	8,383,176
Physical environment	834	23,346	3,640	9,534
Transportation	2,258,259	1,337,617	1,905,403	2,161,199
Economic development	86,207	91,417	34,645	24,352
Culture and recreation	9,559,059	8,071,251	7,758,198	6,719,422
Interest on long term debt	837,648	904,118	828,205	795,984
<b>Total governmental activities expenses</b>	<b>26,208,589</b>	<b>22,324,118</b>	<b>22,313,286</b>	<b>21,112,327</b>
<b>Business type activities:</b>				
Solid waste	5,156,394	4,541,315	4,189,414	3,747,332
Water / sewer utility	14,197,584	14,278,420	13,479,564	12,068,996
Reclaimed water	1,478,475	1,453,574	1,485,628	1,321,665
Stormwater utility	1,207,654	1,173,210	1,255,618	850,376
Marina	353,576	252,462	275,201	227,441
Golf course	595,229	470,054	371,330	18,216,810
<b>Total business type activities expenses</b>	<b>22,988,912</b>	<b>22,169,035</b>	<b>21,066,755</b>	<b>18,216,810</b>
<b>Total primary government expenses</b>	<b>\$ 49,197,501</b>	<b>\$ 44,493,153</b>	<b>\$ 43,380,041</b>	<b>\$ 39,329,137</b>
<b>PROGRAM REVENUES</b>				
<b>Governmental activities:</b>				
Charges for services	4,731,225	4,241,434	4,336,349	4,635,066
Operating grants and contributions	588,149	465,311	363,014	452,791
Capital grants and contributions	3,864,873	2,417,088	1,729,855	1,525,889
<b>Total governmental activities program revenues</b>	<b>8,984,247</b>	<b>7,123,833</b>	<b>6,428,218</b>	<b>6,613,746</b>
<b>Business type activities:</b>				
Charges for services	20,188,223	20,268,203	17,513,348	16,284,424
Operating grants and contributions		3,666		
Capital grants and contributions - parking fee	290,976	613,275	1,626,430	1,781,874
<b>Total business type activities revenues</b>	<b>20,479,199</b>	<b>20,885,144</b>	<b>19,139,778</b>	<b>18,066,298</b>
<b>Total primary government program revenues</b>	<b>\$ 29,463,446</b>	<b>\$ 28,008,977</b>	<b>\$ 25,567,996</b>	<b>\$ 24,680,044</b>
<b>NET EXPENSE</b>				
Governmental activities	(17,224,342)	(15,200,286)	(15,885,068)	(14,498,581)
Business type activities	(2,509,713)	(1,283,891)	(1,926,977)	(150,512)
<b>Total primary government net (expense) / revenue</b>	<b>\$ (19,734,055)</b>	<b>\$ (16,484,176)</b>	<b>\$ (17,812,045)</b>	<b>\$ (14,649,093)</b>



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

	2005	2004	2003	2002
<b>Governmental activities:</b>				
Taxes:				
Property taxes	\$ 7,662,303	\$ 7,063,015	\$ 6,016,687	\$ 5,416,600
Utility service taxes	4,095,884	4,134,755	4,306,796	4,178,073
Infrastructure sales surtax	3,509,710	3,163,833	2,995,546	2,932,069
Half cent sales tax	2,131,371	2,068,375	1,955,366	1,912,625
Franchise taxes	2,222,492	2,094,111	2,004,600	1,905,024
Other taxes	439,041	434,986	127,504	132,934
State revenue sharing	1,370,847	1,158,923	904,694	903,506
Grants and contributions not restricted to specific programs	21,397	20,833	36,586	7,981
Unrestricted investment earnings	302,899	303,299	235,644	556,865
Gain / (loss) on sale of capital assets	(54,221)	976	17,582	(59,295)
Transfers	(561,305)	(686,117)	(145,014)	(1,974,455)
<b>Total governmental activities expenses</b>	<b>21,140,418</b>	<b>19,756,989</b>	<b>18,455,991</b>	<b>15,911,927</b>
<b>Business type activities:</b>				
Unrestricted investment earnings	415,439	454,492	480,696	841,387
Loss on sale of capital assets	(25,215)	(2,787)	(86,543)	(103,807)
Transfers	561,305	686,117	145,014	1,974,455
<b>Total business type activities</b>	<b>951,529</b>	<b>1,137,822</b>	<b>539,167</b>	<b>2,712,035</b>
<b>Total primary government</b>	<b>\$ 22,091,947</b>	<b>\$ 20,894,811</b>	<b>\$ 18,995,158</b>	<b>\$ 18,623,962</b>
<b>CHANGE IN NET ASSETS</b>				
Governmental activities	3,916,076	4,556,704	2,570,923	1,413,346
Business type activities	(1,558,184)	(146,069)	(1,387,810)	2,561,523
<b>Total primary government</b>	<b>\$ 2,357,892</b>	<b>\$ 4,410,635</b>	<b>\$ 1,183,113</b>	<b>\$ 3,974,869</b>

Table III  
 City of Duneedin, Florida  
 Fund Balances - Governmental Funds  
 Last Three Fiscal Years  
 (modified accrual basis of accounting)

	2005	2004	2003	2002
<b>General fund:</b>				
Reserved	\$ 1,186,618	\$ 1,391,468	\$ 1,358,170	\$ 1,044,435
Designated				
Unreserved, undesignated	6,657,589	7,058,463	6,903,068	7,872,962
<b>Total general fund</b>	<u>\$ 7,844,207</u>	<u>\$ 8,449,931</u>	<u>\$ 8,261,238</u>	<u>\$ 8,917,397</u>
<b>All other governmental funds:</b>				
Reserved, reported in:				
Special revenue funds	11,533,793	2,989,856	3,284,622	4,743,357
Unreserved, reported in:				
Special revenue funds	4,676,052	2,675,596	1,199,498	759,361
Capital projects funds	1,393,716	1,291,290	2,395,611	1,662,641
<b>Total all other governmental funds</b>	<u>\$ 17,603,561</u>	<u>\$ 6,956,742</u>	<u>\$ 6,819,731</u>	<u>\$ 7,165,359</u>

\* GASB 34 implemented in Fiscal Year 2002

Table IV  
 City of Dunedin, Florida  
 General Governmental Expenditures and Transfers by Function  
 Last Ten Fiscal Years \*

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment	Culture and Recreation	Capital Outlay	Debt Service	Transfers Out	Other	Total
1996	\$ 2,372,150	\$ 6,622,545	\$ -	\$ 1,161,798	\$ 55,944	\$ 4,532,799	\$ 4,501,787	\$ 1,349,639	\$ 2,454,160	\$ -	\$ 23,050,822
1997	2,377,826	6,365,085	-	1,164,395	23,990	4,903,220	1,495,429	357,352	2,985,366	-	19,672,663
1998	2,490,562	6,540,084	-	1,295,119	52,048	4,690,454	1,467,030	321,290	2,975,710	47,140	19,879,437
1999	2,592,965	6,738,701	-	1,277,323	17,396	5,087,445	2,823,262	383,420	4,034,986	217,217	23,172,715
2000	2,649,740	6,985,014	-	1,415,125	39,752	5,154,231	2,970,597	427,951	3,734,371	188,674	23,556,455
2001	2,678,492	7,519,792	-	1,380,579	16,552	5,566,053	5,304,436	1,191,106	5,234,139	130,817	29,021,966
2002	2,709,928	8,095,414	3,883	1,610,750	19,552	5,927,263	14,147,879	1,758,032	9,301,711	118,900	43,693,312
2003	2,978,588	8,829,569	3,640	1,729,077	34,411	6,513,513	4,843,057	1,760,744	4,699,068	130,334	31,522,001
2004	3,053,704	9,601,978	23,346	1,915,753	91,417	7,089,003	9,963,391	1,599,094	2,601,240	223,351	36,162,277
2005	3,241,021	10,533,630	834	1,992,043	88,207	7,781,134	3,989,158	3,650,162	2,257,455	17,232	33,550,876

\* Includes general, special revenue, debt service and capital projects funds.

\* 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.

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

	2005	2004	2003	2002
<b>REVENUES</b>				
Taxes	\$ 13,980,679	\$ 13,291,881	\$ 12,328,083	\$ 11,499,697
Licenses, fees and permits	962,809	639,369	555,621	542,938
Intergovernmental	10,444,576	9,028,401	7,888,959	7,557,007
Charges for services	4,825,858	5,021,375	4,482,710	3,205,305
Fines and forfeits	176,260	280,435	228,503	147,986
Interest earnings	418,102	283,811	284,889	754,730
Miscellaneous	1,563,088	1,101,400	1,095,500	750,774
<b>Total revenues</b>	<b>32,372,372</b>	<b>29,846,672</b>	<b>26,864,265</b>	<b>24,458,437</b>
<b>EXPENDITURES</b>				
General government	3,241,021	3,053,704	2,978,588	2,709,928
Public safety	10,533,630	9,601,978	8,829,569	8,101,083
Physical environment	834	23,346	3,840	9,534
Transportation	1,992,043	1,915,753	1,729,077	2,087,885
Economic development	86,207	91,417	34,411	19,552
Culture and recreation	7,781,134	7,089,003	6,513,513	5,927,263
Debt service:				
Principal	2,877,448	940,349	1,051,871	1,018,718
Interest	772,714	658,745	708,873	739,314
<b>Total expenditures</b>	<b>27,287,031</b>	<b>23,374,295</b>	<b>21,849,542</b>	<b>20,813,277</b>
<b>Excess of revenues over expenditures</b>	<b>5,085,341</b>	<b>6,272,377</b>	<b>5,014,723</b>	<b>3,645,160</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital outlay	(3,989,158)	(9,963,391)	(4,843,057)	(13,659,424)
Sale of capital assets	(17,232)	(223,351)	(130,334)	(118,900)
Aids and grants	9,784,806	4,900,000	-	1,183,904
Debt proceeds	1,434,793	1,941,309	3,655,949	7,388,270
Transfers in	(2,257,455)	(2,601,240)	(4,689,068)	(9,301,711)
Transfers out				
<b>Total other financing sources (uses)</b>	<b>4,955,754</b>	<b>(5,946,673)</b>	<b>(6,016,510)</b>	<b>(14,497,861)</b>
<b>Net change in fund balances</b>	<b>\$ 10,041,095</b>	<b>\$ 325,704</b>	<b>\$ (1,001,787)</b>	<b>\$ (10,652,701)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.8%</b>	<b>4.2%</b>	<b>5.1%</b>	<b>5.2%</b>

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

Fiscal Year	Property		Franchise		Utility Service		Total
1996	\$ 4,736,965	\$ 1,846,367	\$ 2,926,492		\$ 9,509,824		
1997	4,551,547	1,777,519	2,830,466		9,159,532		
1998	4,668,305	1,834,959	3,098,110		9,601,374		
1999	4,417,122	2,059,117	3,293,445		9,769,684		
2000	4,654,231	2,019,343	3,369,613		10,043,187		
2001	4,984,444	2,364,513	3,606,292		10,955,249		
2002	5,416,600	1,905,024	4,178,073		11,499,697		
2003	6,016,687	2,004,600	4,306,796		12,328,083		
2004	7,063,015	2,094,111	4,134,755		13,291,881		
2005	7,662,303	2,222,492	4,095,884		13,980,679		

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

Fiscal Year	Taxable Assessed Valuation	Millage Tax Rate	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
1996	\$ 1,009,267,760	4.8150	\$ 4,859,624	\$ 4,729,277	97.3	\$ 7,688	\$ 4,736,965	97.5
1997	1,025,288,220	4.5740	4,689,668	4,539,456	96.8	12,091	4,551,547	97.1
1998	1,053,376,160	4.5740	4,818,143	4,657,905	96.7	10,400	4,668,305	96.9
1999	1,102,615,320	4.1166	4,539,026	4,400,126	96.9	16,996	4,417,122	97.3
2000	1,160,093,280	4.1166	4,775,640	4,646,928	97.3	7,302	4,654,230	97.5
2001	1,239,683,120	4.1166	5,103,280	4,979,917	97.6	4,527	4,984,444	97.7
2002	1,336,102,960	4.1166	5,500,201	5,404,247	98.3	12,353	5,416,600	98.5
2003	1,465,153,950	4.1166	6,031,453	5,775,310	95.8	18,885	5,794,195	96.1
2004	1,607,701,960	4.4253	7,114,563	6,758,409	95.0	19,296	6,777,705	95.3
2005	1,760,154,140	4.4253	7,789,210	7,294,487	93.7	21,835	7,316,322	93.9

**Table VIII**  
**City of Dunedin, Florida**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property	Personal Property	Total Taxable
1996	\$ 917,813,390	\$ 91,454,370	\$ 1,009,267,760
1997	930,047,000	95,241,220	1,025,288,220
1998	952,660,400	100,715,760	1,053,376,160
1999	997,872,330	104,742,990	1,102,615,320
2000	1,039,333,140	120,760,140	1,160,093,280
2001	1,116,536,710	123,146,410	1,239,683,120
2002	1,209,259,620	126,843,340	1,336,102,960
2003	1,336,079,740	126,792,910	1,462,872,650
2004	1,479,772,000	127,929,960	1,607,701,960
2005	1,632,193,900	127,960,240	1,760,154,140

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

Fiscal Year	City	County	School	Transit District	EMS	Other	Total
1996	4.8150	5.5140	9.3290	0.6697	0.7520	1.6561	22.7358
1997	4.5740	5.5100	9.1760	0.6697	0.7410	1.6561	22.3268
1998	4.5740	5.5380	9.1330	0.6697	0.7130	1.6561	22.2838
1999	4.1166	5.5380	9.1100	0.6501	0.7130	1.6561	21.7838
2000	4.1166	5.8540	8.6660	0.6501	0.6470	1.6557	21.5894
2001	4.1166	6.0040	8.4330	0.6501	0.7470	1.6562	21.6069
2002	4.1166	6.1410	8.4870	0.6501	0.6600	1.6562	21.7109
2003	4.1166	6.1410	8.4490	0.6319	0.6600	1.6562	21.6547
2004	4.4253	6.1410	8.2430	0.6319	0.0660	1.6562	21.1634
2005	4.4253	6.1410	8.1220	0.6377	0.0660	1.6557 (1)	21.0477
(1) Other includes:							
				0.0220			
				0.8117			
				0.4220			
				<u>0.4000</u>			
				<u><u>1.6557</u></u>			

Pinellas County Planning Council  
 Juvenile Welfare Board  
 Southwest Florida Water Management District  
 Anclote River Basin



Table X  
 City of Dunedin, Florida  
 Principal Taxpayers  
 September 30, 2005

Taxpayer	Type of Business	Assessed Value	Percentage of Total Assessed Valuation
MacAlpine Place Apt.	Apartment Complex	\$ 27,600,000	1.57%
Chesapeake Apartments	Apartment Complex	13,500,000	0.77%
Orangeland Vistas, Inc.	Developer	10,025,000	0.57%
Nielson Media Research, Inc.	T.V. Ratings	9,533,200	0.54%
Lessor, Jason K.	Developer	8,670,000	0.49%
Odyssey DP	Developer	8,400,000	0.48%
Publix Supermarkets, Inc	Food Service	7,345,000	0.42%
Scottish Towers	Apartment Complex	6,900,000	0.39%
Olympia Development Group	Developer	6,801,400	0.39%
SES Group - Windemere	Developer	6,650,800	0.38%
	<b>SUB-TOTAL:</b>	105,425,400	6.00%
	<b>ALL OTHERS:</b>	1,654,728,740	94.00%
	<b>TOTAL:</b>	<b>\$ 1,760,154,140</b>	<b>100.00%</b>

Source: Pinellas County Property Appraiser

Table XI  
 City of Dunedin, Florida  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 September 30, 2005

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	APPLICABLE TO CITY OF DUNEDIN	
		PERCENT <sup>1</sup>	AMOUNT
Pinellas County School Board	\$ 39,327,874	3.210%	\$ 1,262,425
Total overlapping debt			1,262,425
Total direct debt <sup>2</sup>			1,262,425
Total direct and overlapping debt			1,262,425
Overall debt to FY 2003 taxable value			0.07%
Overall debt to per capita			\$ 33.73

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

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

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

Fiscal Year	Gross Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>	Coverage Ratio
1996	\$ 11,996,165	\$ 8,258,445	\$ 3,737,720	\$ 2,234,675	1.67
1997	12,733,169	8,484,476	4,248,693	2,349,289	1.81
1998	12,339,698	8,911,124	3,428,574	2,377,067	1.44
1999	12,243,400	9,230,569	3,012,831	2,389,721	1.26
2000	12,407,343	9,262,585	3,144,758	2,418,001	1.30
2001	12,754,343	8,599,158	4,155,185	2,536,574	1.64
2002	12,903,529	8,934,854	3,968,675	2,674,907	1.48
2003	13,727,330	10,875,971	2,851,359	2,490,469	1.14
2004	15,674,310	11,840,458	3,833,852	2,315,772	1.65
2005	15,078,269	11,728,757	3,349,512	1,924,713	1.74

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

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

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

Table XIII  
 City of Dunedin, Florida  
 Demographic Statistics  
 Last Ten Fiscal Years

Fiscal Year	Population <sup>1</sup>	Per Capita Income <sup>2</sup>	Median Age <sup>3</sup>	School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
1996	35,104	\$ 24,696	42.1	5,096	5.3
1997	35,586	25,765	43.3	5,108	2.8
1998	35,700	27,311	43.6	4,846	2.6
1999	35,781	28,367	43.9	4,929	2.4
2000	35,691	30,633	44.2	4,834	2.0
2001	36,574	31,658	43.0	4,967	3.4
2002	36,865	31,321	43.0	4,960	3.7
2003	37,081	32,408	43.9	5,019	3.4
2004	37,217	33,167	43.7	4,996	3.1
2005	37,426	33,316	44.0	5,014	2.9

Data Source:

- <sup>1</sup> City of Dunedin Community Services Department.
- <sup>2</sup> University of Florida Bureau of Economic and Business Research. Data is for Pinellas County.
- <sup>3</sup> County level data, but should also approximate Dunedin levels.
- <sup>4</sup> Pinellas County School Board for Public Schools in Dunedin.
- <sup>5</sup> Florida Department of Labor and Employment Security. Data is for Pinellas County up through 1996. Data thereafter is for the City of Dunedin.

Table XIV  
 City of Dunedin, Florida  
**CONSTRUCTION**  
 LAST TEN FISCAL YEARS  
 September 30, 2005

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
1996	173	\$ 3,713,034	104	\$ 4,856,372
1997	142	6,223,590	128	10,312,476
1998	336	11,437,789	250	12,200,168
1999	395	18,231,533	226	8,288,021
2000	455	9,799,993	228	4,670,315
2001	86	9,003,236	623	10,593,601
2002	82	5,215,879	327	27,609,659
2003	100	3,918,501	623	16,888,400
2004	93	2,091,357	605	23,239,648
2005	60	2,691,630	484	47,507,024

Table XV  
 City of Dunedin, Florida  
 Reclaimed Water Capital Charges Program  
 Levies, Collections and Outstanding Balances  
 Since Inception

Fiscal Year	Beginning Balance	Additions	Principal Paid		Outstanding Balance	New Customers Added Annually
			Including Early Payoffs			
1992	\$ -	\$ 35,203	\$ 1,010		\$ 34,193	7
1993	34,193	63,610	555		97,248	27
1994	97,248	163,365	19,957		240,656	91
1995	240,656	208,085	22,570		426,171	140
1996	426,171	878,956	50,595		1,254,532	589
1997	1,254,532	441,200	104,672		1,591,060	217
1998	1,591,060	491,799	97,546		1,985,313	282
1999	1,985,313	349,853	128,739		2,206,427	257
2000	2,206,427	603,695	125,584		2,684,538	389
2001	2,684,538	755,834	162,384		3,277,988	441
2002	3,277,988	322,766	173,855		3,426,899	176
2003	3,426,899	223,844	182,983		3,467,760	126
2004	3,467,760	212,445	184,287		3,495,918	190
2005	3,495,918	130,200	191,357		3,434,761	88
<b>Total Levies</b>		<u>\$ 4,880,855</u>				
<b>Total Collections</b>			<u>\$ 1,446,094</u>			
<b>Total Customers</b>						<u>3,020</u>



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