



CITY OF DUNEDIN, FL
FISCAL YEAR ENDING
September 30, 2016

**Comprehensive Annual
Financial Report**
“Dedicated to Quality Service”

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CITY OF DUNEDIN, FLORIDA

Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2016

CITY COMMISSION

JULIE WARD BUJALSKI
Mayor

BRUCE LIVINGSTON
Vice Mayor

JOHN TORNGA
Commissioner

HEATHER GRACY
Commissioner

DEBORAH KYNES
Commissioner

INTERIM CITY MANAGER

DOUG HUTCHENS

FINANCE DIRECTOR

JOE CIURRO

PREPARED BY: CITY OF DUNEDIN FINANCE DEPARTMENT

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March 27, 2017

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

Mayor, Commissioners and Citizens:

We hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Dunedin, Florida for the fiscal year ended September 30, 2016. This report fulfills the requirements set forth in Florida Statutes Chapter 218.39 and Rules of the Auditor General of the State of Florida, Chapter 10.550. 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"). Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the City's management team has established a comprehensive internal control framework designed to both 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 in accordance with Generally Accepted Auditing Standards by Moore Stephens Lovelace, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended September 30, 2016 are free of material misstatement. The 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 auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City of Dunedin's financial statements for the year ended September 30, 2016. The independent auditor's report is located at the front of the financial section of this 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 10 square miles and serves a population of

approximately 36,300. 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, City Attorney and the independent auditor. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The City Commission is elected on a non-partisan basis. Commission members, to include the Mayor, serve four-year staggered terms, with up to two Commission members elected in any given year. The Mayor and the City Commission members are elected at large.

The City provides a full range of services, including fire protection and contracted law enforcement; 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 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 annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., fire). Department Heads may make transfers of appropriations within a department and fund. Transfers of appropriations between funds, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, Community Redevelopment Agency Fund, and the One Cent Sales Tax Fund, these comparisons are presented on pages 34 - 36 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, these comparisons are presented on pages 110 - 113.

Local Economy

Dunedin is a city located to the North and West of Tampa, Florida and directly to the North of Clearwater, Florida. The city mainly consists of residential land use (45 percent), with industrial and commercial land uses comprising only 5 percent of the City's land area. The economy of Dunedin is primarily dependent upon tourism, services and retirement living. Major employers include the Pinellas County School System, Mease Dunedin Hospital (a medical complex), Publix, the City of Dunedin, Bay Care Home Care, Mease Manor (a retirement facility), the Pinellas County Sheriff and Coca-Cola North America. The service industry (banking, retailing, personal services, etc.) has risen significantly to meet the demands of the area's population. Some local demographic data is presented below.

As of September 2016, the City's unemployment was at 4.7 percent, which is nearly the same unemployment rate as the State of Florida (5.0%). As of 2016, the City's total population was 36,311. The median age was 54.2 years of age, and median household income was \$30,647, while the State median income is \$47,507 based on the most recent census data. Approximately 32.1 percent of Dunedin's residents were of retirement age (65 and over) in 2016. The local economy is also influenced during the winter months by a seasonal population of approximately 4,000 people.

Dunedin attractions include: Caladesi Island and Honeymoon Island State Parks located on coastal waters on St. Joseph Sound located within Dunedin's city limits; the Pinellas County Trail and the Spring Training Facility for the Toronto Blue Jays. Dunedin has a very low vacancy rate for office and commercial buildings; comparatively few vacant or foreclosed homes; and many events and activities in the City that keep it vibrant and fun year-round. Dunedin remains a choice area in which to reside.

After five consecutive years of decline in the City's taxable property values, the City has experienced three consecutive years of increases. Total taxable assessed value increased: 2.3%; 6.7%; and 6.2% in 2014, 2015 and 2016 respectively. Ad valorem taxes collected over that same three year period have increased \$773,328 or 14.3%; \$413,753 or 6.7%; and \$1,154,013 or 17.5%, respectively. Factors contributing to the increase in property tax revenue, in addition to increases in taxable property values, were millage rate increases of 0.3528 in fiscal year 2014 and 0.4 in fiscal year 2016. Property Taxes made up 26% of the General Funds revenues in fiscal year 2016.

The General Fund's main revenue sources include Property Tax, Utility Taxes, State Revenue Sharing and Half Cent Sales Taxes. In fiscal year 2016 Utility Taxes represent 13.8% of the General Fund's revenue. Utility Taxes have been relatively consistent over the past several years. While State Revenue Sharing and Half Cent Sales Taxes have been trending upward and make up 10.9% of General Fund revenue.

Infrastructure Sales Tax revenues in the One Cent Sales Tax Fund have increased from \$3,436,710 in fiscal year 2015, to \$3,614,528 in fiscal year 2016, an increase of 5.2% or \$177,818. This revenue source represents approximately 11.8% of the Governmental Activities revenue.

Due to its strong local economy, and sound fiscal policies, the City of Dunedin has maintained a credit rating of A1 from Moody's and AA- from Standard and Poor's.

Long-term Financial Planning and Major Initiatives

The City prepares a six-year Capital Improvements Program (CIP) that includes a long range financial plan (LRFP) for all Funds. The LRFP projects the City's major revenues, operating expenditures, fund balance and capital projects over a rolling six year period. The CIP provides information to assess the City's long term financial condition in comparison to the short term focus of the annual operating budget and CAFR.

The City Manager proposes a CIP to the City Commission annually and the City Commission approves the final CIP during the annual budget process. The CIP is an integral part of the City's financial management system, but does not appropriate funds. Projections are updated and the first year's projects are incorporated into the next operating budget.

The City of Dunedin is projected to remain in good financial condition over the next several years as the economy continues to strengthen over that time. The City's responsible fiscal policies have placed the City in a stronger financial condition which is illustrated by the General Funds unassigned fund balance. At year end, that balance was \$4,252,961 or 51.6% of fund balance, and 16.3% of the fiscal year 2016 operating budget. The goal for unassigned fund balance at year end is to be 15% of the current year's adapted operating budget.

The City approved a Strategic Plan in 2010, which is the cornerstone of the City's service and operations delivery. The City's first step in allocating available resources is gaining an understanding of the needs and desires of the residents of Dunedin, as well as the environmental factors that will affect the City's future. The City Commission established a vision for the level of service to be provided along with the resources to deliver them. This vision was attained through the Parks & Recreation Strategic Plan, the Community

Visioning Process, the Inclusion Committee Report, the Stormwater Utility Master Plan, the Dunedin Comprehensive Plan and input from City Departments. These plans are updated on a regular basis so as to remain current and useful.

Acknowledgements

Preparation of the CAFR and completion of the audit was made possible by the dedicated efforts of everyone in the Finance Department. Special appreciation is expressed to Scott Caterson for his technical expertise and continuing effort to incorporate quality controls into the CAFR.

Appreciation is also expressed to Ashley Kimpton and Scott Caterson for preparing year-end journal entries and assisting with the preparation of the financial statements, notes and RSI. Jason Miller and Allison Broihier deserve special recognition for assisting with the statistical section and budget reporting throughout the CAFR.

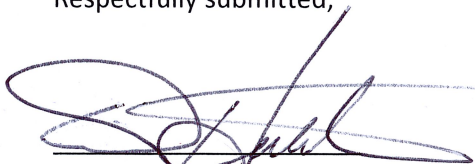
Tanya Hart is commended for accurate recording of all year-end accounts payable and the same to Lori Wagner for reconciling and accurately reporting all accounts receivables especially utility billing. Appreciation is expressed to Chuck Ankney for reconciling and preparing all capital asset reports and Ashley Singh for assisting with correspondence during the audit, and printing, binding, and distributing the final CAFR.

The Director expresses special recognition to the Accounting Manager, Kathy Oster, CPA, CGFO, for coordinating the preparation of the CAFR, year-end closing activities and managing the audit process. Ms. Oster's efforts resulted in the efficient and timely completion of all audit activities, in addition to ensuring that all accounting information was accurately recorded during the year.

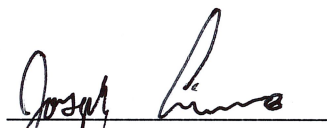
The City's Auditors, Moore Stephens Lovelace P.A. (MSL) are commended for their professionalism in conducting the audit. MSL's expertise added credibility to contents found within this CAFR.

Last, but certainly not least, we would also like to express our appreciation to the Mayor and the City Commission for their support. With their continued leadership, the City can look forward to a secure financial future.

Respectfully submitted,

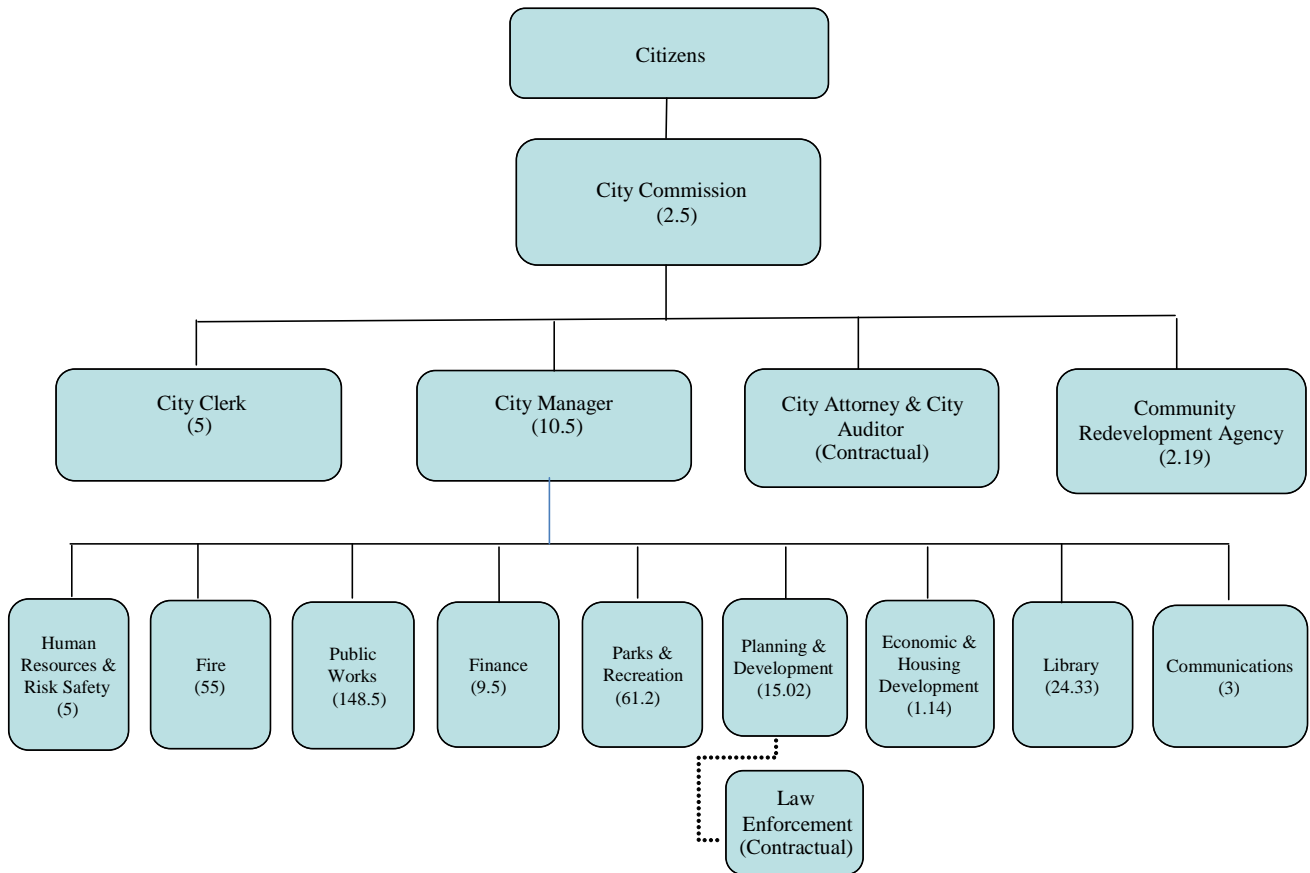


Douglas Hutchens
Interim City Manager



Joseph Ciurro
Director of Finance

Authorized FY 2016 Organization Chart with Full Time Equivalents (FTEs)



Total Authorized FTEs as of 9/30/16 = 342.88

City of Dunedin, Florida
Certificate of Achievement

For the year ended September 30, 2015

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dunedin, Florida, for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dunedin
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's Municipal Firefighters' Pension Trust Fund which represents 100% of the assets and net position of the fiduciary fund. Those financial statements were audited by other auditors, whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the aforementioned fiduciary fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

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

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, statistical section, and The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statement and schedules and The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedules, and The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill are fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 27, 2017

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, 2016. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

Financial Highlights

- The City's assets and deferred outflows of \$189,151,969 exceeded its liabilities and deferred inflows at the close of fiscal year 2016 by \$136,622,090 (*net position*), an increase of \$1,741,331 (1.3%) in net position compared to the prior year balance. This increase is the result of governmental net position increasing \$2,254,644 (2.82%) during the year along with the business-type net position decreasing \$513,333 (-0.9%).
 - Of this net position amount, \$91,357,828 (66.9%) is invested in capital assets and \$10,768,049 (7.9%) is restricted. The remaining \$34,496,213 (25.2%) represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens, creditors and other agencies.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,994,045 an increase of \$732,579 (5.1%) in comparison with the prior year combined ending fund balances. Approximately 28.4% of this amount, \$4,252,961 is in *unassigned fund balance*, and therefore available for spending at the City's discretion. The remainder is restricted, committed, or assigned for contracts, programs, debt, etc.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$7,751,702, or approximately 28.8% of total general fund expenditures including transfers.
- The City's total outstanding debt decreased by \$1,414,017 (-3.6%) during the current fiscal year. Debt service payments exceeded new debt obligations for both Governmental Activities and Business-type Activities as a result of new debt issuance and scheduled debt service payments. Governmental Activities Debt decreased a net total of \$696,430 and Debt for Business-type Activities decreased \$717,587. These changes are illustrated later in the MD&A in the "Outstanding Debt" table and in the notes to the financial statements concerning long-term liabilities (see Note IV.B., Long-Term Debt).

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City of Dunedin'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 position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 for some items that will only result in cash flows during future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 27 – 29 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven 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, the one cent sales tax fund, and the community redevelopment agency fund, all of which are considered major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its governmental funds and prepares budgetary comparison statements to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 30 – 36 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 and wastewater utility, stormwater utility and marina operations. *Internal service funds* are an accounting device 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, self-insurance functions and information technology services. All four services have been allocated between governmental and business-type activities based on contribution rates within the government-wide financial statements.

Proprietary fund statements 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 four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 38 – 41 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* reported 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 fiduciary fund financial statements can be found on pages 44 – 45 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 48 – 93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its

obligation to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information regarding pension and OPEB funding can be found on pages 96 – 100 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and other supplementary information schedules can be found on pages 106 – 118 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Dunedin, assets and deferred inflows (\$189,151,969) exceeded liabilities and deferred outflows (\$52,529,879) by \$136,622,090 as of September 30, 2016.

As illustrated in the table on the next page, the largest portion of the City's net position (67.0%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, improvements other than buildings, and machinery and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its residents. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net position, *restricted net position* at \$10,768,049 or 7.9%, represents resources that are subject to external restrictions on how they may be used, e.g., for debt and capital improvements. Restricted net position increased 38.2% or \$2,977,912 during the year. The increase is largely due to unspent bond proceeds, \$2,451,576, in the stormwater fund and revenues exceeding expenditures by \$900,024 in the one-cent sales tax fund. Funds are available for future spending on capital projects.

The remaining balance of *unrestricted net position* \$34,496,213 decreased \$2,805,889 or -7.5% during the year, and is used to meet the City's ongoing obligations to citizens and creditors.

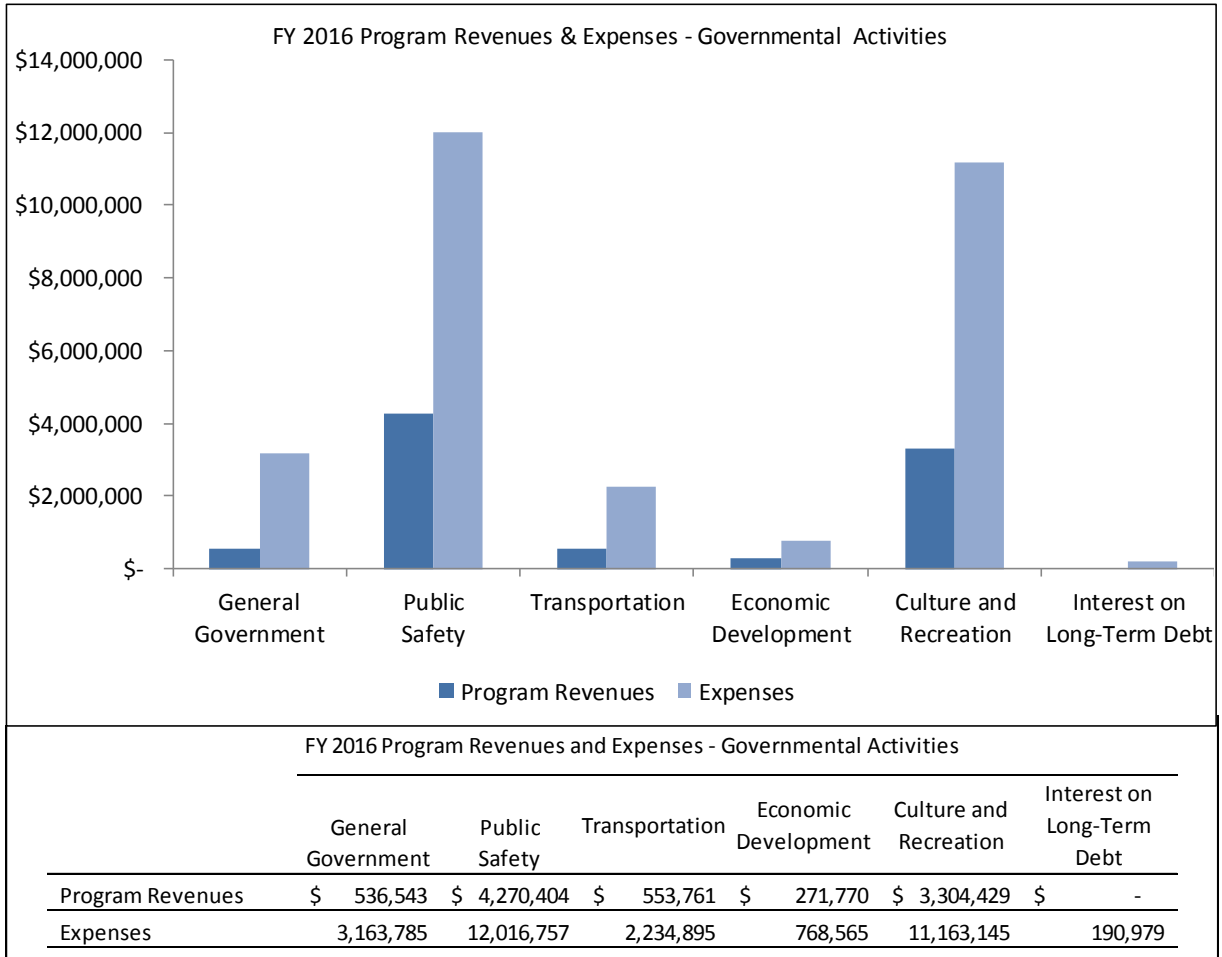
City of Dunedin, Florida						
Net Position						
September 30, 2015 and 2016						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 22,405,992	\$ 20,755,667	\$ 35,919,915	\$ 34,825,766	\$ 58,325,907	\$ 55,581,433
Capital Assets	74,020,819	74,548,020	52,788,048	54,557,132	126,808,867	129,105,152
Total Assets	96,426,811	95,303,687	88,707,963	89,382,898	185,134,774	184,686,585
Deferred Outflow of Resources	3,350,724	1,181,716	666,471	292,902	4,017,195	1,474,618
Current liabilities	1,639,199	1,238,683	3,489,375	2,966,870	5,128,574	4,205,553
Long-term liabilities outstanding:						
Due within one year	1,289,238	1,451,040	1,636,279	1,361,294	2,925,517	2,812,334
Due in more than one year	10,995,112	11,423,749	27,723,577	28,713,066	38,718,689	40,136,815
Net pension liability	2,814,850	1,626,236	1,727,577	1,265,362	4,542,427	2,891,598
Total Liabilities	16,738,399	15,739,708	34,576,808	34,306,592	51,315,207	50,046,300
Deferred Inflow of Resources	837,362	798,585	377,310	435,559	1,214,672	1,234,144
Net Position:						
Net investment in capital assets	64,339,229	64,170,000	27,018,599	25,618,520	91,357,828	89,788,520
Restricted	7,026,213	6,506,661	3,741,836	1,283,476	10,768,049	7,790,137
Unrestricted	10,836,332	9,270,449	23,659,881	28,031,653	34,496,213	37,302,102
Total net position	\$ 82,201,774	\$ 79,947,110	\$ 54,420,316	\$ 54,933,649	\$ 136,622,090	\$ 134,880,759

Governmental activities. How the City's net position changed during the most recent fiscal year is reflected in the statement of activities, a summary of which is shown in the table on the next page. This statement divides the activities between governmental activities and business-type activities. Governmental activities increased the City's net position by \$2,254,664 after transfers. Key elements of this change are as follows:

- Revenues were down \$377,532 totaling \$31,792,790 compared to last year's total of \$32,170,322. Charges for services increased \$835,736 or 13.8%. Property tax revenue increased by \$1,210,077 or 17.2% from fiscal year 2015 due to a property tax increase of .4 mills in fiscal year 2016. Overall revenue receipts were up from prior year, except for a one time Deepwater Horizon Oil Spill settlement of \$2,929,946 received in fiscal year 2015.
- Total expenses increased in fiscal year 2016 by \$1,350,774 (4.8%), after increasing by \$583,914 (2.1%) in fiscal 2015.

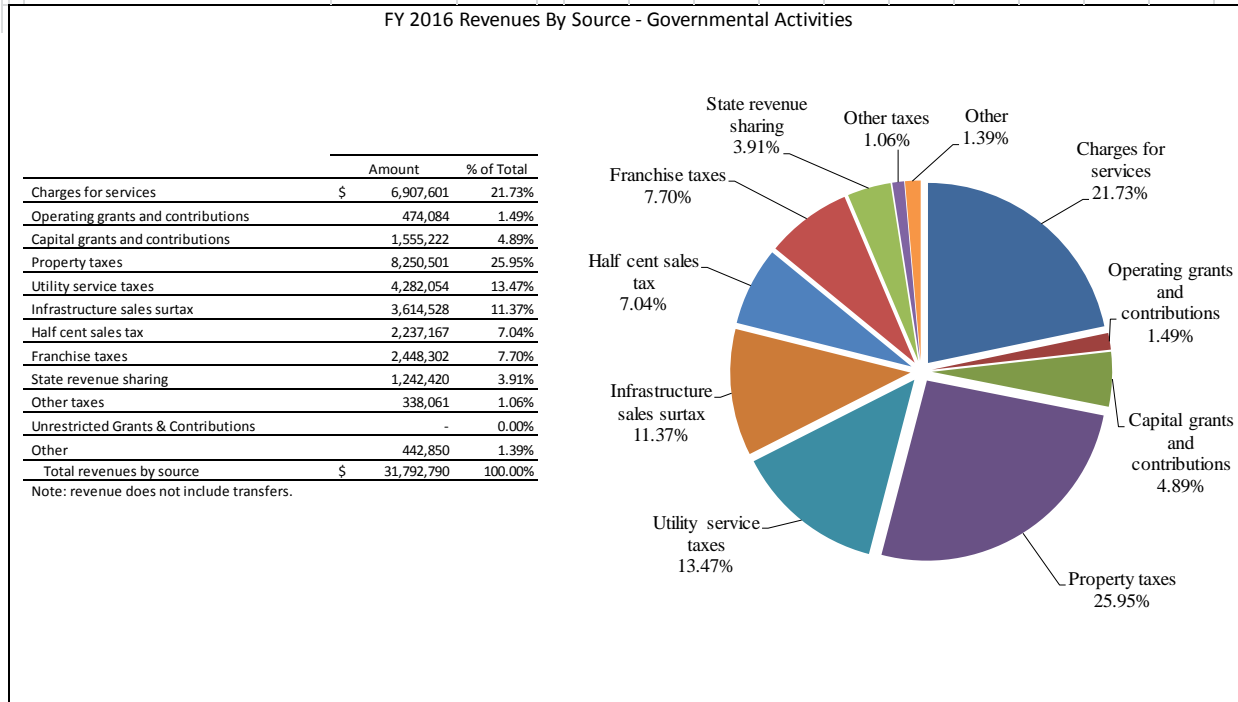
City of Dunedin, Florida
Changes in Net Position
September 30, 2015 and 2016

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 6,907,601	\$ 6,071,865	\$ 24,264,359	\$ 23,882,673	\$ 31,171,960	\$ 29,954,538
Operating grants and contributions	474,084	627,511	-	-	474,084	627,511
Capital grants and contributions	1,555,222	1,336,528	262,397	334,300	1,817,619	1,670,828
General revenues:						
Property taxes	8,250,501	7,040,424	-	-	8,250,501	7,040,424
Utility services taxes	4,282,054	4,282,586	-	-	4,282,054	4,282,586
Intergovernmental revenues	9,542,417	9,458,702	-	-	9,542,417	9,458,702
Other taxes	338,061	321,603	-	-	338,061	321,603
Grants and contributions not restricted to specific programs	-	2,932,567	-	-	-	2,932,567
Other	442,850	98,536	324,574	327,714	767,424	426,250
Total Revenues	31,792,790	32,170,322	24,851,330	24,544,687	56,644,120	56,715,009
Expenses:						
General government	3,163,785	3,902,176	-	-	3,163,785	3,902,176
Public safety	12,016,757	10,316,706	-	-	12,016,757	10,316,706
Transportation	2,234,895	2,112,366	-	-	2,234,895	2,112,366
Economic development	768,565	745,113	-	-	768,565	745,113
Culture and recreation	11,163,145	10,641,476	-	-	11,163,145	10,641,476
Interest on long-term debt	190,979	469,673	-	-	190,979	469,673
Solid waste	-	-	4,428,289	4,588,418	4,428,289	4,588,418
Water/Sewer utility	-	-	16,919,664	16,326,720	16,919,664	16,326,720
Stormwater utility	-	-	3,665,865	3,360,965	3,665,865	3,360,965
Marina	-	-	350,845	369,324	350,845	369,324
Total Expenses	29,538,126	28,187,510	25,364,663	24,645,427	54,902,789	52,832,937
Increase (decrease) in net position before transfers	2,254,664	3,982,812	(513,333)	(100,740)	1,741,331	3,882,072
Transfers	-	(39,329)	-	39,329	-	-
Increase (decrease) in net position after transfers	2,254,664	3,943,483	(513,333)	(61,411)	1,741,331	3,882,072
Restated net position-beginning	79,947,110	76,308,256	54,933,649	56,482,757	134,880,759	132,791,013
Cumulative effect of adoption of GASB Nos. 68 and 71		(304,629)		(1,487,697)	-	(1,792,326)
Net position as of September 30	\$ 82,201,774	\$ 79,947,110	\$ 54,420,316	\$ 54,933,649	\$ 136,622,090	\$ 134,880,759



As the bar chart above illustrates, governmental activities typically do not pay for themselves. For example, culture and recreation expenses of \$11,163,145 exceed the \$3,304,429 in revenues.

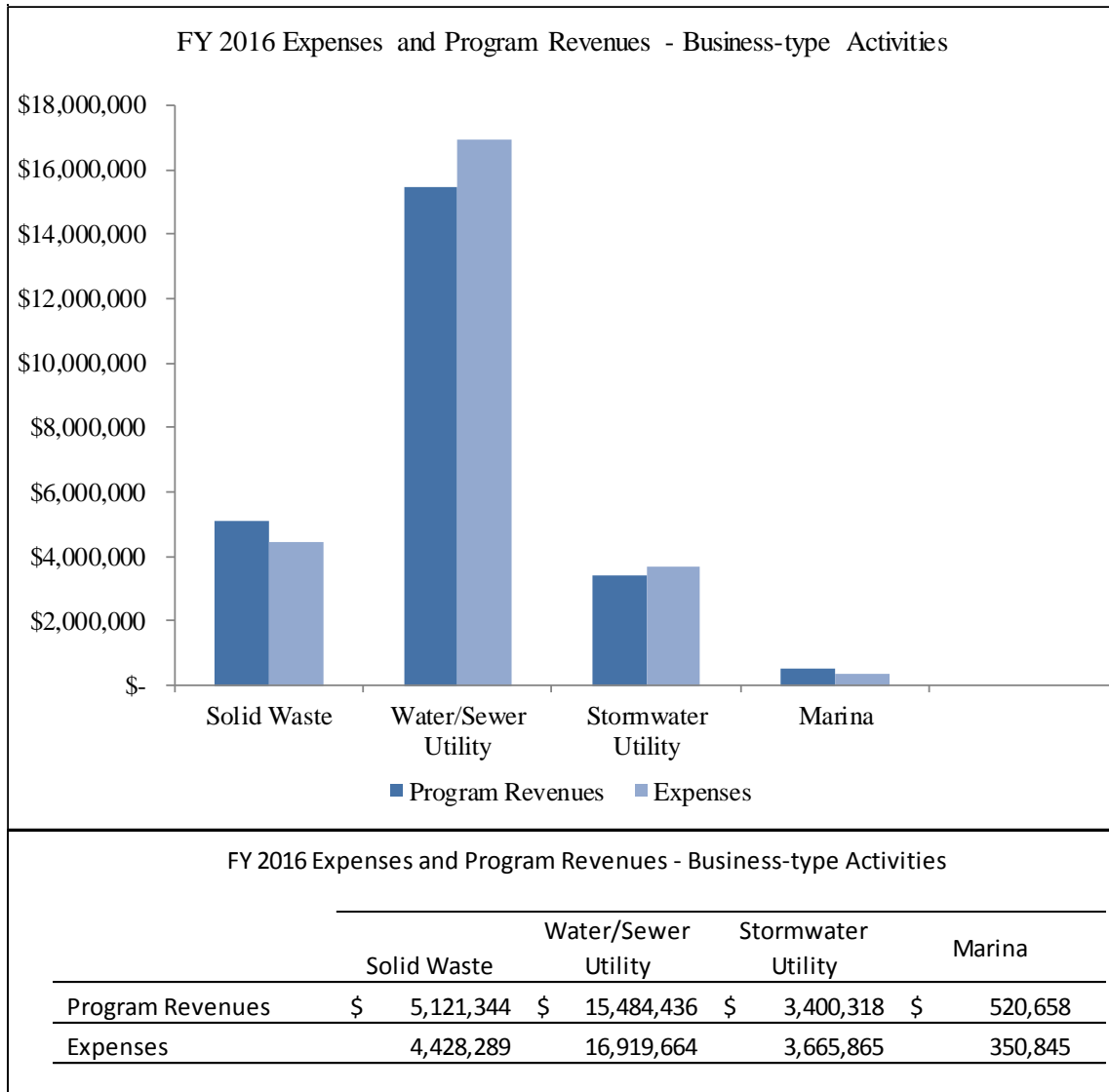
The pie chart on the next page shows that overall, 28.1% of offsetting revenues for governmental activity expenses come from specific charges for services (21.7%) and grants (6.4%). The remaining 71.9% of revenue supporting governmental activities comes from property taxes (25.9%) and other taxes (44.6%), with a very small portion from investment earnings.



Business-type activities. Business type activities decreased the City’s net position by \$513,333. Key elements of this decrease are as follows:

- Operating expenses for business-type activities increased 6.5% (\$1,509,554) from fiscal year 2015. Revenues increased \$722,783, or 3.1%.
- Charges for services revenues for business-type activities remained relatively unchanged increasing by \$362,201 (1.5%).
 - Solid waste operating revenues were up \$148,311 or 3.0%, from \$4,946,096 to \$5,094,407.
 - Water and wastewater utility operating revenues were up \$155,810 or 1.0%, from \$15,147,998 to \$15,303,808.
 - Stormwater utility operating revenues increased \$102,421 or 3.1%, from \$3,273,122 to \$3,375,543.
- Business-type activities had net transfers in of \$39,329 in fiscal year 2015 compared to no transfers in fiscal year 2016.

Unlike governmental activities, business-type activities are typically able to pay for themselves through specific user charges and other revenue sources. The bar chart on the next page illustrates this case for the City’s Solid Waste and Marina Funds. While the Water/Sewer and Stormwater Funds are reflecting a loss, it should be noted that there are significant non-cash expenses such as depreciation reported in each of those funds. Furthermore, both funds are generating significant net operating cash flows. This can be further examined in the proprietary funds statement of cash flows.



Fund Level Financial Analysis

Governmental funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund, one cent sales tax fund, community redevelopment agency fund, and a variety of special revenue funds are recorded in the *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, unassigned 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 \$14,994,045 an increase of \$732,579 in comparison with the prior fiscal year. Approximately 28.4% of this amount (\$4,252,961) constitutes unassigned fund balance, which is available for spending. The remainder of the fund balance is either *non-spendable, restricted, committed, or assigned*, to indicate that it is 1) not in spendable form (\$216,130), 2) legally required to

be maintained intact (\$7,026,213), 3) committed for particular purposes (\$354,800), or 4) assigned for particular purposes (\$3,143,941).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund decreased by \$2,161,165 or 33.7% over prior fiscal year. This decrease was associated with the reclassification of the aforementioned Deepwater Horizon Oil Spill settlement. The majority of these funds were unspent at the end of the year, but were approved for the specific purpose of downtown parking. In comparison, there was no specific purpose noted in fiscal year 2015 and therefore, the proceeds were reported in unassigned fund balance.

As a measure of general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 15.9% of total general fund expenditures for the current fiscal year, while total fund balance represents 30.9% of that same amount.

The total fund balance of the City's general fund increased \$424,211 (5.4%) during fiscal year 2016.

- The general fund 'Final Budget' budgeted for a deficit of \$588,883 excluding transfers and sale of general fixed assets. At fiscal year-end, actual revenues surpassed budgeted revenues by \$304,999. Actual expenditures were \$1,014,637 under budget, resulting in a total surplus of \$730,753 before transfers and sale of general fixed assets.
- Revenues, at \$27,338,671 increased \$624,279 from fiscal year 2015 revenues of \$27,962,950.

The one-cent sales tax fund has a total fund balance of \$5,182,441 all of which is restricted. The net increase in fund balance during the current year in the one-cent sales tax fund was \$900,024.

- The revenues from the current fiscal year were \$3,629,199 while the expenditures were \$2,729,175. Of that expenditure amount, \$648,010 (23.7%) was spent on debt service.
- Total revenues increased \$180,519 or 5.23%, compared to fiscal year 2015.
- Total expenditures increased \$1,661,186 or 155.5%, compared to fiscal year 2015.

The community redevelopment agency (CRA) fund has a total fund balance of \$197,718. The CRA fund balance decreased \$290,053 during the year.

- The revenues from the current fiscal year were \$553,981 including \$506,054 in property tax revenue, while expenditures were \$829,049. Total revenues increased \$49,570 or 9.8%, compared to fiscal year 2015. Property tax revenues, the main source of revenue for the CRA, increased \$56,064 (12.5%) from fiscal year 2015.
- Total expenditures increased \$362,238, or 77.6%, compared to fiscal year 2015.

As noted earlier the City maintains seven individual governmental funds. The three listed above are all considered major funds. The other four governmental funds are considered non-major governmental funds. During the current fiscal year, the City determined that one of the non-major governmental funds were no longer needed to segregate specific activities or for compliance with legal requirements.

- Balance of \$284,151 in the capital improvement fund was transferred to the information technology fund.

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

- In the solid waste fund, net position increased \$550,734 (62.8%) from fiscal year 2015. There was an increase in operating revenue of \$112,378 and a decrease in supplies and services expenses of \$325,854 compared to fiscal year 2015.
- In the water/sewer utility, net position decreased \$1,362,073 (-3.9%) during fiscal year 2016. The loss was largely due to an operating loss of \$1,226,062. A large portion of the operating loss is attributable to water main repairs and relining. In contrast, when excluding non-cash transactions, operations is generating roughly \$3.0 million of net cash flow as noted in the proprietary funds statement of cash flows.
- In the stormwater fund, net position decreased \$269,729 (-2.0%) from fiscal year 2015. The decrease was largely due to small operating income of \$75,574 net non-operating expenses of \$369,078.
- In the marina fund, net position increased \$165,392 (7.6%) from fiscal year 2015. Operating revenue was down \$24,856 (4.8%) over fiscal year 2015 and operating expenses decreased \$15,764 or 4.2% from the prior year.

General Fund Budgetary Highlights

Original budget compared to final budget

Revenues. Budgeted revenue appropriations in the General Fund increased \$106,799 through budget amendments. Significant changes to revenue appropriations were:

- An increase in grant revenue in the amount of \$37,500 for outdoor fitness equipment capital costs;
- An increase in fire operations revenue from Pinellas County in the amount of \$25,000 to fund overtime expenses related to countywide training;
- An increase in lease revenue associated with the Artist Incubator in the amount of \$37,240.

Expenditures. Budgeted expenditure appropriations in the General Fund increased \$1,065,291 through budget amendments. Significant changes to revenue appropriations were:

- An increase in City Manager expenditures of \$350,000 for costs associated with a contractual arrangement with a former City Manager;
- An increase in Economic & Housing Development expenditures of \$210,500 for the implementation of a parking management system;

- An increase in non-departmental expenditures of \$111,000 for a transfer from the General Fund to the Stadium Fund for annual operations;
- An increase in Planning & Development expenditures of \$108,291 carried forward from FY 2015 for the acquisition, implementation and first-year operational costs of a new permitting system;
- An increase of \$50,800 in Communications for upgrades to the Dunedin TV control room;
- An increase in Parks & Recreation of \$50,000 for outdoor fitness equipment capital costs.

Final budget compared to actual results

Revenues. Actual General Fund revenues exceeded budget by \$304,999 or 1.1%. This variance was primarily due to higher than budgeted building permit revenue in the amount of \$291,680.

Expenditures. Actual General Fund expenditures were under budget by \$1,014,637 or 3.7%. Significant variances in budget to actual expenditures include:

- \$219,506 in City Manager from a personnel vacancy;
- \$202,122 in Economic & Housing Development due to implementation of the parking management system continuing into the next fiscal year;
- \$137,919 in Building Services due to the delayed implementation of new permitting software;
- \$130,251 in Parks Maintenance from vacancy savings and lower than anticipated operating expenses;
- \$60,397 in Library from vacancy savings and lower than anticipated operating and capital expenses;
- \$39,096 in Streets from lower than anticipated utility costs and end-of-year rebate for unused fuel;
- \$37,249 in City Attorney from lower than anticipated operating expenses.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its government and business-type activities as of September 30, 2016, amounts to \$126,808,867 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net decrease in capital assets for the current fiscal year was approximately 1.8% or \$2,296,285. The decrease is attributed to current year depreciation of \$4,789,300 in governmental activities and \$5,251,881 in business activities, exceeding current year capital asset purchases.

Significant changes to the governmental activities include:

- Fleet vehicle replacement program activity included disposals of \$782,867 and new purchases of \$717,469.
- Purchase of vacant land for use as public park \$1,369,065.

Significant changes to the business-type activities include:

- New purchases of \$694,142 for three Solid Waste collection vehicles.

Additional information on the City's capital assets can be found on pages 63 - 65 of this report in the notes to the financial statements (see Note IV, A.3.a.).

City of Dunedin, FL Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 22,101,254	\$ 20,807,826	\$ 648,676	\$ 648,676	\$ 22,749,930	\$ 21,456,502
Buildings	24,784,535	26,370,119	841,369	822,928	25,625,904	27,193,047
Infrastructure	8,611,365	8,002,184	-	-	8,611,365	8,002,184
Improvements other than Building	12,061,800	13,268,167	48,855,318	51,888,403	60,917,118	65,156,570
Machinery and Equipment	5,811,656	6,023,321	1,440,287	907,501	7,251,943	6,930,822
Construction in Progress	650,209	76,403	1,002,398	289,624	1,652,607	366,027
Total Capital Assets	\$ 74,020,819	\$ 74,548,020	\$ 52,788,048	\$ 54,557,132	\$ 126,808,867	\$ 129,105,152

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$37,902,615. Of this amount, \$1,318,562 comprises capital leases and \$36,584,053 of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). The City's total outstanding debt decreased by \$1,414,017 during the current fiscal year. Additional information on the City's long-term debt can be found on pages 68 – 73 in the notes to the financial statements (see Note IV.B).

City of Dunedin, FL Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital leases	\$ 624,420	\$ 104,349	\$ 694,142	\$ -	\$ 1,318,562	\$ 104,349
Revenue bonds	9,057,170	10,273,671	27,526,883	28,938,612	36,584,053	39,212,283
Total Liabilities	\$ 9,681,590	\$ 10,378,020	\$ 28,221,025	\$ 28,938,612	\$ 37,902,615	\$ 39,316,632

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2017 fiscal year:

- The unemployment rate in Dunedin as of December 2016 is 4.4%, significantly lower than the State of Florida's unemployment rate of 4.9% for the same period. The number of new jobs from January through December of 2016 grew 1.63%.
- The occupancy rate of the City's downtown has remained high with minimal vacancies.
- Dunedin's property tax rate remaining flat in the next fiscal year at 4.1345 mills.
- The City's residential properties comprise 78% of the City's appraised value.
- The City anticipates \$14.5M in new construction coming onto the tax rolls next fiscal year

Requests for Information

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

BASIC FINANCIAL STATEMENTS

DUNEDIN

Home of Honeymoon Island

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City of Dunedin, Florida
Statement of Net Position
September 30, 2016

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash, cash equivalents, and investments	\$ 24,213,944	\$ 21,442,058	\$ 45,656,002
Receivables, net of allowance for uncollectibles	731,200	4,574,636	5,305,836
Internal balances	(5,281,811)	5,281,811	-
Due from other governments	1,440,505	162,078	1,602,583
Inventories	90,283	545,500	635,783
Prepaid items	499,677	5,850	505,527
Accrued interest receivable	14,376	40,331	54,707
Deposits	297,818	-	297,818
Restricted cash and cash equivalents	-	3,799,721	3,799,721
Notes Receivable	400,000	-	400,000
Unamortized bond insurance	-	67,930	67,930
Capital assets, net of accumulated depreciation:			
Land	22,101,254	648,676	22,749,930
Buildings	24,784,535	841,369	25,625,904
Infrastructure	8,611,365	-	8,611,365
Improvements other than buildings	12,061,800	48,855,318	60,917,118
Machinery and equipment	5,811,656	1,440,287	7,251,943
Construction in progress	650,209	1,002,398	1,652,607
Total assets	<u>96,426,811</u>	<u>88,707,963</u>	<u>185,134,774</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pensions	<u>3,350,724</u>	<u>666,471</u>	<u>4,017,195</u>
Total deferred outflows of resources	<u>3,350,724</u>	<u>666,471</u>	<u>4,017,195</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,461,617	1,118,960	2,580,577
Accrued interest payable	85,794	484,056	569,850
Unearned revenue	37,258	1,141	38,399
Due to other governments	54,530	-	54,530
Liabilities payable from restricted assets	-	1,885,218	1,885,218
Noncurrent liabilities:			
Due within one year	1,289,238	1,636,279	2,925,517
Due in more than one year	10,995,112	27,723,577	38,718,689
Net Pension Liability	<u>2,814,850</u>	<u>1,727,577</u>	<u>4,542,427</u>
Total liabilities	<u>16,738,399</u>	<u>34,576,808</u>	<u>51,315,207</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Business tax collected in advance	76,218	-	76,218
Pensions	<u>761,144</u>	<u>377,310</u>	<u>1,138,454</u>
Total deferred inflows of resources	<u>837,362</u>	<u>377,310</u>	<u>1,214,672</u>
<u>NET POSITION</u>			
Net investment in capital assets	64,339,229	27,018,599	91,357,828
Restricted for:			
Capital projects	6,457,987	3,741,836	10,199,823
Community Redevelopment Agency	194,387	-	194,387
Stadium	92,911	-	92,911
Public Safety	58,706	-	58,706
Housing	69,197	-	69,197
Bequests	137,306	-	137,306
Other	15,719	-	15,719
Unrestricted	<u>10,836,332</u>	<u>23,659,881</u>	<u>34,496,213</u>
Total net position	<u>\$ 82,201,774</u>	<u>\$ 54,420,316</u>	<u>\$ 136,622,090</u>

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

City of Dunedin, Florida
Statement of Activities
For the Fiscal Year Ended 2016

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<u>Governmental activities:</u>				
General government	\$ 3,163,785	\$ 528,147	\$ 8,396	\$ -
Public safety	12,016,757	4,242,095	10,864	17,445
Transportation	2,234,895	-	-	553,761
Economic development	768,565	46,770	-	225,000
Culture and recreation	11,163,145	2,090,589	454,824	759,016
Interest on long-term debt	190,979	-	-	-
Total governmental activities	<u>29,538,126</u>	<u>6,907,601</u>	<u>474,084</u>	<u>1,555,222</u>
<u>Business-type activities:</u>				
Solid waste	4,428,289	5,094,407	-	26,937
Water/Sewer utility	16,919,664	15,303,808	-	180,628
Stormwater utility	3,665,865	3,375,543	-	24,775
Marina	350,845	490,601	-	30,057
Total business-type activities	<u>25,364,663</u>	<u>24,264,359</u>	<u>-</u>	<u>262,397</u>
Total primary government	<u>\$ 54,902,789</u>	<u>\$ 31,171,960</u>	<u>\$ 474,084</u>	<u>\$ 1,817,619</u>

General Revenues:

Property taxes
Utility service taxes
Intergovernmental revenues not restricted to specific programs:
 Infrastructure sales surtax
 Half cent sales tax
 Franchise taxes
 State revenue sharing
Other taxes
Unrestricted investment earnings / (loss)
Gain on sale of capital assets
Total general revenues and transfers
Change in net position
Net position -beginning
Net position - ending

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,627,242)	\$ -	\$ (2,627,242)
(7,746,353)	-	(7,746,353)
(1,681,134)	-	(1,681,134)
(496,795)	-	(496,795)
(7,858,716)	-	(7,858,716)
(190,979)	-	(190,979)
<u>(20,601,219)</u>	<u>-</u>	<u>(20,601,219)</u>
-	693,055	693,055
-	(1,435,228)	(1,435,228)
-	(265,547)	(265,547)
-	169,813	169,813
<u>-</u>	<u>(837,907)</u>	<u>(837,907)</u>
<u>(20,601,219)</u>	<u>(837,907)</u>	<u>(21,439,126)</u>
8,250,501	-	8,250,501
4,282,054	-	4,282,054
3,614,528	-	3,614,528
2,237,167	-	2,237,167
2,448,302	-	2,448,302
1,242,420	-	1,242,420
338,061	-	338,061
73,505	324,574	398,079
369,345	-	369,345
<u>22,855,883</u>	<u>324,574</u>	<u>23,180,457</u>
2,254,664	(513,333)	1,741,331
79,947,110	54,933,649	134,880,759
<u>\$ 82,201,774</u>	<u>\$ 54,420,316</u>	<u>\$ 136,622,090</u>

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

City of Dunedin, Florida
Balance Sheet
Governmental Funds
September 30, 2016

	General Fund	One Cent Sales Tax Fund	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents, and investments	\$ 7,546,088	\$ 5,968,678	\$ 375,827	\$ 1,356,037	\$ 15,246,630
Receivables-net of allowance for uncollectibles	702,963	8,471	785	17,542	729,761
Due from other governments	770,297	586,117	1,548	82,543	1,440,505
Inventories	5,091	-	-	-	5,091
Prepaid items	3,358	-	2,031	-	5,389
Deposits	203,850	-	1,300	500	205,650
Notes Receivable	400,000	-	-	-	400,000
Total assets	\$ 9,631,647	\$ 6,563,266	\$ 381,491	\$ 1,456,622	\$ 18,033,026
LIABILITIES					
Liabilities:					
Accounts payable	\$ 363,011	\$ 4,849	\$ 146,156	\$ 31,916	\$ 545,932
Contracts payable	166,429	10,711	35,086	18,093	230,319
Accrued salaries payable	194,689	-	2,531	-	197,220
Deposits payable	900	-	-	500	1,400
Unearned revenue	37,258	-	-	-	37,258
Due to other funds	-	1,365,265	-	-	1,365,265
Due to other governments	17,374	-	-	37,156	54,530
Other current liabilities	130,839	-	-	-	130,839
Total liabilities	910,500	1,380,825	183,773	87,665	2,562,763
DEFERRED INFLOWS:					
Business tax collected in advance	76,218	-	-	-	76,218
Unavailable revenue	400,000	-	-	-	400,000
Total deferred inflows	476,218	-	-	-	476,218
FUND BALANCES:					
Non Spendable	212,299	-	3,331	500	216,130
Restricted	280,928	5,182,441	194,387	1,368,457	7,026,213
Committed	354,800	-	-	-	354,800
Assigned	3,143,941	-	-	-	3,143,941
Unassigned	4,252,961	-	-	-	4,252,961
Total fund balances	8,244,929	5,182,441	197,718	1,368,957	14,994,045
Total liabilities, deferred inflows & fund balances	\$ 9,631,647	\$ 6,563,266	\$ 381,491	\$ 1,456,622	\$ 18,033,026

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

City of Dunedin, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2016

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

Total fund balances - governmental funds		\$ 14,994,045
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		68,913,250
Net Pension Liability resulting from Plan Fiduciary Net Position exceeding Total Pension Assets		
Firefighters' Pension Asset (Liability)	(615,170)	
FRS Net Pension Asset (Liability)	(1,498,330)	
FRS HIS Net Pension Asset (Liability)	<u>(701,350)</u>	(2,814,850)
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as deferred inflows / unavailable revenue in the funds.		400,000
Deferred outflows/inflows of resources reported in the statement of net position:		
Net deferred outflows - pensions	3,350,724	
Net deferred inflows - pensions	<u>(761,144)</u>	2,589,580
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 position.		9,041,782
Long-term liabilities, including accrued interest, bonds payable, compensated absences and OPEB are not due and payable in the current period and, therefor, are not reported in the funds.		
Accrued Interest Payable	(78,254)	
Revenue Bonds Payable	(9,057,170)	
Compensated Absences	(1,458,327)	
Net Other Post Employment Benefits Obligation	<u>(328,282)</u>	(10,922,033)
Net position of governmental activities		<u>\$ 82,201,774</u>

City of Dunedin, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended 2016

	<u>General Fund</u>	<u>One Cent Sales Tax Fund</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Taxes:					
Property	\$ 7,744,447	\$ -	\$ 506,054	\$ -	\$ 8,250,501
Franchise	2,448,302	-	-	-	2,448,302
Utility service	4,282,054	-	-	-	4,282,054
Licenses and permits	1,732,716	-	-	-	1,732,716
Intergovernmental	4,316,943	3,614,528	-	1,140,768	9,072,239
Charges for services	5,622,537	-	-	344,044	5,966,581
Fines	483,228	-	-	-	483,228
Investment earnings	23,645	14,671	1,157	4,297	43,770
Rents	315,816	-	46,770	-	362,586
Contributions and donations	112,847	-	-	-	112,847
Other revenue	256,136	-	-	215,413	471,549
Total revenues	<u>27,338,671</u>	<u>3,629,199</u>	<u>553,981</u>	<u>1,704,522</u>	<u>33,226,373</u>
<u>EXPENDITURES</u>					
Current:					
General government	4,419,611	-	-	-	4,419,611
Public safety	11,399,327	-	-	-	11,399,327
Transportation	1,574,365	-	-	149,940	1,724,305
Economic environment	-	-	390,839	-	390,839
Culture and recreation	8,579,031	-	-	578,351	9,157,382
Debt service:					
Principal	-	491,000	-	725,501	1,216,501
Interest	-	157,010	-	32,412	189,422
Capital outlay:					
General government	306,163	-	-	-	306,163
Public safety	42,451	-	-	-	42,451
Transportation	-	490,963	-	558,770	1,049,733
Economic development	-	25,125	415,974	-	441,099
Culture and recreation	132,574	1,565,077	-	-	1,697,651
Aids and grants	154,396	-	22,236	-	176,632
Total expenditures	<u>26,607,918</u>	<u>2,729,175</u>	<u>829,049</u>	<u>2,044,974</u>	<u>32,211,116</u>
Excess of revenues over (under) expenditures	<u>730,753</u>	<u>900,024</u>	<u>(275,068)</u>	<u>(340,452)</u>	<u>1,015,257</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	14,985	-	-	323,000	337,985
Transfers out	(323,000)	-	(14,985)	(284,151)	(622,136)
Sale of general capital assets	1,473	-	-	-	1,473
Total other financing sources (uses)	<u>(306,542)</u>	<u>-</u>	<u>(14,985)</u>	<u>38,849</u>	<u>(282,678)</u>
Net change in fund balances	424,211	900,024	(290,053)	(301,603)	732,579
Fund balances - beginning	<u>7,820,718</u>	<u>4,282,417</u>	<u>487,771</u>	<u>1,670,560</u>	<u>14,261,466</u>
Fund balances - ending	<u>\$ 8,244,929</u>	<u>\$ 5,182,441</u>	<u>\$ 197,718</u>	<u>\$ 1,368,957</u>	<u>\$ 14,994,045</u>

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

City of Dunedin, Florida
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended 2016

Net change in fund balances - total governmental funds \$ 732,579

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Expenditures for capital assets	3,537,097	
Less current year depreciation	(3,797,602)	
Net book value of disposed assets	<u>(76,723)</u>	(337,228)

Other long-term assets are not available to pay for current period expenditures and therefore, are reported as deferred inflows / unavailable revenue in the funds. 400,000

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

Principal payments	<u>1,216,501</u>	1,216,501
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The net effect of pension contribution expense is to decrease net position (319,534)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences / OPEB liability	(85,693)	
Change in accrued interest expense	<u>5,983</u>	(79,710)

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. 642,056

Change in net position of governmental activities \$ 2,254,664

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Property	\$ 7,840,920	\$ 7,840,920	\$ 7,744,447	\$ (96,473)
Franchise	2,531,900	2,531,900	2,448,302	(83,598)
Utility service	4,383,603	4,383,603	4,282,054	(101,549)
Licenses and permits	1,377,150	1,377,150	1,732,716	355,566
Intergovernmental	4,246,720	4,271,720	4,316,943	45,223
Charges for services	5,510,705	5,543,209	5,622,537	79,328
Fines	502,500	502,500	483,228	(19,272)
Investment earnings	10,500	10,500	23,645	13,145
Rents	286,925	324,165	315,816	(8,349)
Contributions and donations	109,750	109,713	112,847	3,134
Other revenue	135,200	138,292	256,136	117,844
Total revenues	<u>26,935,873</u>	<u>27,033,672</u>	<u>27,338,671</u>	<u>304,999</u>
<u>EXPENDITURES</u>				
Current:				
General government	4,418,171	4,825,286	4,419,611	405,675
Public safety	11,513,670	11,572,125	11,399,327	172,798
Capital Outlay:				
General Government	267,000	408,670	306,163	102,507
Public Safety	46,000	53,955	42,451	11,504
Transportation	-	8,000	-	8,000
Culture and Recreation	73,815	143,387	132,574	10,813
Total Capital Outlay	<u>386,815</u>	<u>614,012</u>	<u>481,188</u>	<u>132,824</u>
Aids and grants	<u>176,407</u>	<u>185,407</u>	<u>154,396</u>	<u>31,011</u>
Total expenditures	<u>26,859,739</u>	<u>27,622,555</u>	<u>26,607,918</u>	<u>1,014,637</u>
Excess of revenues over (under) expenditures	<u>76,134</u>	<u>(588,883)</u>	<u>730,753</u>	<u>1,319,636</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	10,400	19,400	14,985	(4,415)
Transfers out	(212,000)	(323,000)	(323,000)	-
Sale of general capital assets	-	-	1,473	1,473
Total other financing uses	<u>(201,600)</u>	<u>(303,600)</u>	<u>(306,542)</u>	<u>(2,942)</u>
Net change in fund balances	<u>\$ (125,466)</u>	<u>\$ (892,483)</u>	<u>424,211</u>	<u>\$ 1,316,694</u>
Fund balances - beginning			<u>7,820,718</u>	
Fund balances - ending			<u><u>\$ 8,244,929</u></u>	

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

City of Dunedin, Florida
One Cent Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Infrastructure surtax	\$ 3,330,200	\$ 3,330,200	\$ 3,614,528	\$ 284,328
Investment earnings	5,050	5,050	14,671	9,621
Total revenues	<u>3,335,250</u>	<u>3,335,250</u>	<u>3,629,199</u>	<u>293,949</u>
<u>EXPENDITURES</u>				
Capital Outlay:				
Transportation	2,070,000	2,715,000	490,963	2,224,037
Economic environment	-	200,000	25,125	174,875
Culture and recreation	132,000	1,616,066	1,565,077	50,989
Debt service:				
Principal	491,000	491,000	491,000	-
Interest	157,040	157,040	157,010	30
Total expenditures	<u>2,850,040</u>	<u>5,179,106</u>	<u>2,729,175</u>	<u>2,449,931</u>
Excess of revenues over expenditures	<u>485,210</u>	<u>(1,843,856)</u>	<u>900,024</u>	<u>2,743,880</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 485,210</u>	<u>\$ (1,843,856)</u>	<u>900,024</u>	<u>\$ 2,743,880</u>
Fund balances - beginning			<u>4,282,417</u>	
Fund balances - ending			<u>\$ 5,182,441</u>	

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

City of Dunedin, Florida
Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property Taxes	\$ 470,506	\$ 470,506	\$ 506,054	\$ 35,548
Investment earnings	1,200	1,200	1,157	(43)
Rents	47,000	47,000	46,770	(230)
Total revenues	<u>518,706</u>	<u>518,706</u>	<u>553,981</u>	<u>35,275</u>
<u>EXPENDITURES</u>				
Current:				
Economic environment	409,170	439,896	390,839	49,057
Capital Outlay:				
Economic environment	420,000	540,274	415,974	124,300
Aids and Grants	30,000	30,000	22,236	7,764
Total expenditures	<u>859,170</u>	<u>1,010,170</u>	<u>829,049</u>	<u>181,121</u>
Excess of revenues over expenditures	<u>(340,464)</u>	<u>(491,464)</u>	<u>(275,068)</u>	<u>216,396</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(10,400)</u>	<u>(19,400)</u>	<u>(14,985)</u>	<u>4,415</u>
Total other financing sources (uses)	<u>(10,400)</u>	<u>(19,400)</u>	<u>(14,985)</u>	<u>4,415</u>
Net change in fund balances	<u>\$ (350,864)</u>	<u>\$ (510,864)</u>	<u>(290,053)</u>	<u>\$ 220,811</u>
Fund balances - beginning			<u>487,771</u>	
Fund balances - ending			<u>\$ 197,718</u>	

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

DUNEDIN

Home of Honeymoon Island

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City of Dunedin, Florida
Statement of Net Position - Proprietary Funds
September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash, cash equivalents, and investments	\$ 1,472,970	\$ 14,481,441	\$ 4,666,350	\$ 821,297	\$ 21,442,058	\$ 8,967,314
Restricted cash-customer deposits	-	-	-	57,885	57,885	-
Restricted cash-impact fees	-	1,290,260	-	-	1,290,260	-
Restricted cash-unspent debt proceeds	-	-	2,451,576	-	2,451,576	-
Receivables-net of allowance for uncollectibles	628,821	1,683,836	323,884	32,051	2,668,592	1,439
Interest receivable	1,860	26,272	10,863	1,336	40,331	14,376
Charges receivable-capital recovery	-	236,369	-	-	236,369	-
Due from other governments	805	131,216	-	30,057	162,078	-
Due from other funds	-	1,365,265	-	-	1,365,265	-
Inventories	-	545,500	-	-	545,500	85,192
Prepaid items	306	5,544	-	-	5,850	494,288
Deposits	-	-	-	-	-	92,168
Total current assets	<u>2,104,762</u>	<u>19,765,703</u>	<u>7,452,673</u>	<u>942,626</u>	<u>30,265,764</u>	<u>9,654,777</u>
Noncurrent assets:						
Charges receivable-capital recovery	-	1,669,675	-	-	1,669,675	-
Unamortized bond insurance	-	62,765	5,165	-	67,930	-
Capital assets:						
Land	-	398,676	250,000	-	648,676	-
Buildings	461,606	15,911,704	10,815	123,301	16,507,426	1,824,991
Improvements other than buildings	49,543	103,083,541	27,304,521	3,523,044	133,960,649	4,744
Machinery and equipment	1,590,503	1,886,142	695,767	10,268	4,182,680	13,782,174
Construction in progress	-	482,681	500,117	19,600	1,002,398	-
Less accumulated depreciation	<u>(1,152,987)</u>	<u>(90,744,617)</u>	<u>(9,457,410)</u>	<u>(2,158,767)</u>	<u>(103,513,781)</u>	<u>(10,504,340)</u>
Total capital assets, net	<u>948,665</u>	<u>31,018,127</u>	<u>19,303,810</u>	<u>1,517,446</u>	<u>52,788,048</u>	<u>5,107,569</u>
Total noncurrent assets	<u>948,665</u>	<u>32,750,567</u>	<u>19,308,975</u>	<u>1,517,446</u>	<u>54,525,653</u>	<u>5,107,569</u>
Total assets	<u>3,053,427</u>	<u>52,516,270</u>	<u>26,761,648</u>	<u>2,460,072</u>	<u>84,791,417</u>	<u>14,762,346</u>
DEFERRED OUTFLOWS						
Deferred outflows related to pensions	137,265	465,134	64,072	-	666,471	-
Total deferred outflows	<u>137,265</u>	<u>465,134</u>	<u>64,072</u>	<u>-</u>	<u>666,471</u>	<u>-</u>

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

City of Dunedin, Florida
Statement of Net Position - Proprietary Funds (Continued)
September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Total	Internal Service Funds
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 292,065	\$ 538,948	\$ 31,627	\$ 13,213	\$ 875,853	\$ 298,138
Accrued liabilities	-	-	-	3,092	3,092	-
Contracts payable	-	122,403	-	12,167	134,570	32,132
Liabilities to be paid with restricted assets	-	-	417,815	-	417,815	-
Accrued salaries payable	16,684	76,956	9,360	2,445	105,445	25,637
Compensated absences	22,120	-	-	-	22,120	-
Accrued interest payable	8,382	267,614	208,060	-	484,056	7,540
Customer deposit payable-restricted asset	128,969	1,279,949	600	57,885	1,467,403	-
Bonds payable	-	1,020,675	459,054	-	1,479,729	-
Capital leases payable	134,430	-	-	-	134,430	120,927
Claims liabilities	-	-	-	-	-	134,380
Unearned revenue	1,141	-	-	-	1,141	-
Total current liabilities	<u>603,791</u>	<u>3,306,545</u>	<u>1,126,516</u>	<u>88,802</u>	<u>5,125,654</u>	<u>618,754</u>
Noncurrent liabilities:						
Bonds payable	-	13,897,975	12,149,179	-	26,047,154	-
Capital leases payable	559,712	-	-	-	559,712	503,493
Compensated absences	147,217	702,946	63,917	10,795	924,875	211,233
OPEB liability	30,659	140,039	16,722	4,416	191,836	36,108
Net pension liability	348,118	1,221,361	158,098	-	1,727,577	-
Claims liabilities	-	-	-	-	-	434,430
Total noncurrent liabilities	<u>1,085,706</u>	<u>15,962,321</u>	<u>12,387,916</u>	<u>15,211</u>	<u>29,451,154</u>	<u>1,185,264</u>
Total liabilities	<u>1,689,497</u>	<u>19,268,866</u>	<u>13,514,432</u>	<u>104,013</u>	<u>34,576,808</u>	<u>1,804,018</u>
DEFERRED INFLOWS						
Deferred inflows relating to pensions	73,611	271,682	32,017	-	377,310	-
Total deferred inflows	<u>73,611</u>	<u>271,682</u>	<u>32,017</u>	<u>-</u>	<u>377,310</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	254,523	16,099,477	9,147,153	1,517,446	27,018,599	4,483,149
Restricted for capital projects	-	1,290,260	2,451,576	-	3,741,836	-
Unrestricted	1,173,061	16,051,119	1,680,542	838,613	19,743,335	8,475,179
Total net position	<u>\$ 1,427,584</u>	<u>\$ 33,440,856</u>	<u>\$ 13,279,271</u>	<u>\$ 2,356,059</u>	<u>50,503,770</u>	<u>\$ 12,958,328</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					3,916,546	
Net position of business-type activities on the Government-wide Statement of Net Position					<u>\$ 54,420,316</u>	

City of Dunedin, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental Activities
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 5,051,872	\$ 15,009,914	\$ 3,375,221	\$ 484,615	\$ 23,921,622	\$ 11,017,465
Other operating revenue	42,535	293,894	322	5,986	342,737	60,521
Total operating revenues	<u>5,094,407</u>	<u>15,303,808</u>	<u>3,375,543</u>	<u>490,601</u>	<u>24,264,359</u>	<u>11,077,986</u>
Operating expenses:						
Personal services	1,329,830	5,856,209	770,766	193,449	8,150,254	1,807,464
Supplies and services	3,091,347	6,980,248	1,166,873	109,280	11,347,748	7,585,366
Depreciation	139,887	3,693,413	1,363,330	55,251	5,251,881	991,698
Total operating expenses	<u>4,561,064</u>	<u>16,529,870</u>	<u>3,300,969</u>	<u>357,980</u>	<u>24,749,883</u>	<u>10,384,528</u>
Operating income (loss)	<u>533,343</u>	<u>(1,226,062)</u>	<u>74,574</u>	<u>132,621</u>	<u>(485,524)</u>	<u>693,458</u>
Nonoperating revenues (expenses):						
Investment earnings	5,386	283,591	32,883	2,714	324,574	29,734
Interest/amortization expense	(8,382)	(540,984)	(401,961)	-	(951,327)	(7,540)
Gain (loss) on disposal of capital assets	(6,550)	(59,246)	-	-	(65,796)	44,596
Total nonoperating revenues (expenses)	<u>(9,546)</u>	<u>(316,639)</u>	<u>(369,078)</u>	<u>2,714</u>	<u>(692,549)</u>	<u>66,790</u>
Income before contributions and transfers	523,797	(1,542,701)	(294,504)	135,335	(1,178,073)	760,248
Capital contributions	26,937	180,628	24,775	30,057	262,397	-
Transfers in	-	-	-	-	-	284,151
Change in net position	550,734	(1,362,073)	(269,729)	165,392	(915,676)	1,044,399
Net position - beginning	876,850	34,802,929	13,549,000	2,190,667		11,913,929
Net position - ending	<u>\$ 1,427,584</u>	<u>\$ 33,440,856</u>	<u>\$ 13,279,271</u>	<u>\$ 2,356,059</u>		<u>\$ 12,958,328</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.					402,343	
Changes in net position of business-type activities on the Government-wide Statement of Activities					<u>\$ (513,333)</u>	

City of Dunedin, Florida
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds					Governmental
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 5,097,138	\$ 15,345,162	\$ 3,382,682	\$ 460,191	\$ 24,285,173	\$ 11,017,143
Payments to suppliers	(2,939,243)	(6,715,145)	(913,605)	(121,155)	(10,689,148)	(7,871,499)
Payments to employees	(1,350,357)	(5,928,066)	(784,672)	(194,541)	(8,257,636)	(1,816,272)
Other operating revenues	42,535	293,894	322	5,986	342,737	60,521
Net cash provided by (used in) operating activities	850,073	2,995,845	1,684,727	150,481	5,681,126	1,389,893
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	-	284,151
Net cash provided by (used in) noncapital financing activities	-	-	-	-	-	284,151
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(848,452)	(1,604,552)	(593,901)	(493,047)	(3,539,952)	(820,115)
Proceeds of capital debt	694,142	-	-	-	694,142	624,420
Principal paid on capital debt	-	(992,957)	(418,772)	-	(1,411,729)	(104,349)
Interest paid on capital debt	-	(549,946)	(422,542)	-	(972,488)	(2,557)
Proceeds from sale of capital assets	-	6,742	-	-	6,742	62,987
Proceeds from capital contributions	26,937	180,628	24,775	30,057	262,397	-
Advances to other funds	-	(1,365,265)	-	-	(1,365,265)	-
Net cash provided by (used in) capital and related financing activities	(127,373)	(4,325,350)	(1,410,440)	(462,990)	(6,326,153)	(239,614)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings received	3,588	259,208	22,785	1,510	287,091	16,229
Net cash provided by (used in) investing activities	3,588	259,208	22,785	1,510	287,091	16,229
Net increase (decrease) in cash and cash equivalents	726,288	(1,070,297)	297,072	(310,999)	(357,936)	1,450,659
Cash and cash equivalents - October 1	746,682	16,841,998	6,820,854	1,190,181	25,599,715	7,516,655
Cash and cash equivalents - September 30	\$ 1,472,970	\$ 15,771,701	\$ 7,117,926	\$ 879,182	\$ 25,241,779	\$ 8,967,314
CLASSIFIED AS:						
Cash and cash equivalents	\$ 1,472,970	\$ 14,481,441	\$ 4,666,350	\$ 821,297	\$ 21,442,058	\$ 8,967,314
Restricted cash and cash equivalents	-	1,290,260	2,451,576	57,885	3,799,721	-
Total cash and cash equivalents	\$ 1,472,970	\$ 15,771,701	\$ 7,117,926	\$ 879,182	\$ 25,241,779	\$ 8,967,314
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 533,343	\$ (1,226,062)	\$ 74,574	\$ 132,621	\$ (485,524)	\$ 693,458
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	139,887	3,693,413	1,363,330	55,251	5,251,881	991,698
(Increase) decrease in:						
Accounts receivable	37,063	323,793	(816)	1,262	361,302	(322)
Inventories	-	19,553	-	-	19,553	2,099
Due from other governments	(25)	(7,869)	7,677	(30,057)	(30,274)	-
Prepaid items	(306)	(3,448)	-	-	(3,754)	(451,221)
Deposits	-	-	-	-	-	28,830
Deferred Outflows	(79,434)	(255,631)	(38,504)	-	(373,569)	-
Increase (decrease) in:						
Accounts payable	152,410	248,998	253,268	(11,875)	642,801	134,159
Accrued wages payable	(18,797)	(105,379)	(14,219)	(2,467)	(140,862)	(29,106)
Net pension liability	98,284	316,291	47,640	-	462,215	-
Deposits	8,228	19,324	600	4,371	32,523	-
Deferred Inflows	(12,386)	(39,859)	(6,004)	-	(58,249)	-
Claims liabilities	-	-	-	-	-	36,871
Compensated absences / OPEB	(8,194)	12,721	(2,819)	1,375	3,083	(16,573)
Total adjustments	316,730	4,221,907	1,610,153	17,860	6,166,650	696,435
Net cash provided by (used in) operating activities	\$ 850,073	\$ 2,995,845	\$ 1,684,727	\$ 150,481	\$ 5,681,126	\$ 1,389,893
Schedule of non-cash capital and related financing activities:						
Purchase of vehicles with capital lease	\$ 694,142	\$ -	\$ -	\$ -	\$ 694,142	\$ -

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

DUNEDIN

Home of Honeymoon Island

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Fiduciary Funds

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

Pension Trust

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

City of Dunedin, Florida
Statement of Net Position
Fiduciary Fund
September 30, 2016

	Municipal Firefighters Pension Trust Fund
ASSETS	
Investments	
U.S. government obligations	\$ 1,667,542
U.S. government agencies	1,448,253
Corporate equities	16,107,512
Temporary investment funds	323,278
Real estate investment funds	2,759,992
Corporate obligations	2,930,745
Receivables - broker-dealers	6,727
Receivables - plan members	6,591
Due from other governments	16,100
Prepaid items	870
Interest receivable	51,770
Total assets	<u>25,319,380</u>
LIABILITIES	
Accounts payable	<u>33,105</u>
Total liabilities	<u>33,105</u>
NET POSITION	
Restricted for pensions	<u><u>\$ 25,286,275</u></u>

City of Dunedin, Florida
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended September 30, 2016

	Municipal Firefighters Pension Trust Fund
	<u> </u>
ADDITIONS:	
Contributions	
Employer	\$ 442,686
Plan members	259,905
Excise tax rebate (state of Florida)	286,293
Total contributions	<u>988,884</u>
Investment earnings	
Net appreciation in fair value of investments	1,366,852
Interest	169,839
Dividends	281,651
Total investment earnings	<u>1,818,342</u>
Less investment expenses	<u>(141,160)</u>
Net investment earnings	<u>1,677,182</u>
Miscellaneous revenue	<u>4,086</u>
Total additions	<u>2,670,152</u>
DEDUCTIONS:	
Benefits	1,051,783
Refunds	765
Administrative expenses	80,004
Total deductions	<u>1,132,552</u>
Change in net position	1,537,600
Net position - beginning	<u>23,748,675</u>
Net position - ending	<u><u>\$ 25,286,275</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

**CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dunedin, Florida (the "City"), which was founded on June 1, 1899, and incorporated under Chapter 4877, Acts of 1899 of the State of Florida, has a population of approximately 35,700 (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 November 6, 2012.

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. 61 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 has been included in the City's financial statements in a blended presentation. The City Commission serves as the CRA Board and has operational responsibility for the CRA. Although legally separate, the CRA is blended as a special revenue fund type component unit into the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

GASB statement No. 65 establishes standards whereby certain items that were previously reported as assets and liabilities be reclassified as deferred outflow or deferred inflow of resources. These standards are employed in the financial statement presentation.

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.

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

- The *One Cent Sales Tax Fund* is a special revenue fund and accounts for the costs of infrastructure having a life expectancy of five (5) or more years and is funded by proceeds from the one-cent sales surtax approved by Pinellas County, Florida voters.
- The *Community Redevelopment Agency Fund* is a special revenue fund to account for the receipt, custody and expenditure of property tax increment funds associated with related redevelopment projects.
- The *Solid Waste Fund* is an enterprise fund and accounts for the provision of solid waste services to the residents of the City and some County residents. All activities necessary to the provisions of this service are accounted for in this fund.
- The *Water/Sewer Utility Fund* is an enterprise fund and accounts for the provision of water and sewer services to residents of the City, and some County residents. All activities necessary for the provision of these services are accounted for in this fund.
- The *Stormwater Utility Fund* is an enterprise fund and accounts for the provision of services for the collection, storage, treatment and conveyance of stormwater for the benefit of all developed property within the City.
- The *Marina Fund* is an enterprise fund and accounts for the financing, operation and maintenance of the City marina and the associated real property.

Additionally, the City reports the following fund types:

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

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 include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the solid waste, water/sewer utility, stormwater utility, marina, and golf course

enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition, such as water/sewer utility fund impact fees, are reported as non-operating 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, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION

1. Deposits and Investments

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

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

The City's investments in Florida Prime, which the Florida State Board of Administration (SBA) indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

The City has investments in the Florida Surplus Asset Fund Trust which is an inter-local government entity created under the laws of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds. It is a stable Net Asset Value (NAV) investment pool. The Trust includes a liquid money market like investment, called the Florida SAFE Fund and one or more Term Series portfolios.

The City categorizes its fair value measurements within the fair value hierarchy established in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Types and amounts of investments held at fiscal year-end are described in a subsequent note.

2. Receivables and Payables

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

period are reported as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

3. Property Taxes

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the County Property Appraiser. The County mails to each property owner on the assessment roll a notice of tax levy by the various governmental entities in the County.

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.

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, 2016, was 4.1345.

4. Inventories

All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories held by the General Fund consist principally of general office, printing, traffic control

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

and maintenance supplies. Inventories included in the Utility Fund consist of parts held for repair and maintenance of the system. Inventories included in the Internal Service Funds consist of maintenance parts, tires, fuels and supplies. Inventories are stated at average or weighted average cost. Appropriate allowances have been recorded for obsolete and surplus items.

5. Prepaid Items

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

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<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. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

8. 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. The accumulated unused portion as of September 30 is treated as both a short-term and 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.

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

10. Postemployment Health and Life Insurance Benefits

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

11. Restricted Assets

A portion of assets are restricted due to constraints that are either 1) externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Cash and cash equivalents held as customer deposits, impact fee revenue or other deposits are shown as restricted.

12. Unearned Revenue

Certain receipts are unearned because the revenue has been received, but not earned. These payments are received in advance of the services provided. The unearned revenue will be

recognized as revenue in the fiscal year it is deemed earned or in the year that it becomes available.

13. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future time period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

14. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City has established limitations on the use of resources through commitments (committed fund balance) or assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City's Commission, via resolution and must be removed in the same fashion.

Amounts in assigned fund balance are also intended to be used for specific purposes but do not meet the criteria to be classified as committed. The Commission has by resolution authorized the City Manager or Finance Director to assign fund balance.

15. Encumbrances

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

16. Net Position

Net position reported in the government-wide and proprietary fund financial statements is categorized as net investment in capital assets, restricted or unrestricted. The first category represents net position related to net investment in capital assets. Restricted net position represents net position restricted for capital projects, community redevelopment, the stadium, housing services, public safety, bequests, and other externally imposed constraints or imposed by law through constitutional provisions or enabling legislation.

E. REVENUES, EXPENDITURES AND EXPENSES

1. Operating Subsidies, Grants, and Impact Fees

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

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

2. Interfund Transactions

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

3. Administrative Charges

Certain administrative expenses are incurred by the General Fund on behalf of the other funds. In addition, some administrative charges are incurred by the Water/Sewer Utility Fund for services rendered that benefit other funds. Both the General Fund and the Water/Sewer Utility Fund receive payment for these services based on a percentage allocation in accordance with budgeted appropriations. These administrative reimbursements for the year ended September 30, 2016, are presented below.

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

Fund	Amount
Solid Waste	\$ 363,394
Water/ Sewer Utility	1,226,868
Marina	23,158
Stormwater	219,242
Total	\$ 1,832,662

CITY OF DUNEDIN, FLORIDA
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Reimbursements to the Water/Sewer Utility Fund were charged to the following funds:

<u>Fund</u>	<u>Amount</u>
Solid Waste	\$ 99,488
Stormwater	64,949
Total	<u>\$ 164,437</u>

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

The governmental fund balance sheet includes a reconciliation between 1) *fund balance - total governmental funds* and 2) *net position - governmental activities* as reported in the government-wide statement of net position.

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between 1) *net changes in fund balances –total governmental funds* and 2) *changes in net position of governmental activities* as reported in the government-wide statement of activities.

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City’s budget policy is summarized as follows:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end.
2. The City Manager submits to the City Commission a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is approved by the City Commission through the passage of a resolution. The level on which expenditures/expenses may not legally exceed appropriations is at the fund level.
5. The appropriated budget is prepared by fund, function and department. The City Manager is authorized to transfer budgeted amounts between departments, and make budget transfers affecting personnel, provided these changes have a zero net effect on the City’s budget. All increases and decreases in fund balance, personnel budget changes, and transfers between funds, must have City Commission approval.

NOTE IV – DETAIL NOTES - ALL FUNDS

A. ASSETS

1. Cash and Cash Equivalents and Investments

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

The City's investment policy and guidelines are defined by City ordinance. The written investment policy was revised, by City Commission approval, on February 18, 2010. The policy specifies limits by instrument and institution (within instrument) and establishes a diversified investment strategy, minimum credit quality and authorized institutions available as counterparties. In addition to authorizing investment instruments, the City's policy also identifies various portfolio parameters addressing issuer diversification, term-to-maturity and liquidity. Implementation and direction, within policy limits, is managed by the Director of Finance, with City Manager approval required for all transactions.

The investment policy of the City of Dunedin Municipal Firefighters Pension Trust Fund was created by, and is periodically amended by, the pension board.

a. Custodial Credit Risk – Cash and Investments

Custodial credit risk is defined as the risk that a government will not be able to recover deposits or the value of its investments in the event of a failure of a depository financial institution or a third party holding the investment securities.

The City's investment policy requires that time deposits, demand deposits, savings accounts and non-negotiable certificates of deposit must be held by institutions organized under the laws of Florida and/or in national banks organized under the laws of the United States and doing business and situated in Florida as qualified public depositories, ensuring that any such deposits are secured and collateralized according to the Florida Security for Public Deposits Act (Chapter 280 of the Florida Statutes). In addition, the policy requires all investment securities to be held by a third party custodian in the name of the City.

Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusions of the transaction.

As of September 30, 2016, the bank balance of the City's deposits was \$17,255,973. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, is collateralized pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a

qualified public depository), all participating institutions are obligated to reimburse the government entity for the loss.

The investment policy of the City of Dunedin Municipal Firefighters Pension Trust Fund (the Firefighters Pension Plan) requires all securities to be held by a third party custodian in the name of the Firefighters Pension Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a “delivery vs. payment” basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

Regions Morgan Keegan Trust (Regions) periodically holds uninvested cash in its capacity as custodian for the Firefighters Pension Plan. These funds exist temporarily as cash in the process of collection from the sale of securities. As of September 30, 2016, the Firefighters Pension Plan’s investments are managed under separate investment agreements with Great Lakes Advisors, LLC, Rockwood Capital Advisors, LLC and Harding Loevner LP. These agreements give Regions the custodianship, but gives Great Lakes Advisors, LLC, Rockwood Capital Advisors, LLC and Harding Loevner LP the authority to manage the investments. These assets are invested in accordance with specific investment guidelines as set forth in the Plan.

The Firefighters Pension Plan also invests in Barings Core Property Fund (Barings) which is an alternative real estate investment vehicle. The real estate investment funds are open end, commingled private real estate portfolios valued using the net asset value (NAV) provided by the investment managers of the fund. The NAV is based on the value of the underlying assets owned by these funds minus its liabilities and then divided by the number of shares or percentage of ownership outstanding. The investments of the fund are valued quarterly. Withdrawal requests must be made 60 days in advance and may be paid in one or more installments.

b. Credit Risk

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

- U.S. Treasury and Agency Securities
- Government Sponsored Enterprises (AAA/Aaa)
- Local Government Investment Pools (AAAm or equivalent)
- The State Board of Administration (SBA) or Florida PRIME (AAAm or equivalent)
- General or Revenue Debt Obligations of State and Local Governments (AAA/Aaa)
- Money Market Mutual Funds (AAAm)
- Bank Deposits / Certificates of Deposit
- Corporate Debt Instruments and Commercial Paper (AA-/Aa3)
- Repurchase Agreements (A1+/P1/F1+)

CITY OF DUNEDIN, FLORIDA
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The City's cash and cash equivalents and investments consisted of the following as of September 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>% of Total</u>	<u>Weighted Average Duration</u>
Florida SAFE	\$ 12,255,008	AAAm	24.78%	0.20
SBA - Florida PRIME	1,877,389	AAAm	3.80%	0.10
Certificate of Deposits	19,000,000		38.42%	
Cash in bank	16,319,446		33.00%	
Petty cash	3,880		0.01%	
Total Cash and Investments	<u>\$ 49,455,723</u>			

The heirarchy of fair value measurement does not apply to the above assets.

Florida PRIME operates as a '2a-7 like' fund. Florida SAFE is a surplus asset trust fund, which was developed by and for Florida local governments. Florida SAFE adheres to the requirement to maintain a net asset value of \$1.00 per share or higher. Florida SAFE invests its proceeds in U.S. Government Agencies and Commercial Paper. There are no withdrawal restrictions with Florida PRIME or Florida SAFE.

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>% of Total</u>	<u>Effective Duration (In Years)</u>	<u>Hierarchy Level</u>
U.S. Government Obligations	\$ 1,667,542	AA	6.61%	6.4	1
U.S. Government Agencies	1,448,253	AA	5.74%	4.9	2
Corporate Obligations	2,930,745	BAA-A	11.61%	7.5	2
Temporary Investment Funds	323,278	AAA	1.28%	Daily	2
Domestic Stocks	13,424,703		53.19%		1
International Stocks	2,682,809		10.63%		1
Real Estate Investment Fund	2,759,992		10.94%		n/a
Total Pension Funds	<u>\$ 25,237,322</u>				

Debt and equity securities classified as Level 1 of the fair value hierarchy using quoted prices at September 30 (or the most recent market close date if the markets are closed on September 30) in active markets from the custodian bank's external pricing vendor.

Debt securities classified as Level 2 are evaluated prices from the custodian bank's external pricing vendor. The pricing methodology involves the use of evaluation models, such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

c. Concentration of Credit Risk

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

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

The Firefighters Pension Plan's policy limits investments in foreign fixed income or equity securities to 25% of the total portfolio. The equity and bond investment mix is targeted at 60% equities and 40% bonds. In addition, not more than 5% of the portfolio may be invested in common stock of any one issuing company. The Firefighters Pension Plan had no investments that individually represented 5% or more of the Plan's net assets available for benefits as of September 30, 2016.

d. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer time to maturity equates to greater exposure to interest rate risk. The City manages its exposure to fair value losses arising from increasing rates through its adopted investment policy. The City's policy limits its fixed portfolio's weighted average maturity to 3 years and the duration of the overall portfolio to 5 years. All of the City's fixed income investments had a weighted average maturity of less than one year.

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The Firefighters Pension Plan's investment policy limits the effective duration of its fixed income portfolios through the adoption of the Barclays Capital Aggregate Bond Index benchmark. The U.S. Government obligations had an effective duration of 6.4 years; the U.S. Government agencies had an effective duration of 4.9 years, and corporate obligations had an effective duration of 7.5 years.

2. Receivables

a. Notes Receivable

On March 11, 2016 the City entered into a Development Agreement with Developer, 203 N. Marion Street, L.L.C. to convey City property valued at \$400,000. During the same time period the same Developer and the City entered into a Parking Garage Lease whereby the City will lease 215 parking spaces from the Developer. In return for the conveyance of the City property to the Developer, the Developer will pay its purchase price money obligation amortized over a 20 year period with interest and annual installments of \$32,211. The payments to the City will be applied against the City's obligations under the terms of the Parking Garage Lease.

b. Receivables

Receivables as of the fiscal year ended September 30, 2016, for the City's major governmental and enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	One Cent				Water/	Storm-		
	Sales			Solid	Sewer	water		
	General	Tax	CRA ¹	Waste	Utility	Utility	Marina	Total
Receivables:								
Accounts Billed	\$ 692,292	\$ 1,396	\$ 216	\$ 185,936	\$ 500,614	\$107,850	\$32,051	\$ 1,520,355
Accounts Unbilled	-	-	-	441,605	1,212,783	219,447	-	1,873,835
Liens	-	-	-	15,541	8,754	3,597	-	27,892
Reclaimed								
Connection Fees	-	-	-	-	236,369	-	-	236,369
Interest	11,470	7,075	569	1,860	26,272	10,863	1,336	59,445
Gross Receivables	703,762	8,471	785	644,942	1,984,792	341,757	33,387	3,717,896
Less: Allowance for								
Uncollectibles	799	-	-	14,261	38,315	7,010	-	60,385
Net Total Receivables	<u>\$ 702,963</u>	<u>\$ 8,471</u>	<u>\$ 785</u>	<u>\$ 630,681</u>	<u>\$1,946,477</u>	<u>\$ 334,747</u>	<u>\$33,387</u>	<u>\$ 3,657,511</u>

¹ Community Redevelopment Agency (CRA)

As the operator of Solid Waste, Utilities, and Marina programs, the City grants credit to their customers, substantially all of whom are City residents. Non-current receivables are not included in the chart above.

CITY OF DUNEDIN, FLORIDA
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Governmental funds do not record revenue in connection with resources that have been received, but not yet earned. Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate current period liabilities. At the end of the current fiscal year, the General Fund was the only governmental fund that reported unearned revenue consisting of \$284 in grants, \$16,974 in advanced rent receipts and a \$20,000 contribution designated by the donor to pay a specific FY17 expenditure. The total reported unearned revenue for governmental funds is \$37,258.

3. Capital Assets

a. Capital Asset Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 20,807,826	\$ 1,369,065	\$ (75,637)	\$ 22,101,254
Construction in Process	76,403	576,506	(2,700)	650,209
Total Capital not being Depreciated	<u>20,884,229</u>	<u>1,945,571</u>	<u>(78,337)</u>	<u>22,751,463</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	46,378,047	76,688	(45,466)	46,409,269
Infrastructure	10,611,520	960,817	-	11,572,337
Improvements other than Buildings	29,956,669	300,222	(34,096)	30,222,795
Machinery and Equipment	21,485,368	1,076,617	(922,950)	21,639,035
Total Capital Assets being Depreciated	<u>108,431,604</u>	<u>2,414,344</u>	<u>(1,002,512)</u>	<u>109,843,436</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(20,007,928)	(1,661,968)	45,162	(21,624,734)
Infrastructure	(2,609,336)	(351,636)	-	(2,960,972)
Improvements other than Buildings	(16,688,502)	(1,506,589)	34,096	(18,160,995)
Machinery and Equipment	(15,462,047)	(1,269,107)	903,775	(15,827,379)
Total Accumulated Depreciation	<u>(54,767,813)</u>	<u>(4,789,300)</u>	<u>983,033</u>	<u>(58,574,080)</u>
Total Capital Assets being Depreciated, net	<u>53,663,791</u>	<u>(2,374,956)</u>	<u>(19,479)</u>	<u>51,269,356</u>
Governmental Activities Capital Assets, net	<u>\$ 74,548,020</u>	<u>\$ (429,385)</u>	<u>\$ (97,816)</u>	<u>\$ 74,020,819</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 648,676	\$ -	\$ -	\$ 648,676
Construction in Process	289,624	783,730	(70,956)	1,002,398
Total Capital not being Depreciated	<u>938,300</u>	<u>783,730</u>	<u>(70,956)</u>	<u>1,651,074</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	16,378,873	128,553	-	16,507,426
Improvements other than Buildings	132,795,358	1,899,130	(733,839)	133,960,649
Machinery and Equipment	3,436,512	814,878	(68,710)	4,182,680
Total Capital Assets being Depreciated	<u>152,610,743</u>	<u>2,842,561</u>	<u>(802,549)</u>	<u>154,650,755</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(15,555,945)	(110,112)	-	(15,666,057)
Improvements other than Buildings	(80,906,955)	(4,866,228)	667,852	(85,105,331)
Machinery and Equipment	(2,529,011)	(275,541)	62,159	(2,742,393)
Total Accumulated Depreciation	<u>(98,991,911)</u>	<u>(5,251,881)</u>	<u>730,011</u>	<u>(103,513,781)</u>
Total Capital Assets being Depreciated, net	<u>53,618,832</u>	<u>(2,409,320)</u>	<u>(72,538)</u>	<u>51,136,974</u>
Business-type Activities Capital Assets, net	<u>\$ 54,557,132</u>	<u>\$ (1,625,590)</u>	<u>\$ (143,494)</u>	<u>\$ 52,788,048</u>

CITY OF DUNEDIN, FLORIDA
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b. Depreciation

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

Governmental Activities:

General Government	\$ 570,623
Public Safety	325,978
Transportation	539,194
Economic	349,582
Culture and Recreation	2,012,225
Internal Service Funds	991,698
Total Depreciation Expense	<u>\$ 4,789,300</u>

Business-type Activities:

Solid Waste	\$ 139,887
Water/Sewer Utility	3,693,413
Stormwater Utility	1,363,330
Marina	55,251
Total Depreciation Expense	<u>\$ 5,251,881</u>

c. Construction Contracts

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

	<u>September 30, 2016</u>	
	<u>Estimated Project Amount</u>	<u>Construction in Progress</u>
Governmental Activities:		
The City has contracted for design services related to streetscape improvements at Huntley/Monroe Streets.	\$ 873,166	\$ 644,011
The City has contracted for the design services of a pavilion near Pinellas Trail.	50,000	6,198
Total Governmental Activities	<u>\$ 923,166</u>	<u>\$ 650,209</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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The City has entered into contracts for the construction of Business-type Activities assets as follows:

	<u>September 30, 2016</u>	
	<u>Estimated Project Amount</u>	<u>Construction in Progress</u>
Marina Fund:		
The City has contracted for design services related to improvements to docks A, B and C at the Marina.	\$ 250,000	\$ 19,600
Water/Sewer Utility Fund:		
The City has contracted for the construction of a reclaimed water storage tank and booster pump station.	2,821,000	256,269
The City has contracted for the replacement of a methanol tank at the Wastewater Plant.	300,000	56,780
The City has contracted for upgrades to the pretreatment system, including the green sand filters.	942,354	24,503
The City has contracted for the construction of a redundant 24" raw sewage main at the Wastewater Plant.	382,029	39,084
The City has contracted for water distribution and wastewater collection improvements in the Lakewood Estates area.	662,757	106,045
Stormwater Fund:		
The City has contracted for the construction of drainage improvements in the Lakewood Estates Drainage project.	3,972,763	500,117
Total Enterprise Funds	<u><u>\$9,330,903</u></u>	<u><u>\$ 1,002,398</u></u>

d. Other Significant Commitments

The government has active projects as of September 30, 2016. The projects include drainage improvements to Lakewood Estates, Water and Wastewater treatment plant improvements, Michigan Boulevard reconstruction, and the purchase of vehicles for fleet. At year end, the City's significant outstanding purchase commitments were as follows:

CITY OF DUNEDIN, FLORIDA
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<u>Project</u>	<u>Remaining Commitment</u>
Lakewood Estates Drainage Improvements	\$ 4,071,076
Wastewater Treatment Plant Ground Storage & Pump	2,521,445
Fleet Vehicle Commitments	1,235,756
Water Treatment Plant Pretreatment System	882,010
Michigan Boulevard Reconstruction	432,976
Wastewater Treatment Plant Raw Sewage Main	278,694
Wastewater Treatment Plant Methanol Tank Replacement	266,445
Total	<u>\$ 9,688,402</u>

The remaining commitment amounts were encumbered at fiscal year end.

4. Interfund Transfers, Receivables and Payables

a. Interfund Transfers

<u>Transfers Out:</u>	<u>Transfers In:</u>			<u>Total</u>
	<u>General</u>	<u>Non Major Governmental</u>	<u>Internal Service</u>	
General	\$ -	\$ 323,000	\$ -	\$ 323,000
CRA	14,985	-	-	14,985
Non-Major Governmental	-	-	284,151	284,151
Total Transfers	<u>\$ 14,985</u>	<u>\$ 323,000</u>	<u>\$ 284,151</u>	<u>\$ 622,136</u>

The \$323,000 transferred out of the General Fund into the Stadium Fund supported annual operations, maintenance, and a portion of debt service on the existing stadium.

The Capital Improvement Fund was closed in FY 2016 and the remaining balance of \$284,151 was transferred to the IT Internal Service Fund.

The \$14,984 transferred out of the Community Redevelopment Agency (CRA) Fund into the General Fund was to offset expenditures of \$9,400 related to three downtown events, and \$5,584 for grounds maintenance of the downtown community redevelopment district.

b. Interfund Receivables and Payables

<u>Due From Other Funds / Receivable</u>		<u>Due To Other Funds / Payable</u>	
<u>Fund</u>	<u>Amount</u>	<u>Fund</u>	<u>Amount</u>
Water/Sewer Utility Fund	\$ 1,365,265	One Cent Sales Tax Fund	\$ 1,365,265

CITY OF DUNEDIN, FLORIDA
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B. LONG-TERM DEBT

The following presents the long-term debt during the fiscal year ended September 30, 2016:

1. Capital Leases

On December 29, 2015, the City entered into a lease-purchase agreement to finance \$1,318,562 in vehicles, one fire truck and two sanitation vehicles. This five-year capital lease has a 1.61% interest rate and provides for annual payments of \$276,585.

The future minimum lease obligations and the net present value of these minimum lease payments at September 30, 2016, were as follows:

Fiscal Year	Governmental Activities
2017	\$ 276,585
2018	276,585
2019	276,585
2020	276,585
2021	<u>276,585</u>
Total Minimum Lease Payments	1,382,925
Less: Amount Representing Interest	<u>64,363</u>
Present Value of Minimum Lease Payments	<u>\$ 1,318,562</u>

2. Non-current Liabilities

a. Spring Training Facility - Sales Tax Refunding Revenue Notes, Series 2012, Series 2012A and Series 2012B

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

On November 9, 2012 the remaining principal of Series 2001B and 2001C were refunded by the Non-Ad Valorem Refunding Revenue Note, (Spring Training Facility), Series 2012A in the amount \$510,000 and the Taxable Non-Ad Valorem Refunding Revenue Note (Spring Training Facility), Series 2012B in the amount of \$1,454,000. Series 2012A was issued to pay principal and interest on Series 2001B, and to pay issuance costs of the new debt. Series 2012B was issued to pay

CITY OF DUNEDIN, FLORIDA
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principal and interest on Series 2001C, and to pay issuance costs of the new debt. Final payments were made on both Series 2012A and 2012B on April 5, 2016.

Also on November 9, 2012, Series 2001A was refunded by \$3,280,000 City of Dunedin, Florida State Sales Tax Payments Refunding Revenue Note (Spring Training Facility), Series 2012.

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

	<u>Series 2012</u>
Original Amount Issued	\$ 3,280,000
Final Maturity	April 1, 2021
Interest Rates	1.51%
Monthly Payments	<u>\$ 34,596</u>
Amount Outstanding at September 30, 2016	<u>\$ 1,837,170</u>

b. Community Center - Sales Tax Refunding Revenue Bonds, Series 2015

On January 23, 2015, the City issued \$6,505,000 Sales Tax Refunding Revenue Bond, Series 2015, authorized by Resolutions 14-37, 14-38 and 15-04, collectively the 2015 Bond Resolution. The City's Sales Tax Revenues are pledged as collateral. The purpose of incurring the debt was to fully advance refund all amounts outstanding of \$10,000,000 Sales Tax Revenue Bonds, Series 2005. The original bonds were used to pay or reimburse the costs of acquisition, construction, and equipment installation for the City Community Center.

The net proceeds of the Series 2015 Bonds were deposited into an irrevocable trust with an escrow agent to provide funds for future debt service payments. As a result, the Sales Tax Revenue Bonds, Series 2005 are considered defeased and the liability for those bonds have been removed from the statement of net position. The Series 2005 Bonds were redeemed on October 1, 2015.

The City advance refunded the Series 2005 Bonds to reduce its total debt service payments over 10 years by \$553,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$498,000.

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 6,505,000
Final Maturity	October 1, 2025
Interest Rate	1.96%
Annual Payments Range	<u>\$ 543,000 - 676,000</u>
Amount Outstanding at September 30, 2016	<u>\$ 6,085,000</u>

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c. Fire Station - Non Ad Valorem Revenue Note, Series 2013

On November 22, 2013, the City adopted resolution 13-49 approving a note with STI Institutional & Government, Inc. in the amount of \$1,280,000. This debt was issued to fund a portion of constructing Fire Station #61.

The term, interest rate and payments are as follows:

Original Amount Issued	\$	1,280,000
Final Maturity		October 1, 2028
Interest Rate		2.87%
Annual Payments	\$	<u>106,000</u>
Amount Outstanding at September 30, 2016	\$	<u>1,135,000</u>

d. Water and Sewer System Refunding Revenue Bonds, Series 2012

On June 8, 2012, the City issued \$17,900,000 of Water and Sewer System Refunding Revenue Bonds, Series 2012. These bonds were issued at a premium of \$1,125,672 and refunded the following issues: 1994 Reclaimed Water Credit Facility from SunBank of Tampa Bay - \$317,744; a portion of the 2007 Utility Revenue Bonds, and accrued interest - \$11,789,096; a portion of the 2006 Utility System Refunding Bonds, and accrued interest - \$3,074,241. Additionally, these bonds provided project funds in the amount of \$2,208,080, and included SWAP termination fees and interest in the amount of \$180,420 and costs of issuance in the amount of \$215,637. The City contributed \$120,658 toward issue costs.

Scheduled payments of principal and interest on these bonds which mature on October 1, 2018 through October 1, 2027, is guaranteed under a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation. The bonds are secured by a pledge of net revenues of the system. A debt service reserve fund surety policy was purchased in lieu of holding a debt service reserve. The rate covenant requires net revenues in each fiscal year sufficient to pay one hundred and twenty-five percent of the annual debt service requirement on all outstanding bonds of the fund.

The term, interest rate and payments are as follows:

Original Amount Issued	\$	17,900,000
Final Maturity		October 1, 2027
Interest Rate Range		3.00% - 5.00%
Annual Payments Range	\$	<u>1,383,000 - 1,584,000</u>
Amount Outstanding at September 30, 2016	\$	<u>15,215,000</u>

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e. Stormwater System Revenue and Refunding Bonds, Series 2012

On June 8, 2012, the City issued \$5,876,000 of Stormwater System Refunding Revenue Bonds, Series 2012. The bonds are held by Suntrust and are 20 year bonds. These bonds were issued at a premium of \$84,971 and refunded the following issues: a portion of the 2007 Utility Revenue Bonds, and accrued interest - \$2,610,624; a portion of the 2006 Utility System Refunding Bonds, and accrued interest - \$104,912. Additionally, these bonds provided project funds in the amount of \$3,100,296, and included costs of issuance in the amount of \$159,054 and accrued interest of \$5,580 on the SWAP termination. The City contributed \$19,495 toward issue costs. The bonds are secured by a lien on pledged revenues which are gross revenues of the system.

The term, interest rate and payments are as follows:

Original Amount Issued	\$	5,876,000
Final Maturity		October 1, 2032
Interest Rate		3.04%
Annual Payments	\$	400,000
Amount Outstanding at September 30, 2016	\$	<u>5,251,000</u>

f. Stormwater System Revenue Bonds, Series 2014

On December 18, 2014, the City issued \$6,120,000 Stormwater System Revenue Bonds, Series 2014, pursuant to both Resolution 12-18 and 14-36 adopted by the City Commission of the City of Dunedin. The purpose of incurring the debt was to finance and/or reimburse the costs of design, permitting, acquisition, construction and reconstruction of improvements to the Stormwater System. Together with project proceeds, the amount borrowed included approximately \$132,000 in issuance and financing costs. Principal is paid once a year on October 1, and interest is paid on October 1 and April 1 each year through October 1, 2044.

The term, interest rate and payments are as follows:

Original Amount Issued	\$	6,120,000
Final Maturity		October 1, 2044
Interest Rate		2.00% - 4.00%
Annual Payments	\$	340,000
Amount Outstanding at September 30, 2016	\$	<u>6,020,000</u>

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g. Pledged Revenue Disclosures

The City has pledged a portion of future non ad valorem revenues for the repayment of the Spring Training Facility and the Fire Station Notes. Future State and County revenues were also pledged for the repayment of the Spring Training Facility. For the current year, principal and interest paid for both Notes were \$862,542. Legally available non ad valorem revenues were \$7,201,429 and payments from the State and County respectively were \$500,004 and \$124,158.

The City has pledged a portion of future half cent sales tax revenue to repay the Community Center Refunding Bonds. Principal and interest payments of \$543,382 were paid in the current year and half cent sales tax revenues were \$2,237,167.

The City has pledged the net revenues of the water/sewer and stormwater utility systems to repay the Water and Sewer System Refunding Revenue Bonds, Series 2012. Principal and interest payments paid for the current year and net revenue for the water/sewer utility were \$1,463,195 and \$2,649,703 respectively. Principal and interest payments paid for the current year and net revenue for the stormwater utility were \$120,418 and \$1,482,449 respectively.

The City has pledged the gross revenues of the stormwater utility system to repay the Stormwater System Revenue and Refunding Bonds, Series 2012 and the Stormwater System Revenue Bonds, Series 2014. The current year principal and interest paid for these stormwater bonds were \$709,653 and total gross revenues were \$3,433,201.

h. Debt Service Requirements

Revenue Bond and Capital Lease Debt Service Requirements to Maturity are as follows:

Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total All Funds
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,133,977	\$ 180,588	\$ 1,525,430	\$ 941,785	\$ 3,781,780
2018	1,158,866	159,645	1,564,594	893,289	3,776,394
2019	1,184,877	138,215	1,618,793	837,994	3,779,879
2020	1,200,012	116,393	1,679,028	779,937	3,775,370
2021	1,051,858	94,630	1,734,297	719,050	3,599,835
2022-2026	3,652,000	235,766	8,955,000	2,574,231	15,416,997
2027-2031	300,000	13,101	5,668,000	1,143,901	7,125,002
2032-2036	-	-	1,860,000	616,694	2,476,694
2037-2041	-	-	1,325,000	362,344	1,687,344
2042-2046	-	-	1,250,000	96,001	1,346,001
Total	\$ 9,681,590	\$ 938,338	\$ 27,180,142	\$ 8,965,226	\$ 46,765,296

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3. Changes in Long-Term Liabilities

Long-term liability activities for the year ended September 30, 2016, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable	\$ 10,273,671	\$ -	\$ (1,216,501)	\$ 9,057,170	\$ 1,013,050
Capital Leases	104,349	624,420	(104,349)	624,420	120,927
Compensated absences	1,633,651	1,961,995	(1,926,086)	1,669,560	20,881
Net OPEB Obligation	331,179	33,211	-	364,390	-
Claims	531,939	67,553	(104,424)	568,810	134,380
Governmental Activity Long-Term Liabilities	<u>\$ 12,874,789</u>	<u>\$ 2,687,179</u>	<u>\$ (3,351,360)</u>	<u>\$ 12,284,350</u>	<u>\$ 1,289,238</u>
Business-Type Activities:					
Bonds and Notes Payable	\$ 27,809,000	\$ -	\$ (1,323,000)	\$ 26,486,000	\$ 1,391,000
Deferred Amounts for:					
Unamortized Premiums	1,129,612	-	(88,729)	1,040,883	88,729
Total Revenue Bonds	28,938,612	-	(1,411,729)	27,526,883	1,479,729
Capital Leases	-	694,142	-	694,142	134,430
Compensated Absences	959,535	122,922	(135,462)	946,995	22,120
Net OPEB Obligation	176,213	15,623	-	191,836	-
Business-Type Activity Long-Term Liabilities	<u>\$ 30,074,360</u>	<u>\$ 832,687</u>	<u>\$ (1,547,191)</u>	<u>\$ 29,359,856</u>	<u>\$ 1,636,279</u>

Internal service funds predominately serve governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$211,233 and \$36,108 of internal service funds' compensated absences and net OPEB obligation, respectively, are included in the above amounts. The General Fund has historically been used to liquidate the net pension obligation or increase the net pension asset. Conversely, the net OPEB obligation has been liquidated by all of the City's funds in the form of health insurance premiums paid. The amount paid by each fund is derived from the number of employees in each fund.

NOTE V – OTHER INFORMATION

A. PENSION

1. Florida Retirement System (FRS) and Retiree Health Insurance (HIS) Program

In fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, for reporting the employers' proportionate share of the net pension liabilities for the FRS and HIS defined benefit pension plans.

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Detailed information about FRS and HIS Pension Plans' fiduciary net positions are available in the separately issued FRS Comprehensive Annual Financial Report (CAFR). The FRS CAFR is available by mail P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone at (850) 907-6500; by e-mail at rep@dms.myflorida.com; or at the Division's Web site (http://www.dms.myflorida.com/workforce_operations/retirement/publications).

Florida Retirement System (FRS)

Plan Description - All of the City's non uniformed full-time employees (hired before January 1, 1996) participate in the Florida Retirement System (FRS). It is a cost-sharing, multiple-employer defined benefit pension plan.

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. Annual cost of living adjustments are based on the participant's years of service prior to July 1, 2011. Chapter 121 of the Florida Statutes assigns the authority to establish and amend benefit provisions to the Department of Management Services through the Division of Retirement.

Benefits are computed on the basis of age, average final compensation, and service credit. Regular class employees who retire at or after age 65 with 8 years of credited service (age 62 with 6 years of service if enrolled prior to July 1, 2011) regardless of age are entitled to a retirement benefit payable monthly for life equal to 1.60% to 1.68% (depending on their service class) of their average final compensation for each year of credited service. Final average compensation is the employee's average of the five highest years of salary earned during credited service.

Vested employees with less than 33 years of service (30 years of service if enrolled prior to July 1, 2011), may retire before normal retirement age and receive benefits that are reduced 5% for each year prior to normal retirement age or date.

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 on the next page:

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

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

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

The FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. The FRS requires a 3% contribution for members effective July 1, 2011. Governmental employers are required to make contributions based on statewide rates. The FRS establishes contributions based on the state fiscal year, which begins July 1st. For the period of October 1, 2015 to June 30, 2016, the contribution rates, by job class, were as follows: regular employees 7.26%, senior management 21.43%, and DROP participants 12.88%. The City's contribution includes .04% for an administrative and educational fee. For the period of July 1, 2016 to September 30, 2016, the contribution rates, by job class, were as follows: regular employees 7.52%, senior management 21.77%, and DROP participants 12.99%. The City's contribution includes .04% for an administrative and educational fee. FRS also provides disability and survivors' benefits. Benefits are established by Florida State Statute. The contribution requirements of employers are established and may be amended by the Division of Retirement.

The City's contributions to the FRS Pension Plan (not including the 1.66 percent HIS Program Contributions or employee contributions) totaled \$271,168 for fiscal year ending September 30, 2016. Employee contributions totaled \$81,194 for the same period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016 the City reported a liability of

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\$2,680,315 for its proportionate share of the FRS Pension Plan net pension liability. The City's proportionate share of the total FRS net pension plan liability was .010615074%.

For the year ended September 30, 2016, the City recognized pension expense of \$147,592 for the FRS Pension Plan. At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the FRS Pension Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 205,225	\$ (24,956)
Changes of assumptions	162,151	-
Net difference between projected and actual earnings	692,829	-
Changes in City proportion	166,714	(529,428)
Subtotal	<u>1,226,919</u>	<u>(554,384)</u>
City contributions subsequent to the measurement date	68,926	-
Total	<u>\$ 1,295,845</u>	<u>\$ (554,384)</u>

The deferred outflows of resources related to pensions totaling \$68,926 resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended September 20, 2017. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	\$ 81,572
2018	81,572
2019	351,680
2020	186,063
2021	(23,594)
Thereafter*	<u>(4,758)</u>
	<u>\$ 672,535</u>

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Actuarial Assumptions – The total pension liability for the FRS Pension Plan was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below.

The actuarial assumptions that determined the total pension liability of the FRS Pension Plan as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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Valuation Date	July 1, 2016
Measurement date	June 30, 2016
Discount rate	7.60%
Investment rate of return	7.60%
Inflation	2.60%
Salary increases, including inflation	3.25%
Mortality	Generational RP-2000 with projection scale BB
Actuarial cost method	Individual Entry Age

The changes in actuarial assumptions for demographic and economic assumptions (all of the above assumptions except actuarial cost method) correspond to changes in the same assumptions in the FRS actuarial study for funding purposes. These changes were approved by the 2016 FRS Actuarial Assumptions Conference. The changes are explained below:

- The discount rate and long-term expected rate of return, net of investment expense were both reduced since the prior actuarial valuation by 0.05 percent from 7.65 percent to 7.60 percent to increase the likelihood that FRS will meet or exceed its assumed investment return in future years.

Discount Rate – The discount rate used to measure the total pension liability for the FRS Pension Plan disclosed above is based on a projection of cash flows that assumed that employee contributions will be made at the current contribution rate and the contributions from participating members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the FRS Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term assumption for the FRS Pension Plan, the 2016 FRS Actuarial Assumptions conference reviews long-term assumptions developed by multiple contracted capital market assumptions teams. The table below shows resulting assumptions for each of the asset classes in which the plan was invested based on the long-term target asset allocation. The allocation policy’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The expected real rate of return is presented in arithmetic means.

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Asset Class	Target Allocation	Long-Term Arithmetic Expected Real Rate of Return
Cash	1.0%	3.0%
Fixed Income	18.0%	4.7%
Global Equity	53.0%	8.1%
Real Estate	10.0%	6.4%
Private Equity	6.0%	11.5%
Strategic Investments	12.0%	6.1%
Total	<u>100%</u>	

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate of 7.60 percent. Also presented is what the City's proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
City's proportionate share of the FRS Pension Plan net pension liability	\$ 4,934,640	\$ 2,680,315	\$ 803,886

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Plan Description – The HIS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan established to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance. Persons are eligible for health insurance subsidy payments who are retired under a state-administered retirement system, or a beneficiary who is a spouse or financial dependent entitled to receive benefits under a state-administered retirement system except those individuals who are pension recipients under Section 121.40, 237.08(18)(a) and 250.33, Florida Statutes, or recipients of health insurance coverage under Section 110.1232, Florida Statutes or any other special pension or relief act are not eligible for such pension payments. A person is deemed retired from a state-administered retirement system when he or she terminates employment with all employers participating in the Florida Retirement System and:

- For a member of the FRS investment plan, the participant meets the age or service requirements to qualify for normal retirement per Section 121.021(29), Florida Statutes and meets the definition of retiree in Section 121.4501(2), Florida Statutes.

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- For a member of FRS defined benefit pension plan, or any employee who maintains creditable service under the pension plan and the investment plan, the member begins drawing retirement benefits from the pension plan.

Any person retiring on or after July 1, 2001, as a member of the FRS including a member of the investment plan, must satisfy the vesting requirements for his or her membership class under the pension plan as administered under Chapter 121, Florida Statutes. Any person retiring due to disability must qualify for a regular or in-line-of-duty disability per provisions under Chapter 112, Florida Statutes.

Benefits Provided – The benefit of the HIS Pension Plan is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Department of Management Services, Division of Retirement. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. Terms of the benefits provided by the Plan may be amended only by the State Legislature with a change in the Statutes governing the Plan.

Contributions – The HIS Pension Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. There are no employee contributions required for the HIS Pension Plan. HIS Pension Plan contributions are deposited in a separate trust fund from which HIS payments are authorized.

The City's contributions to the HIS Pension Plan totaled \$56,558 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016 the City reported a liability of \$1,246,942 for its proportionate share of the HIS Pension Plan net pension liability. The City's proportionate share of the total HIS net pension plan liability was .010699153%.

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For the year ended September 30, 2016, the City recognized pension expense of \$3,665 for the HIS Pension Plan. At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions for the HIS Pension Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ (2,840)
Changes of assumptions	195,677	-
Net difference between projected and actual earnings	630	-
Changes in City proportion	-	(307,605)
Subtotal	196,307	(310,445)
City contributions subsequent to the measurement date	14,220	-
Total	<u>\$ 210,527</u>	<u>\$ (310,445)</u>

The deferred outflows of resources related to pensions totaling \$14,220 resulting from City contributions subsequent to the measurement date and deferred inflows totaling (\$307,605) from changes in City proportion, will be recognized as an increase of the net pension liability in the year ended September 20, 2017. Other amounts reported for the FRS Pension Plan as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	\$ (22,946)
2018	(22,946)
2019	(23,066)
2020	(23,123)
2021	(17,525)
Thereafter*	(4,532)
	<u>\$(114,138)</u>

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Actuarial Assumptions – The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of the valuation date, calculated based on the discount date and actuarial assumptions below, and was then projected to the measurement date.

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The actuarial assumptions that determined the total pension liability of the HIS Pension Plan as of June 30, 2016, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Valuation Date	July 1, 2016
Measurement date	June 30, 2016
Discount rate	2.85%
Investment rate of return	N/A
Bond Buyer General 20-Bond Municipal Bond	2.85%
Inflation	2.60%
Salary increases, including inflation	3.25%
Mortality	Generational RP-2000 with projection scale BB
Actuarial cost method	Individual Entry Age

Discount Rate – In general the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Pension Plan is essentially funded on a pay as you go basis, the depletion date is considered to be immediate, and the single rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate decreased by .95% from 3.80% at June 30, 2015 to 2.85% at June 30, 2016 due to changes in the applicable municipal bond index.

Long-Term Expected Rate of Return – as stated above, the HIS Pension Plan is essentially funded on a pay as you go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumption for cash flows into and out of the pension plan, or assumed asset allocation.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability of the HIS Pension Plan calculated using the discount rate of 2.85 percent. Also presented is what the City’s proportionate share of the FRS Pension Plan net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
City's proportionate share of the HIS Pension Plan net pension liability	\$ 1,430,526	\$ 1,246,942	\$ 1,094,577

2. Firefighters' Retirement Fund

The City of Dunedin Municipal Firefighters' Pension Trust Fund issues a publicly available financial report that includes financial statements and required supplementary information for single employer pension plans. That report may be obtained by writing to: Davidson, Jamieson & Cristini, P.I., 1956 Bayshore Boulevard, Dunedin, FL, 34698.

GASB Statement 67 *Financial Reporting For Pension Plans*, requires certain disclosures to be made for state and local government pension plans. It requires the net pension liability (asset) to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability (asset) should be determined by (a) an actuarial valuation as of the date of measurement, or (b) the use of update procedures to roll forward the measurement date amounts from an actuarial valuation as of a date no more than 24 months prior to the pension plan's fiscal year end. Since the Firefighters' Pension Plan issues its own financial statements incorporating these disclosures, these disclosures are not included in the City's notes to its financial statements.

Contributions are received from members through payroll deductions at 5.5% of wages. Employer contributions include Chapter 175 Premium Tax Refunds received from the State of Florida under Florida Statutes and any additional amount determined by the actuary to fund the plan properly according to State Laws. If a non-vested firefighter retires, dies, becomes disabled, or terminates employment with the City, accumulated contributions paid by the firefighter are refunded to the firefighter or the designated beneficiary.

Plan Membership in the Plan as of October 1, 2014:

Group	Number of Employees
Inactive plan members or beneficiaries currently receiving benefits	44
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	50
Total	97

Pension Benefits under the Plan include retirement benefits as well as death and disability benefits. To be eligible for normal retirement the participant must be age 55 with 10 years of service or age 52 with 25 years of service. Benefits are equal to 3% of the participant's average final compensation for each of the first 25 years of credited service and 2% of average compensation for each year in excess of 37.5 years. Service between 25 and 37.5 years does not add benefits. Beginning in April 2003, a supplemental monthly benefit of \$3 per year of service, not to exceed \$75, was added for future retirees. In fiscal year 2016 the supplemental monthly benefit was increased to \$13 per year of service, and the limitation not to exceed \$75 was increased to \$325. A participant is vested after ten years of service.

CITY OF DUNEDIN, FLORIDA
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Deferred Retirement Option Plan (DROP) is available to any plan member who is eligible to receive a normal retirement pension. Upon electing to participate in DROP, the member becomes a retiree for all Plan purposes while continuing his or her active employment as a firefighter. He or she ceases to accrue any further benefits under the pension plan. Normal retirement payments that would have been payable to the member as a result of retirement are accumulated and invested in the DROP to be distributed to the member upon his or her termination of employment. Participation in the DROP ceases for a Plan participant after the earlier of 5 years or the attainment of thirty years of service.

Basis of Accounting - 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. Benefits and refunds are recognized when due and payable, in accordance with the terms of the plan. Investments are measured at fair value based on quoted market prices for securities held by the Plan.

Valuation of Investments – Investments of common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the plan year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between market participants, other than in a forced or liquidated sale. Investment transactions are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation or depreciation in fair value of investments includes the differences between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Change in Fiduciary Net Pension.

The City's Firefighters' Pension Plan's net pension liability (asset) recorded in the September 30, 2016 financial statements was measured as of September 30, 2015 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

The City's firefighters' net pension liability at September 30, 2016 will agree to the Change in Net Pension Liability (Asset) schedule that is presented on the following page. The City's firefighters' pension plan's fiduciary net position used in the calculation is dated as of the measurement date of September 30, 2015 and will agree to the Pension Plan's financial statements as of September 30, 2015.

CITY OF DUNEDIN, FLORIDA
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Actuarial Assumptions – The total pension liability (asset) was determined by an actuarial valuation as of October 1, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary increases	4.00% - 14.00%
Investment rate of return	7.75%

Mortality Rates: RP-2000 Generational Mortality Table, Sex Distinct. Disableds set forward 5 years. Based upon other studies of municipal firefighters

The inflation assumption was lowered .50% from 3.50% to 3.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included the pension plan’s target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	55%	7.95%
International Equity	10%	8.00%
Domestic Bonds	25%	2.70%
Real Estate	10%	6.00%
Total	100%	

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Changes in Net Pension Liability (Asset)

	Firefighters' Plan Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at September 30, 2014	\$ 23,012,840	\$ 24,247,724	\$ (1,234,884)
Changes for the year:			
Service cost	795,653	-	795,653
Interest	1,800,848	-	1,800,848
Change in Excess State Money	5,213	-	5,213
Share Plan Allocation	15,635	-	15,635
Difference between actual & expected experience	(214,235)	-	(214,235)
Contributions - Employer	-	501,383	(501,383)
Contributions - Employer (through state)	-	303,898	(303,898)
Contributions - Employee	-	178,122	(178,122)
Contributions - Buy Back	32,877	32,877	-
Net investment income	-	(353,976)	353,976
Benefit Payments, Including Refunds of Employee Contributions	(1,091,385)	(1,091,385)	-
Administrative expense	-	(76,367)	76,367
Net changes	1,344,606	(505,448)	1,850,054
Balance at September 30, 2015	\$ 24,357,446	\$ 23,742,276	\$ 615,170

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in the Discount Rate – The following table illustrates the impact of interest rate sensitivity on the net pension liability (asset) as of September 30, 2016.

	1% Decrease 6.75%	Rate 7.75%	1% Increase 8.75%
City's net pension liability (asset)	\$ 3,340,568	\$ 615,170	\$ (1,681,404)

CITY OF DUNEDIN, FLORIDA
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Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

For the year ended September 30, 2015, the City will recognize a pension expense of \$1,010,799. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience with regard to economic or demographic assumptions	\$ -	\$ 171,388
Net difference between projected and actual earnings on Pension Plan investments	<u>1,781,844</u>	<u>102,237</u>
	1,781,844	273,625
Employer and state contributions subsequent to the measurement date	<u>728,979</u>	-
Total	<u>\$ 2,510,823</u>	<u>\$ 273,625</u>

The deferred outflows of resources related to the City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net position liability (asset) for the year ended September 30, 2016. Deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2017	\$ 368,535
2018	368,535
2019	368,535
2020	<u>402,614</u>
	<u>\$ 1,508,219</u>

The following summarizes net pension asset, net pension liability, and deferred inflow/outflow of resources previously disclosed for the Defined Benefit Pension Plans:

	<u>Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
FRS	\$ 2,680,315	\$ 1,295,845	\$ 554,384
HIS	1,246,942	210,527	310,445
Firefighters'	<u>615,170</u>	<u>2,510,823</u>	<u>273,625</u>
	<u>\$ 4,542,427</u>	<u>\$ 4,017,195</u>	<u>\$ 1,138,454</u>

3. Defined Contribution Plan

Beginning January 1, 1996, the City began providing retirement benefits for all of its full-time employees not covered under the Florida Retirement System or the Municipal Firefighters' Pension Trust Fund through a non-contributory defined contribution plan administered by Empower Retirement under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2016, there were 230 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, 2016, was \$18,420,790. The City's contributions were calculated using the participants' salary amount of \$10,442,437. The City's contributions to the Plan for the years ended September 30, 2016, 2015, and 2014 were \$950,784, \$851,601, and \$811,124, respectively.

B. SELF INSURANCE PROGRAM

As a public entity, the City always has the potential risk for exposure to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and citizens; and natural disasters.

In 2009, the City established a Self-Insurance Fund which is an Internal Service Fund to account for and finance its uninsured risk of loss. The City utilizes this fund to self-insure the first \$250,000 of property damage per occurrence (except wind, hail, and named storms). Other deductibles include 5% for Named Storm, subject to a minimum of \$500,000; \$250,000 for all other Wind, \$100,000 for Flood damage, and \$350,000 of any employee work injuries. The City also self-insures all auto liability and the majority of general liability losses, except for Dunedin recreation summer camp and St. Andrews Links Golf Course, where separate insurance policies are utilized. All claims for general liability, automobile liability, and public officials and professional liability of covered assets are included within the City's Self-Insurance Fund.

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 exceeded the overall program premiums since the plan's inception.

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 maintains \$3 million in reserves per Resolution No. 08-02 adopted on December 6, 2007.

CITY OF DUNEDIN, FLORIDA
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The claims liability of \$418,689, reported in the Fund at September 30, 2016, is based on information identified prior to the issuance of the financial statements, and indicates that a liability has been incurred as of the date of the financial statements and that the amount of the loss can be reasonably estimated. These liabilities, including IBNR (incurred but not reported claims), are based on the estimated ultimate cost of settling the claims (excluding the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that would modify past experiences. Claims liabilities also include specific incremental claim adjustment expenses. Changes in the Fund's claims liability amount during the year ended September 30, 2016, are as follows:

	Workers Compensation	Property and Liability	Total
Claims reserve, September 30, 2014	\$ 181,484	\$ 139,430	\$ 320,914
Plus: Incurred claims and reserve adjustments	704,789	674	705,463
Less: Paid claims and reserve adjustments	<u>(560,979)</u>	<u>(50,083)</u>	<u>(611,062)</u>
Claims reserve, September 30, 2015	325,294	90,021	415,315
Plus: Incurred claims and reserve adjustments	199,462	228,154	427,616
Less: Paid claims and reserve adjustments	<u>(250,446)</u>	<u>(173,796)</u>	<u>(424,242)</u>
Claims reserve, September 30, 2016	<u>\$ 274,310</u>	<u>\$ 144,379</u>	<u>\$ 418,689</u>

The City is also self-insured for its Employee Health Plan. The Plan started October 1, 2010. The Plan is accounted for in an Internal Service Fund and is externally administered, for an annually contracted amount that is based on dollar value of claims processed. Contributions for City employees and their dependents are shared by the City and the employee. Administrative fees are paid primarily out of this fund. Stop-loss insurance is maintained for this program at \$100,000 per individual with an annual aggregate maximum benefit of \$1,000,000. No claims have exceeded the annual aggregate maximum since the Plan's inception.

Changes in the Fund's claims liability amount during the year ended September 30, 2016, are as follows:

	Health Benefit Plan
Claims reserve, October 1, 2014	\$ 200,730
Plus: Incurred claims and reserve adjustments	2,482,726
Less: Paid claims and reserve adjustments	<u>(2,566,832)</u>
Claims reserve, September 30, 2015	116,624
Plus: Incurred claims and reserve adjustments	2,677,621
Less: Paid claims and reserve adjustments	<u>(2,644,124)</u>
Claims reserve, September 30, 2016	<u>\$ 150,121</u>

C. POST-EMPLOYMENT BENEFITS

GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)", established accounting standards for postretirement benefits. The standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation.

Plan Description and Funding Policy

Employees who retire from the City of Dunedin, and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City and approved by the City Commission. Retirees have 31 days to elect to enroll in the City's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of the latest actuarial valuation date, a total of 209 active employees and 13 retired, inactive employees were participating in the City's health program. The City provides no funding for any portion of the premiums after retirement; however, the City recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund since an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

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

	Annual OPEB Cost
Annual Required Contribution (ARC)	\$ 116,920
Interest on Net OPEB Obligation	20,296
Adjustment to ARC	<u>(20,165)</u>
Annual OPEB Cost	117,051
Contributions made (pay-as-you-go basis)	<u>68,217</u>
Increase in Net OPEB Obligation	48,834
Net OPEB Obligation, beginning of year	<u>507,392</u>
Net OPEB Obligation, end of year	<u><u>\$ 556,226</u></u>

CITY OF DUNEDIN, FLORIDA
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SEPTEMBER 30, 2016

The City's three year trend information, consisting of annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016, 2015, and 2014, are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 117,051	58.3%	\$ 556,226
2015	116,110	53.9%	507,392
2014	114,826	55.2%	453,867

As of October 1, 2015, the most recent actuarial valuation date the actuarial accrued liability (AAL) for benefits was \$1,172,362, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,172,362. The ratio of the UAAL to covered payroll of \$15,400,299 is 7.6%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

Measurement Date	9/30/2016 (with results that were projected backwards to October 1, 2016 on a "no loss/no gain" basis)
Valuation Date	9/30/2016
Actuarial Cost Method	Projected Unit Credit with linear proration to decrement
Amortization Period	30 years
Amortization Method	Level Percent of Pay Over 30 Years Based on an Open Group
Discount Rate	4.00% Unfunded
Inflation Rate	3.00%
Healthcare Cost Trend	8.5% (grading down to 5% in 2024+)
Payroll Growth Rate	3.00% per year

D. CONTINGENCIES AND COMMITMENTS

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

E. FEDERAL AND STATE GRANTS

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

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE VI – FUND BALANCE REPORTING

Governmental fund balances reported on the fund financial statements at September 30, 2016, include the following:

	General Fund	One Cent Sales Tax Fund	Community Redevelopment Agency	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 5,091	\$ -	\$ -	\$ -	\$ 5,091
Prepaid	3,358	-	2,031	-	5,389
Deposits	203,850	-	1,300	500	205,650
Restricted:					
Public Safety	58,706	-	-	-	58,706
Windlasses/DYSA	1,330	-	-	-	1,330
Adopt-a-Tree	337	-	-	-	337
Training - Building Department	14,052	-	-	-	14,052
Bequests - Library	132,131	-	-	-	132,131
Bequests - Other	5,175	-	-	-	5,175
Housing	69,197	-	-	-	69,197
Stadium	-	-	-	92,911	92,911
Impact Fees	-	-	-	305,806	305,806
County Gas Tax	-	-	-	969,740	969,740
One Cent Sales Tax	-	5,182,441	-	-	5,182,441
Community Redevelopment	-	-	194,387	-	194,387
Committed:					
G. Koutsourais	17,571	-	-	-	17,571
Cemetery	242,969	-	-	-	242,969
Tree Bank	94,260	-	-	-	94,260
Assigned:					
Parking Bank	35,000	-	-	-	35,000
Deepwater Horizon Oil Spill	2,828,364	-	-	-	2,828,364
Subsequent year's operations	280,577	-	-	-	280,577
Unassigned	4,252,961	-	-	-	4,252,961
Total	\$ 8,244,929	\$ 5,182,441	\$ 197,718	\$ 1,368,957	\$ 14,994,045

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

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

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the City Commission, which is the City's highest level of decision making authority, with same formal action (resolution) occurring prior to the City's fiscal year-end.

CITY OF DUNEDIN, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Commitments may be modified or removed only by the City Commissioners taking the same formal action that imposed the constraint originally.

Included in committed fund balance are Cemetery revenues from the sale of burial spaces as established by Resolution 94-20 which was amended by Resolution 08-27, contributions to the G. Koutsourais fund to provide recreational activities for Dunedin’s youth (Resolution 93-58), and fees collected and held in the Tree Bank for the purchase of trees to be used on city owned property. The Tree Bank was established as part of the city’s Code of Ordinances (Section 105-43.18).

Assigned Fund Balance – Includes spendable fund balance amounts established by an official (either the City Manager or Finance Director) authorized by the City Commission that are intended to be used for specific purposes that are neither considered restricted nor committed. Such authorization was established via Resolution 12-09.

The table below shows the breakout of encumbrances by major governmental fund and non-major governmental funds in the aggregate, and the General Fund’s subsequent year’s budget. The total of the General Fund’s encumbrances and subsequent year’s budget are included in assigned fund balance.

Encumbrances

Major governmental funds:	
General Fund	\$ 154,056
One Cent Sales Tax Fund	303,391
Community Redevelopment	<u>15,242</u>
Total Major funds	472,689
Other Governmental Funds	<u>177,381</u>
Total Encumbrances	<u><u>\$ 650,070</u></u>

Subsequent Year's Budget

General Fund	<u><u>\$ 126,521</u></u>
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Unassigned Fund Balance – This is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except for the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

DUNEDIN

Home of Honeymoon Island

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DUNEDIN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2016**

**FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN
 Schedule of City's Proportionate Share of Net Pension Liability**

Florida Retirement System (FRS) Defined Benefit Pension Plan

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Liability</u>
2016	0.010615074%	\$ 2,680,315	\$ 3,407,136	78.67%	84.88%
2015	0.012671046%	1,636,636	3,585,918	45.64%	92.00%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015. Information for prior years is not available.

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

<u>Fiscal Year</u>	<u>City's Proportion of the Net Pension Liability</u>	<u>City's Proportionate Share of the Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Liability</u>
2016	0.010699153%	\$ 1,246,942	\$ 3,407,136	36.60%	0.97%
2015	0.012305445%	1,254,962	3,585,918	35.00%	0.50%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015. Information for prior years is not available.

**CITY OF DUNEDIN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2016**

**FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN
 Schedule of City Contributions**

Florida Retirement System (FRS) Defined Benefit Pension Plan

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions Related to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 258,866	\$ 258,866	\$ -	\$ 3,407,136	7.60%
2015	308,931	308,931	-	3,585,918	8.62%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015. Information for prior years is not available.

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions Related to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 54,840	\$ 54,840	\$ -	\$ 3,407,136	1.61%
2015	47,039	47,039	-	3,585,918	1.31%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015. Information for prior years is not available.

CITY OF DUNEDIN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2016

MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND
 Schedule of Changes in the Net Pension
 Liability (Asset) and Related Ratios

	<u>2015</u>	<u>2014</u>
Total Pension Liability (Asset)		
Service cost	\$ 795,653	\$ 793,320
Interest	1,800,848	1,685,549
Changes in excess state money	5,213	9,746
Share plan allocation	15,635	29,234
Differences between Expected and Actual Experience	(214,235)	-
Contributions - buy back	32,877	64,645
Benefit payments, including refunds of employee contributions	<u>(1,091,385)</u>	<u>(1,083,306)</u>
Net Change in Total Pension Liability (Asset)	1,344,606	1,499,188
Total Pension Liability (Asset) - Beginning	<u>23,012,840</u>	<u>21,513,652</u>
Total Pension Liability (Asset) - Ending (a)	<u><u>\$ 24,357,446</u></u>	<u><u>\$ 23,012,840</u></u> ^(a)
Plan Fiduciary Net Position		
Contributions - city	\$ 501,383	\$ 510,314
Contributions - state	303,898	322,030
Contributions - employee	178,122	176,623
Contributions - buy back	32,877	64,645
Net investment income	(353,976)	1,904,122
Benefit payments, including refunds of employee contributions	(1,091,385)	(1,083,306)
Administrative expense	<u>(76,367)</u>	<u>(44,389)</u>
Net Change in Plan Fiduciary Net Position	(505,448)	1,850,039
Plan Fiduciary Net Position - Beginning	<u>24,247,724</u>	<u>22,397,685</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 23,742,276</u></u>	<u><u>\$ 24,247,724</u></u> ^(b)
City's Net Pension Liability (Asset) - Ending (a) - (b)	<u><u>\$ 615,170</u></u>	<u><u>\$ (1,234,884)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	97.47%	105.37%
Covered-Employee Payroll	\$ 3,288,615	\$ 3,211,327
City's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	18.71%	-38.45%

Note:

The City implemented GASB Statement No. 68 for the fiscal year ended September 30, 2015, using a measurement date of September 30, 2014. Information for prior years is not available.

**CITY OF DUNEDIN, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016**

**MUNICIPAL FIREFIGHTERS' PENSION TRUST FUND
Schedule of City Contributions**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions Related to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 725,736	\$ 725,736	\$ -	\$ 3,395,812	21.37%
2015	784,433	784,433	-	3,288,615	23.85%
2014	793,364	793,364	-	3,211,327	24.71%
2013	832,898	832,898	-	3,138,275	26.54%
2012	825,820	825,820	-	3,110,720	26.55%
2011	816,780	816,780	-	3,287,502	24.85%
2010	719,844	719,844	-	3,395,469	21.20%
2009	704,462	704,462	-	3,331,281	21.15%
2008	642,825	642,825	-	2,981,145	21.56%
2007	624,664	624,664	-	2,874,332	21.73%

Notes to Schedule:

Valuation date: October 1, 2013*

*Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine the actuarially determined contribution:

Actuarial cost method: Entry Age Normal Actuarial Cost Method

Amortization method: Level percentage of pay, closed

Amortization period: 30 years (As of 10/01/2013)

Asset valuation method: 5 year smoothing

Inflation: 3.5% per year

Salary increases: 15.0% in 1st year of service, 7.0% per year in years 2-5 and 5.0% per year beyond that.

It is assumed that the last year's salary will be 5% to 15% higher as a result of lump sum and vacation payments at retirement.

Investment rate of return: 7.75% per year compounded annually, net of investment expenses

Retirement rates: Number of Years After

First Eligibility for

<u>Normal Retirement</u>	<u>Probability of Retirement</u>
0	35%
1	20%
2	20%
3	20%
4	20%
5+	100%

The assumed rate of retirement is 5.0% for each year of eligibility for early retirement.

Mortality: RP-2000 Combined Healthy without projection; Disabled lives are set forward five years.

**CITY OF DUNEDIN, FLORIDA
 REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2016**

OTHER POST EMPLOYMENT BENEFITS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded		Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
			Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)		
10/01/15	\$ -	\$ 1,172,362	\$ 1,172,362	0.0%	\$ 15,400,299	7.6%
10/01/14	-	1,166,148	1,166,148	0.0%	14,951,747	7.8%
10/01/13	-	1,201,769	1,201,769	0.0%	13,455,126	8.9%

Schedule of Employers Contributions

Fiscal Year	City Contribution	Annual	
		Required Contribution	Percentage Contributed
2016	\$ 68,217	\$ 116,920	58.3%
2015	62,585	115,992	54.0%
2014	63,431	114,721	55.3%
2013	58,194	117,186	49.7%

**COMBINING AND OTHER SUPPLEMENTARY
INFORMATION SCHEDULES**

City of Dunedin
General Fund
Schedule of Expenditure Detail - Budget and Actual
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
General government				
City commission				
Personnel services	\$ 113,092	\$ 113,092	\$ 111,973	\$ 1,119
Supplies and services	106,497	121,997	93,697	28,300
Aids To Private Organizations	123,907	132,907	128,787	4,120
City commission Total	343,496	367,996	334,457	33,539
City manager				
Personnel services	602,304	848,684	632,844	215,840
Supplies and services	70,744	173,984	170,318	3,666
Capital Outlay	-	1,920	1,919	1
City manager Total	673,048	1,024,588	805,081	219,507
Legal				
Supplies and services	230,800	230,800	193,550	37,250
Legal Total	230,800	230,800	193,550	37,250
City clerk				
Personnel services	308,426	308,426	315,958	(7,532)
Supplies and services	116,118	116,118	99,233	16,885
City clerk Total	424,544	424,544	415,191	9,353
Finance				
Personnel services	734,321	734,321	742,536	(8,215)
Supplies and services	176,026	204,913	177,831	27,082
Finance Total	910,347	939,234	920,367	18,867
Administration				
Personnel services	593,636	841,083	381,450	459,633
Supplies and services	574,853	135,931	581,652	(445,721)
Capital outlay	4,500	55,300	50,707	4,593
Administration Total	1,172,989	1,032,314	1,013,809	18,505
Planning & Development				
Personnel services	485,678	485,678	491,331	(5,653)
Supplies and services	305,676	510,259	427,238	83,021
Capital outlay	262,500	351,450	253,537	97,913
Aids To Private Orgs	42,500	42,500	17,750	24,750
Planning and Development Total	1,096,354	1,389,887	1,189,856	200,031
Public safety				
Law enforcement				
Personnel services	-	14,116	14,116	-
Supplies and services	4,117,253	4,105,308	4,107,637	(2,329)
Capital outlay	-	-	3,500	(3,500)
Law enforcement Total	4,117,253	4,119,424	4,125,253	(5,829)
Fire				
Personnel services	4,333,862	4,208,540	4,229,977	(21,437)
Supplies and services	971,499	982,039	925,938	56,101
Capital outlay	46,000	46,000	29,978	16,022
Fire Total	5,351,361	5,236,579	5,185,893	50,686

City of Dunedin
General Fund
Schedule of Expenditure Detail - Budget and Actual (Continued)
For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
EMS				
Personnel services	989,994	989,994	1,162,839	(172,845)
Supplies and services	210,565	360,887	186,515	174,372
EMS Total	1,200,559	1,350,881	1,349,354	1,527
Building				
Personnel services	666,279	666,279	670,173	(3,894)
Supplies and services	224,218	244,962	102,132	142,830
Capital outlay	-	7,955	8,973	(1,018)
Building Total	890,497	919,196	781,278	137,918
Transportation				
Streets / Traffic				
Personnel services	498,235	498,235	510,343	(12,108)
Supplies and services	1,115,226	1,107,226	1,064,022	43,204
Capital Outlay	-	8,000	-	8,000
Streets / Traffic Total	1,613,461	1,613,461	1,574,365	39,096
Culture and recreations				
Library				
Personnel services	1,484,928	1,484,928	1,473,222	11,706
Supplies and services	790,916	797,971	750,781	47,190
Capital outlay	1,500	1,500	-	1,500
Library Total	2,277,344	2,284,399	2,224,003	60,396
Parks and Recreation administration				
Personnel services	495,650	495,650	499,890	(4,240)
Supplies and services	69,478	64,468	56,404	8,064
Parks and Recreation administration	565,128	560,118	556,294	3,824
Recreation				
Personnel services	1,688,271	1,688,271	1,705,101	(16,830)
Supplies and services	1,528,956	1,540,143	1,476,456	63,687
Capital outlay	39,315	50,512	37,652	12,860
Recreation Total	3,256,542	3,278,926	3,219,209	59,717
Parks				
Personnel services	1,600,522	1,591,522	1,532,454	59,068
Supplies and services	982,666	1,047,483	974,895	72,588
Capital outlay	33,000	91,375	94,922	(3,547)
Aids To Private Organizations	10,000	10,000	7,859	2,141
Parks Total	2,626,188	2,740,380	2,610,130	130,250
Dunedin Historical Society				
Supplies and services	22,967	22,967	22,967	-
Dunedin Historical Society Total	22,967	22,967	22,967	-
Dunedin Fine Arts Center				
Supplies and services	86,861	86,861	86,861	-
Dunedin Fine Arts Center Total	86,861	86,861	86,861	-
Total expenditures	\$ 26,859,739	\$ 27,622,555	\$ 26,607,918	\$ 1,014,637

DUNEDIN

Home of Honeymoon Island

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Nonmajor Governmental Funds

Special Revenue Funds

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

Stadium

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

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.

County Gas Tax

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

Capital Project Funds

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

Capital Improvement

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

City of Dunedin, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2016

	Special Revenue			
	Stadium	Impact Fees	County Gas Tax	Special Revenue Total
ASSETS				
Cash and cash equivalents	\$ 80,264	\$ 342,431	\$ 933,342	\$ 1,356,037
Accounts Receivable	15,576	531	1,435	17,542
Due from other governments	-	-	82,543	82,543
Deposits	500	-	-	500
Total assets	<u>\$ 96,340</u>	<u>\$ 342,962</u>	<u>\$ 1,017,320</u>	<u>\$ 1,456,622</u>
LIABILITIES				
Accounts payable	\$ 2,429	\$ -	\$ 29,487	\$ 31,916
Contracts payable	-	-	18,093	18,093
Deposits payable	500	-	-	500
Due to other governments	-	37,156	-	37,156
Total liabilities	<u>2,929</u>	<u>37,156</u>	<u>47,580</u>	<u>87,665</u>
FUND BALANCES				
Non-spendable Balance	500	-	-	500
Restricted Balance	92,911	305,806	969,740	1,368,457
Total fund balances	<u>93,411</u>	<u>305,806</u>	<u>969,740</u>	<u>1,368,957</u>
 Total liabilities and fund balances	 <u>\$ 96,340</u>	 <u>\$ 342,962</u>	 <u>\$ 1,017,320</u>	 <u>\$ 1,456,622</u>

<u>Capital Project</u>	<u>Grand Total</u>
<u>Capital Improvement</u>	<u>Combined Nonmajor Governmental Funds</u>
\$ -	\$ 1,356,037
-	17,542
-	82,543
-	500
<u>\$ -</u>	<u>\$ 1,456,622</u>
\$ -	\$ 31,916
-	18,093
-	500
-	37,156
<u>-</u>	<u>87,665</u>
-	500
<u>-</u>	<u>1,368,457</u>
<u>-</u>	<u>1,368,957</u>
<u>\$ -</u>	<u>\$ 1,456,622</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, 2016

	Special Revenue			
	Stadium	Impact Fees	County Gas Tax	
<u>REVENUES</u>				
Intergovernmental revenues	\$ 624,162	\$ -	\$ 516,606	\$ 1,140,768
Charges for services	344,044	-	-	344,044
Impact fees	-	143,435	-	143,435
Investment earnings (loss)	252	1,115	2,930	4,297
Other revenue	71,978	-	-	71,978
Total revenues	1,040,436	144,550	519,536	1,704,522
<u>EXPENDITURES</u>				
Current:				
Transportation	-	-	149,940	149,940
Culture and recreation	578,351	-	-	578,351
Capital outlay:				
Transportation	-	-	558,770	558,770
Debt service:				
Principal	725,501	-	-	725,501
Interest	32,412	-	-	32,412
Total expenditures	1,336,264	-	708,710	2,044,974
Excess of revenues				
Revenues over (under) expenditures	(295,828)	144,550	(189,174)	(340,452)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	323,000	-	-	323,000
Transfers out	-	-	-	-
Total other financing sources (uses)	323,000	-	-	323,000
Net change in fund balances	27,172	144,550	(189,174)	(17,452)
Fund balances - beginning	66,239	161,256	1,158,914	1,386,409
Fund balances - ending	\$ 93,411	\$ 305,806	\$ 969,740	\$ 1,368,957

<u>Capital Project</u>	<u>Grand Total</u>
<u>Capital Improvement</u>	<u>Combined Nonmajor Governmental Funds</u>
\$ -	\$ 1,140,768
-	344,044
-	143,435
-	4,297
-	71,978
-	1,704,522
-	149,940
-	578,351
-	558,770
-	725,501
-	32,412
-	2,044,974
-	(340,452)
-	323,000
(284,151)	(284,151)
(284,151)	38,849
(284,151)	(301,603)
284,151	1,670,560
\$ -	\$ 1,368,957

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Grants - state	\$ 500,004	\$ 500,004	\$ 500,004	-
Grants - local	297,980	297,980	124,158	(173,822)
Charges for Services	300,000	300,000	344,044	44,044
Investment earnings	200	200	252	52
Other revenue	61,200	61,200	71,978	10,778
Total revenues	<u>1,159,384</u>	<u>1,159,384</u>	<u>1,040,436</u>	<u>(118,948)</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	605,483	687,284	578,351	108,933
Debt service:				
Principal	725,501	725,501	725,501	-
Interest	32,406	32,406	32,412	(6)
Total expenditures	<u>1,363,390</u>	<u>1,445,191</u>	<u>1,336,264</u>	<u>108,927</u>
Revenues over (under) expenditures	(204,006)	(285,807)	(295,828)	(10,021)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	212,000	323,000	323,000	-
Total other financing sources	<u>212,000</u>	<u>323,000</u>	<u>323,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 7,994</u>	<u>\$ 37,193</u>	27,172	<u>\$ (10,021)</u>
Fund balances - beginning			<u>66,239</u>	
Fund balances - ending			<u>\$ 93,411</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Impact Fees	\$ 156,800	\$ 156,800	\$ 143,435	(13,365)
Investment earnings	405	405	1,115	710
Total revenues	<u>157,205</u>	<u>157,205</u>	<u>144,550</u>	<u>(12,655)</u>
<u>EXPENDITURES</u>				
Capital outlay:				
Transportation	10,250	10,250	-	10,250
Total expenditures	<u>10,250</u>	<u>10,250</u>	<u>-</u>	<u>10,250</u>
Revenues over (under) expenditures	146,955	146,955	144,550	(2,405)
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 146,955</u>	<u>\$ 146,955</u>	144,550	<u>\$ (2,405)</u>
Fund balances - beginning			<u>161,256</u>	
Fund balances - ending			<u>\$ 305,806</u>	

City of Dunedin, Florida

County Gas Tax Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<u>REVENUES</u>				
Local option gas tax	\$ 523,000	\$ 523,000	\$ 516,606	(6,394)
Investment earnings	1,000	1,000	2,930	1,930
Total revenues	<u>524,000</u>	<u>524,000</u>	<u>519,536</u>	<u>(4,464)</u>
<u>EXPENDITURES</u>				
Current:				
Transportation	198,550	378,665	149,940	228,725
Capital outlay:				
Transportation	<u>612,000</u>	<u>1,075,643</u>	<u>558,770</u>	<u>516,873</u>
Total expenditures	<u>810,550</u>	<u>1,454,308</u>	<u>708,710</u>	<u>745,598</u>
Revenues over (under) expenditures	(286,550)	(930,308)	(189,174)	741,134
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (286,550)</u>	<u>\$ (930,308)</u>	(189,174)	<u>\$ 741,134</u>
Fund balances - beginning			<u>1,158,914</u>	
Fund balances - ending			<u>\$ 969,740</u>	

City of Dunedin, Florida
Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Total expenditures	-	-	-	-
Revenues over (under) expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(284,151)	(284,151)	-
Total other financing sources	-	(284,151)	(284,151)	-
Net change in fund balances	<u>\$ -</u>	<u>\$ (284,151)</u>	(284,151)	<u>\$ -</u>
Fund balances - beginning			<u>284,151</u>	
Fund balances - ending			<u>\$ -</u>	

DUNEDIN

Home of Honeymoon Island

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Internal Service Funds

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

Vehicle Maintenance

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

Building Maintenance

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

Self – Insurance

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

Information Technology

This fund is used to account for and report costs related to technology, primarily computers and phones. This fund accrues funds for the replacement of computers, and charges for the administration and operation of the IT department are allocated to departments based on the number of computers in the department.

City of Dunedin
Internal Service Funds
Combining Statement of Net Position
September 30, 2016

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,634,730	\$ 1,080,277	\$ 3,930,520	\$ 321,787	\$ 8,967,314
Accounts receivable	-	-	1,439	-	1,439
Inventories	85,192	-	-	-	85,192
Prepaid items	-	-	494,288	-	494,288
Interest receivable	6,201	1,647	6,034	494	14,376
Deposits	-	-	92,168	-	92,168
Total current assets	<u>3,726,123</u>	<u>1,081,924</u>	<u>4,524,449</u>	<u>322,281</u>	<u>9,654,777</u>
Noncurrent assets:					
Capital assets:					
Buildings	1,179,463	645,528	-	-	1,824,991
Improvements other than buildings	4,744	-	-	-	4,744
Machinery and equipment	13,532,290	151,068	-	98,816	13,782,174
Less: accumulated depreciation	<u>(10,217,077)</u>	<u>(271,566)</u>	<u>-</u>	<u>(15,697)</u>	<u>(10,504,340)</u>
Total capital assets, net of accumulated depreciation	<u>4,499,420</u>	<u>525,030</u>	<u>-</u>	<u>83,119</u>	<u>5,107,569</u>
Total assets	<u>8,225,543</u>	<u>1,606,954</u>	<u>4,524,449</u>	<u>405,400</u>	<u>14,762,346</u>
LIABILITIES					
Current liabilities:					
Accounts payable	34,299	23,825	229,334	10,680	298,138
Accrued salaries payable	8,424	8,092	2,571	6,550	25,637
Contracts payable	-	32,132	-	-	32,132
Accrued interest payable	7,540	-	-	-	7,540
Capital leases payable - current	120,927	-	-	-	120,927
Claims liabilities	-	-	134,380	-	134,380
Total current liabilities	<u>171,190</u>	<u>64,049</u>	<u>366,285</u>	<u>17,230</u>	<u>618,754</u>
Noncurrent liabilities:					
Capital leases payable	503,493	-	-	-	503,493
Compensated absences	91,258	67,548	12,240	40,187	211,233
OPEB liability	14,677	15,021	4,779	1,631	36,108
Claims liabilities	-	-	434,430	-	434,430
Total noncurrent liabilities	<u>609,428</u>	<u>82,569</u>	<u>451,449</u>	<u>41,818</u>	<u>1,185,264</u>
Total liabilities	<u>780,618</u>	<u>146,618</u>	<u>817,734</u>	<u>59,048</u>	<u>1,804,018</u>
NET POSITION					
Net Investment in capital assets	3,875,000	525,030	-	83,119	4,483,149
Unrestricted	<u>3,569,925</u>	<u>935,306</u>	<u>3,706,715</u>	<u>263,233</u>	<u>8,475,179</u>
Total net position	<u>\$ 7,444,925</u>	<u>\$ 1,460,336</u>	<u>\$ 3,706,715</u>	<u>\$ 346,352</u>	<u>\$ 12,958,328</u>

City of Dunedin
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended September 30, 2016

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
Operating revenues:					
Charges for services	\$ 2,805,047	\$ 1,338,784	\$ 6,010,818	\$ 862,816	\$ 11,017,465
Miscellaneous revenue	276	27,609	32,636	-	60,521
Total operating revenues	<u>2,805,323</u>	<u>1,366,393</u>	<u>6,043,454</u>	<u>862,816</u>	<u>11,077,986</u>
Operating expenses:					
Personal services	559,250	545,540	279,253	423,421	1,807,464
Supplies and services	917,805	839,541	5,407,454	420,566	7,585,366
Depreciation	946,570	30,807	-	14,321	991,698
Total operating expenses	<u>2,423,625</u>	<u>1,415,888</u>	<u>5,686,707</u>	<u>858,308</u>	<u>10,384,528</u>
Operating income / (loss)	<u>381,698</u>	<u>(49,495)</u>	<u>356,747</u>	<u>4,508</u>	<u>693,458</u>
Nonoperating revenues (expenses):					
Investment earnings (loss)	12,913	3,381	12,433	1,007	29,734
Interest/amortization expense	(7,540)	-	-	-	(7,540)
Gain (Loss) on disposal of capital assets	44,596	-	-	-	44,596
Total nonoperating revenues (expenses)	<u>49,969</u>	<u>3,381</u>	<u>12,433</u>	<u>1,007</u>	<u>66,790</u>
Income before contributions and transfers	431,667	(46,114)	369,180	5,515	760,248
Transfers in	-	-	-	284,151	284,151
Change in net position	<u>431,667</u>	<u>(46,114)</u>	<u>369,180</u>	<u>289,666</u>	<u>1,044,399</u>
Total net position - beginning	<u>7,013,258</u>	<u>1,506,450</u>	<u>3,337,535</u>	<u>56,686</u>	<u>11,913,929</u>
Net position ending	<u><u>\$ 7,444,925</u></u>	<u><u>\$ 1,460,336</u></u>	<u><u>\$ 3,706,715</u></u>	<u><u>\$ 346,352</u></u>	<u><u>\$ 12,958,328</u></u>

City of Dunedin
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2016

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Information Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,805,047	\$ 1,338,805	\$ 6,010,431	\$ 862,860	\$ 11,017,143
Payments to suppliers	(908,105)	(831,001)	(5,720,396)	(411,997)	(7,871,499)
Payments to employees	(555,727)	(551,657)	(285,353)	(423,535)	(1,816,272)
Other operating revenue	276	27,609	32,636	-	60,521
Net cash provided by (used in) operating activities	<u>1,341,491</u>	<u>(16,244)</u>	<u>37,318</u>	<u>27,328</u>	<u>1,389,893</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	284,151	284,151
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,151</u>	<u>284,151</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital debt	624,420	-	-	-	624,420
Proceeds from sale of capital assets	62,987	-	-	-	62,987
Purchase of capital assets	(731,945)	-	-	(88,170)	(820,115)
Principal paid on capital debt	(104,349)	-	-	-	(104,349)
Interest paid on capital debt	(2,557)	-	-	-	(2,557)
Net cash provided by (used in) capital and related financing activities	<u>(151,444)</u>	<u>-</u>	<u>-</u>	<u>(88,170)</u>	<u>(239,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings received	7,018	1,863	6,835	513	16,229
Net cash provided by (used in) investing activities	<u>7,018</u>	<u>1,863</u>	<u>6,835</u>	<u>513</u>	<u>16,229</u>
Net increase in cash and cash equivalents	1,197,065	(14,381)	44,153	223,822	1,450,659
Cash and cash equivalents - October 1	2,437,665	1,094,658	3,886,367	97,965	7,516,655
Cash and cash equivalents - September 30	<u>\$ 3,634,730</u>	<u>\$ 1,080,277</u>	<u>\$ 3,930,520</u>	<u>\$ 321,787</u>	<u>\$ 8,967,314</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:					
Operating income / (loss)	<u>\$ 381,698</u>	<u>\$ (49,495)</u>	<u>\$ 356,747</u>	<u>\$ 4,508</u>	<u>\$ 693,458</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:					
Depreciation	946,570	30,807	-	14,321	991,698
(Increase) decrease in					
Accounts receivable	-	21	(387)	44	(322)
Inventories	2,099	-	-	-	2,099
Prepaid items	315	-	(466,065)	14,529	(451,221)
Deposits	-	-	28,830	-	28,830
Increase (decrease) in					
Accounts payable	7,286	8,540	124,293	(5,960)	134,159
Accrued wages payable	(9,357)	(8,610)	(6,453)	(4,686)	(29,106)
Claims liabilities	-	-	36,871	-	36,871
Compensated absences / OPEB	12,880	2,493	(36,518)	4,572	(16,573)
Total adjustments	<u>959,793</u>	<u>33,251</u>	<u>(319,429)</u>	<u>22,820</u>	<u>696,435</u>
Net cash provided by operating activities	<u>\$ 1,341,491</u>	<u>\$ (16,244)</u>	<u>\$ 37,318</u>	<u>\$ 27,328</u>	<u>\$ 1,389,893</u>

Statistical Section

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

Contents	Page
Financial Trends	121
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time	
Revenue Capacity	129
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax	
Debt Capacity	135
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future	
Demographic and Economic Information	143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place	
Operating Information	147
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs	

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

DUNEDIN

Home of Honeymoon Island

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FINANCIAL TRENDS

City of Dunedin, Florida
Net Position by Component
Last Ten Fiscal Years

(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 64,339,229	\$ 64,170,000	\$ 64,104,251	\$ 58,239,411	\$ 56,781,075	\$ 57,690,458	\$ 52,017,214	\$ 49,216,594	\$ 41,859,854	\$ 40,891,053
Restricted	7,026,213	6,506,661	4,840,593	4,424,603	5,892,014	3,309,277	919,351	666,759	1,492,721	1,580,164
Unrestricted	10,836,332	9,270,449	7,363,412	6,502,111	6,459,724	10,834,009	14,804,273	18,340,972	14,346,049	14,337,285
Total governmental activities net position	<u>\$ 82,201,774</u>	<u>\$ 79,947,110</u>	<u>\$ 76,308,256</u>	<u>\$ 69,166,125</u>	<u>\$ 69,132,812</u>	<u>\$ 71,833,744</u>	<u>\$ 67,740,838</u>	<u>\$ 68,224,325</u>	<u>\$ 57,698,624</u>	<u>\$ 56,808,502</u>
Business type activities:										
Net investment in capital assets	\$ 27,018,599	\$ 25,618,520	\$ 33,534,035	\$ 33,405,168	\$ 33,259,017	\$ 35,573,590	\$ 33,375,182	\$ 32,324,908	\$ 31,123,487	\$ 30,462,861
Restricted	3,741,836	1,283,476	1,184,262	1,146,633	1,015,491	8,719,804	9,734,525	12,119,646	11,491,080	13,757,080
Unrestricted	23,659,881	28,031,653	21,764,460	22,845,536	23,293,206	10,028,817	10,567,261	6,829,020	10,189,363	8,530,258
Total business type activities net position	<u>\$ 54,420,316</u>	<u>\$ 54,933,649</u>	<u>\$ 56,482,757</u>	<u>\$ 57,397,337</u>	<u>\$ 57,567,714</u>	<u>\$ 54,322,211</u>	<u>\$ 53,676,968</u>	<u>\$ 51,273,574</u>	<u>\$ 52,803,930</u>	<u>\$ 52,750,199</u>
Primary government:										
Net investment in capital assets	\$ 91,357,828	\$ 89,788,520	\$ 97,638,286	\$ 91,644,579	\$ 90,040,092	\$ 93,264,048	\$ 85,392,396	\$ 81,541,502	\$ 72,983,341	\$ 71,353,914
Restricted	10,768,049	7,790,137	6,024,855	5,571,236	6,907,505	12,029,081	10,653,876	12,786,405	12,983,801	15,337,244
Unrestricted	34,496,213	37,302,102	29,127,872	29,347,647	29,752,930	20,862,826	25,371,534	25,169,992	24,535,412	22,867,543
Total primary government net position	<u>\$ 136,622,090</u>	<u>\$ 134,880,759</u>	<u>\$ 132,791,013</u>	<u>\$ 126,563,462</u>	<u>\$ 126,700,526</u>	<u>\$ 126,155,955</u>	<u>\$ 121,417,806</u>	<u>\$ 119,497,899</u>	<u>\$ 110,502,554</u>	<u>\$ 109,558,701</u>

City of Dunedin, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
EXPENSES										
Governmental activities:										
General government	\$ 3,163,785	\$ 3,902,176	\$ 3,941,552	\$ 3,359,312	\$ 2,428,449	\$ 2,169,100	\$ 2,499,304	\$ 3,681,315	\$ 2,578,302	\$ 2,964,692
Public safety	12,016,757	10,316,706	10,476,788	10,361,120	11,296,238	11,514,839	11,691,457	12,653,234	12,240,372	12,120,351
Physical environment	-	-	-	-	-	314,305	-	-	825	869
Transportation	2,234,895	2,112,366	2,135,489	1,999,785	1,897,883	2,248,772	2,226,040	1,839,363	2,610,475	(662,178)
Economic development	768,565	745,113	488,187	445,629	508,474	384,451	467,325	507,328	323,734	87,537
Culture and recreation	11,163,145	10,641,476	10,136,799	10,111,776	9,673,676	9,599,618	9,772,233	9,931,370	10,727,942	10,829,741
Interest on long term debt	190,979	469,673	424,781	528,625	642,358	920,611	772,810	834,618	866,910	966,878
Total government activities expenses	29,538,126	28,187,510	27,603,596	26,806,247	26,447,077	27,151,696	27,429,169	29,447,228	29,348,560	26,307,890
Business type activities:										
Solid waste	4,428,289	4,588,418	5,229,076	5,335,131	4,700,689	4,957,784	4,577,524	4,571,427	4,832,211	4,947,866
Water / sewer utility	16,919,664	16,326,720	15,970,790	15,508,529	16,647,088	17,122,361	16,661,525	18,511,182	17,899,287	17,244,324
Reclaimed water	-	-	-	-	-	-	-	-	(25,237)	(5,549)
Stormwater utility	3,665,865	3,360,965	3,037,098	2,725,954	2,150,715	1,892,990	1,792,841	1,615,538	1,729,016	1,365,579
Marina	350,845	369,324	345,892	292,000	458,798	491,495	484,848	478,476	469,475	471,605
Golf course	-	-	594	30,206	35,254	71,010	378,065	603,161	613,178	699,414
Total business type activities expenses	25,364,663	24,645,427	24,583,450	23,891,820	23,992,544	24,535,640	23,894,803	25,779,784	25,517,930	24,723,239
Total primary government expenses	\$ 54,902,789	\$ 52,832,937	\$ 52,187,046	\$ 50,698,067	\$ 50,439,621	\$ 51,687,336	\$ 51,323,972	\$ 55,227,012	\$ 54,866,490	\$ 51,031,129
PROGRAM REVENUES										
Governmental activities:										
Charges for services										
General government	\$ 528,147	\$ 343,285	\$ 523,230.00	\$ 486,155.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	4,242,095	3,635,991	3,227,174	3,394,107	3,358,410	3,008,565	2,899,019	2,518,229	2,634,437	2,526,975
Economic development	46,770	-	42,216	89,624	129,946	110,152	126,548	95,097	89,631	104,354
Culture and recreation	2,090,589	2,040,989	1,943,283	2,215,859	2,190,448	2,138,344	2,543,144	2,739,619	3,037,989	2,575,098
Operating grants and contributions	474,084	627,511	511,380	381,213	45,361	137,880	228,748	415,025	190,371	407,785
Capital grants and contributions	1,555,222	1,336,528	6,719,504	1,606,456	1,837,921	1,656,723	1,941,343	10,311,831	1,426,814	951,232
Total governmental activities program revenues	8,936,907	8,035,904	12,966,787	8,173,414	7,562,086	7,051,664	7,738,802	16,079,801	7,379,242	6,565,444
Business type activities:										
Charges for services										
Solid waste	5,094,407	4,946,096	4,775,203	4,687,484	5,010,962	4,975,022	5,551,050	5,269,810	5,084,949	4,919,341
Water / sewer utility	15,303,808	15,147,998	15,253,874	15,419,636	16,826,489	15,895,494	15,618,206	15,344,070	15,532,604	14,825,081
Reclaimed water	-	-	-	-	-	-	-	-	-	-
Stormwater utility	3,375,543	3,273,122	2,956,426	2,937,216	2,693,752	2,270,391	1,887,145	1,682,977	1,640,783	1,689,650
Marina	490,601	515,457	556,073	469,253	471,043	473,373	433,559	443,924	418,032	420,218
Golf course	-	-	-	7,452	(903)	25	214,859	473,021	552,518	595,071
Operating grants and contributions	-	-	-	-	-	7,113	-	-	571,527	113,645
Capital grants and contributions	262,397	334,300	1,375,017	137,414	2,114,029	822,883	628,771	973,045	763,242	104,997
Total business type activities revenues	24,526,756	24,216,973	24,916,593	23,658,455	27,115,372	24,444,301	24,333,590	24,186,847	24,563,655	22,668,033
Total primary government program revenues	\$ 33,463,663	\$ 32,252,877	\$ 37,883,380	\$ 31,831,869	\$ 34,677,458	\$ 31,495,965	\$ 32,072,392	\$ 40,266,648	\$ 31,942,897	\$ 29,233,447
NET EXPENSE										
Governmental activities	\$ (20,601,219)	\$ (20,151,606)	\$ (14,636,809)	\$ (18,632,833)	\$ (18,884,991)	\$ (20,100,032)	\$ (19,690,367)	\$ (13,367,427)	\$ (21,969,318)	\$ (19,742,446)
Business type activities	(837,907)	(428,454)	333,143	(233,365)	3,122,828	(91,339)	438,787	(1,592,937)	(954,275)	(2,055,236)
Total primary government net (expense) / revenue	\$ (21,439,126)	\$ (20,580,060)	\$ (14,303,666)	\$ (18,866,198)	\$ (15,762,163)	\$ (20,191,371)	\$ (19,251,580)	\$ (14,960,364)	\$ (22,923,593)	\$ (21,797,682)

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 8,250,501	\$ 7,040,424	\$ 6,569,073	\$ 5,767,080	\$ 6,096,273	\$ 6,540,293	\$ 7,277,630	\$ 8,364,594	\$ 9,212,358	\$ 9,982,922
Utility service taxes	4,282,054	4,282,586	4,446,105	4,223,089	4,208,418	4,534,665	4,807,075	4,713,985	4,248,062	4,273,255
Infrastructure sales surtax	3,614,528	3,436,710	3,192,877	3,013,051	2,810,128	2,674,927	2,720,927	4,727,908	3,708,123	3,188,280
Half cent sales tax	2,237,167	2,165,558	2,045,485	1,947,273	1,864,750	1,846,028	1,793,787	1,808,035	1,983,182	2,083,144
Franchise taxes	2,448,302	2,634,802	2,624,822	2,371,745	2,541,409	2,707,724	2,935,741	2,811,613	2,474,338	2,600,247
Other taxes	338,061	321,603	351,802	171,956	81,917	83,596	76,239	73,668	102,781	76,095
State revenue sharing	1,242,420	1,221,632	1,157,604	1,109,982	1,158,749	1,170,693	1,243,130	1,134,958	1,276,949	1,378,296
Grants and contributions not restricted to specific programs	-	2,932,567	-	-	-	-	1,639	-	-	-
Unrestricted investment earnings	73,505	98,536	21,778	48,438	76,561	95,313	146,429	(85,633)	340,398	664,200
Gain / (loss) on sale of capital assets	369,345	-	-	11,732	(37,708)	30,918	24,693	149,744	-	236,061
Transfers	-	(39,329)	1,369,394	1,800	(40,416)	(658,074)	(1,820,411)	(104,160)	(486,751)	(135,813)
Total governmental activities revenues	22,855,883	24,095,089	21,778,940	18,666,146	18,760,081	19,026,083	19,206,879	23,594,712	22,859,440	24,346,687
Business type activities:										
Unrestricted investment earnings	324,574	327,714	121,671	55,609	77,763	78,508	143,825	(43,434)	521,255	614,206
Gain (loss) on sale of capital assets	-	-	-	9,179	4,495	-	371	1,855	-	5,784
Transfers	-	39,329	(1,369,394)	(1,800)	40,416	658,074	1,820,411	104,160	486,751	135,813
Total business type activities	324,574	367,043	(1,247,723)	62,988	122,674	736,582	1,964,607	62,581	1,008,006	755,803
Total primary government revenues	\$ 23,180,457	\$ 24,462,132	\$ 20,531,217	\$ 18,729,134	\$ 18,882,755	\$ 19,762,665	\$ 21,171,486	\$ 23,657,293	\$ 23,867,446	\$ 25,102,490
CHANGE IN NET POSITION										
Governmental activities	\$ 2,254,664	\$ 3,943,483	\$ 7,142,131	\$ 33,313	\$ (124,911)	\$ (1,073,949)	\$ (483,488)	\$ 10,227,285	\$ 890,122	\$ 4,604,241
Business type activities	(513,333)	(61,411)	(914,580)	(170,377)	3,245,503	645,243	2,403,394	(1,530,356)	53,731	(1,299,433)
Total primary government	\$ 1,741,331	\$ 3,882,072	\$ 6,227,551	\$ (137,064)	\$ 3,120,592	\$ (428,706)	\$ 1,919,906	\$ 8,696,929	\$ 943,853	\$ 3,304,808

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Franchise</u>	<u>Utility Service</u>	<u>Total</u>
2007	\$ 9,982,922	\$ 2,600,247	\$ 4,273,255	\$ 16,856,424
2008	9,212,358	2,474,338	4,248,062	15,934,758
2009	8,364,594	2,811,613	4,713,985	15,890,192
2010	7,277,630	2,935,741	4,807,075	15,020,446
2011	6,540,293	2,707,724	4,534,665	13,782,682
2012	6,096,273	2,541,409	4,208,418	12,846,100
2013	5,767,080	2,371,745	4,223,089	12,361,914
2014	6,569,073	2,624,822	4,446,105	13,640,000
2015	7,040,424	2,634,802	4,282,586	13,957,812
2016	8,250,501	2,448,302	4,282,054	14,980,857

City of Dunedin, Florida
Fund Balances - Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010
General fund:							
Nonspendable	\$ 212,299	\$ 13,339	\$ 216,896	\$ 11,052	\$ 22,670	\$ 15,275	\$ 255,599
Restricted	280,928	350,064	352,473	585,458	567,305	627,388	612,627
Committed	354,800	277,219	228,418	-	-	-	-
Assigned	3,143,941	765,970	65,447	115,416	242,303	2,020,923	562,133
Unassigned	4,252,961	6,414,126	3,217,422	3,097,698	3,944,684	4,984,151	7,302,058
Total general fund	\$ 8,244,929	\$ 7,820,718	\$ 4,080,656	\$ 3,809,624	\$ 4,776,962	\$ 7,647,737	\$ 8,732,417
All other governmental funds:							
Nonspendable	\$ 3,831	\$ -	\$ 4,899	\$ -	\$ -	\$ 742	\$ 59,076
Restricted	6,745,285	6,156,597	4,483,221	3,839,145	3,379,423	2,681,888	3,782,026
Committed	-	284,151	328,405	237,177	483,645	603,830	397,793
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	23,155	-	-	99,827
Total all other governmental funds	\$ 6,749,116	\$ 6,440,748	\$ 4,816,525	\$ 4,099,477	\$ 3,863,068	\$ 3,286,460	\$ 4,338,722

	2009	2008	2007
General fund:			
Reserved	\$ 1,071,515	\$ 571,004	\$ 1,542,808
Unreserved	7,658,106	7,470,489	6,392,564
Total general fund	\$ 8,729,621	\$ 8,041,493	\$ 7,935,372
All other governmental funds:			
Reserved, reported in:			
Special revenue funds	\$ 525,082	\$ 15,319	\$ 334,605
Capital projects funds	562,702	279,355	27,410
Unreserved, reported in:			
Special revenue funds	2,546,222	5,915,014	4,417,004
Capital projects funds	707,512	667,991	911,711
Total all other governmental funds	\$ 4,341,518	\$ 6,877,679	\$ 5,690,730

Note: GASB 54 adopted in FY 2011; FY 2010 data was restated for GASB 54 comparable presentation
The Dunedin Historical Society and The Dunedin Fine Arts Center were added to
the General Fund for FY 2010 for GASB 54 comparable presentation

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes	\$ 14,980,857	\$ 13,957,812	\$ 13,640,000	\$ 12,361,914	\$ 12,846,100	\$ 13,782,682	\$ 15,020,446	\$ 15,890,192	\$ 15,934,758	\$ 16,856,424
Licenses, fees and permits	1,732,716	1,304,991	941,721	863,480	971,988	754,756	732,845	445,622	491,412	561,566
Intergovernmental	9,072,239	8,713,327	8,607,752	7,980,907	7,519,245	7,429,830	8,251,620	18,955,257	8,971,822	8,026,149
Charges for services	5,966,581	5,778,492	5,537,719	5,593,634	5,621,731	5,393,724	5,369,511	5,679,455	5,558,004	5,236,041
Fines and forfeits	483,228	384,288	378,643	497,113	178,739	220,901	119,427	184,190	210,618	220,350
Interest earnings	43,770	71,817	14,659	22,547	47,478	77,993	122,088	(64,719)	338,180	729,396
Miscellaneous	946,982	3,773,065	700,638	988,659	592,798	702,380	735,251	556,292	880,385	726,037
Total revenues	33,226,373	33,983,792	29,821,132	28,308,254	27,778,079	28,362,266	30,351,188	41,646,289	32,385,179	32,355,963
EXPENDITURES										
General government	4,419,611	4,525,270	4,366,316	3,939,915	2,975,639	3,026,559	3,273,169	3,543,512	3,661,825	3,629,824
Public safety	11,399,327	10,230,404	10,175,544	9,927,788	11,182,563	11,252,343	11,781,242	11,876,309	11,653,936	11,395,437
Physical environment	-	-	-	-	-	-	-	-	825	869
Transportation	1,724,305	1,643,219	1,694,823	1,616,462	1,543,624	1,656,767	1,785,106	1,869,700	1,957,496	2,173,323
Economic development	390,839	370,393	448,045	398,917	445,600	409,780	466,280	394,828	323,734	87,537
Culture and recreation	9,157,382	8,817,280	8,304,517	8,013,764	7,728,248	7,329,256	7,934,753	8,126,402	8,670,406	9,028,183
Capital outlay	3,537,097	1,211,986	2,718,624	2,779,744	2,476,284	3,624,709	4,198,061	11,924,208	2,794,170	6,832,634
Aids and grants	176,632	214,292	287,472	286,677	186,329	211,860	166,233	515,203	170,801	75,100
Debt service:										
Principal	1,216,501	1,496,651	1,394,636	1,410,650	1,424,928	1,584,307	1,297,789	2,356,923	1,668,241	4,428,527
Interest	189,422	292,372	343,697	540,297	610,170	680,752	741,855	835,723	887,607	989,180
Total expenditures	32,211,116	28,801,867	29,733,674	28,914,214	28,573,386	29,776,333	31,644,488	41,442,808	31,789,041	38,640,614
Excess of revenues over expenditures	1,015,257	5,181,925	87,458	(605,960)	(795,307)	(1,414,067)	(1,293,300)	203,481	596,138	(6,284,651)
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	1,473	8,252	25,817	8,683	-	-	-	1,181,800	-	230,507
Debt proceeds	-	(119,211)	-	104,138	-	-	-	-	-	-
Transfers in	337,985	1,011,810	2,697,443	1,370,702	3,258,292	1,696,012	2,405,836	3,870,555	5,028,788	2,500,023
Transfers out	(622,136)	(718,490)	(1,822,638)	(1,608,492)	(4,757,152)	(2,418,887)	(3,259,235)	(3,962,516)	(5,746,548)	(2,750,637)
Total other financing sources (uses)	(282,678)	182,361	900,622	(124,969)	(1,498,860)	(722,875)	(853,399)	1,089,839	(717,760)	(20,107)
Net change in fund balances	\$ 732,579	\$ 5,364,286	\$ 988,080	\$ (730,929)	\$ (2,294,167)	\$ (2,136,942)	\$ (2,146,699)	\$ 1,293,320	\$ (121,622)	\$ (6,304,758)
Debt service as a percentage of noncapital expenditures	4.9%	6.4%	7.5%	7.7%	6.5%	5.0%	8.8%	6.1%	16.2%	8.9%

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Economic Development</u>	<u>Culture and Recreation</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Transfers Out</u>	<u>Other</u>	<u>Total</u>
2007	\$ 3,629,824	\$ 11,395,437	\$ 869	\$ 2,173,323	\$ 87,537	\$ 9,028,183	\$ 6,832,634	\$ 5,417,707	\$ 2,750,637	\$ 75,100	\$ 41,391,251
2008	3,661,825	11,653,936	825	1,957,496	323,734	8,670,406	2,794,170	2,555,848	5,746,548	170,801	37,535,589
2009	3,543,512	11,876,309	-	1,869,700	394,828	8,126,402	11,924,208	3,192,646	3,962,516	515,203	45,405,324
2010	3,273,169	11,781,242	-	1,785,106	466,280	7,934,753	4,198,061	2,039,644	3,259,235	166,233	34,903,723
2011	3,026,559	11,252,343	-	1,656,767	409,780	7,329,256	3,624,709	2,265,059	2,418,887	211,860	32,195,220
2012	2,975,639	11,182,563	-	1,543,624	445,600	7,728,248	2,476,284	2,035,098	4,757,152	186,329	33,330,538
2013	3,939,915	9,927,788	-	1,616,462	398,917	8,013,764	2,779,744	1,950,947	1,608,492	286,677	30,522,706
2014	4,366,316	10,175,544	-	1,694,823	448,045	8,304,517	2,718,624	1,738,333	1,822,638	287,472	31,556,312
2015	4,525,270	10,230,404	-	1,643,219	370,393	8,817,281	1,211,986	1,789,023	718,490	214,292	29,520,358
2016	4,419,611	11,399,327	-	1,724,305	390,839	9,157,382	3,537,097	1,405,923	622,136	176,632	32,833,252

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

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

REVENUE CAPACITY

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

FY Ended Sept 30,	Real Property				Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate ²	Estimated Actual Market Value ³	Taxable Assessed Value as a % of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other Property ¹					
2007	\$ 1,870,050,313	\$ 310,996,460	\$27,036,900	\$34,806,491	\$ 102,039,260	\$ 2,344,929,424	4.0934	\$ 3,955,244,190	59.3%
2008	2,055,969,822	321,438,745	27,796,700	41,619,755	106,309,880	2,553,134,902	3.5597	4,211,355,400	60.6%
2009	1,813,363,664	351,142,490	28,083,500	37,006,566	89,119,848	2,318,716,068	3.5597	3,921,795,310	59.1%
2010	1,570,371,303	280,821,157	26,056,165	59,651,262	86,727,617	2,023,627,504	3.5597	3,278,182,101	61.7%
2011	1,424,191,373	249,278,430	22,754,140	49,882,330	81,301,215	1,827,407,488	3.5597	2,884,900,277	63.3%
2012	1,395,841,673	238,010,568	21,718,717	39,462,381	76,782,855	1,771,816,194	3.3817	2,742,388,004	64.6%
2013	1,344,271,312	231,166,397	21,212,491	44,261,605	78,233,683	1,719,145,488	3.3817	2,609,865,581	65.9%
2014	1,384,844,153	236,587,023	21,953,609	33,279,232	82,734,943	1,759,398,960	3.7345	2,675,288,098	65.8%
2015	1,483,004,224	247,113,147	23,427,290	37,317,833	85,583,545	1,876,446,039	3.7345	2,954,536,952	63.5%
2016	1,590,057,102	260,788,703	24,727,399	33,767,027	82,542,474	1,991,882,705	4.1345	3,239,899,785	61.5%
Change 2015 - 2016	7.22%	5.53%	5.55%	-9.52%	-3.55%	6.15%	10.71%	9.66%	

(1) Other Property includes Agricultural, Institutional, Government, Leasehold Interests, Miscellaneous and Non-Agriculture Acreage

(2) City of Dunedin tax rates per \$1,000 of assessed value

(3) "Just Value" as determined by the Pinellas County Property Appraiser

Source: Pinellas County Property Appraiser

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

Fiscal Year	City Direct Rate ¹	Overlapping Rates					TOTAL
		County Wide ²	School	Transit District ³	EMS ³	Other Districts ⁴	
2007	4.0934	5.4700	8.2100	0.6074	0.6300	1.6378	20.6486
2008	3.5597	4.8730	7.7310	0.5601	0.5832	0.3866	17.6936
2009	3.5597	4.8730	8.0610	0.5601	0.5832	1.5551	19.1921
2010	3.5597	4.8730	8.3460	0.5601	0.5832	1.5106	19.4326
2011	3.5597	4.8730	8.3400	0.5601	0.5832	1.4410	19.3570
2012	3.3817	4.8730	8.3850	0.7305	0.8506	1.2390	19.4598
2013	3.3817	5.0727	8.3020	0.7305	0.9158	1.3034	19.7061
2014	3.7345	5.3377	8.0600	0.7305	0.9158	1.2959	20.0744
2015	3.7345	5.3377	7.8410	0.7305	0.9158	1.2799	19.8394
2016	4.1345	5.3377	7.7700	0.7305	0.9158	1.2629	20.1514

(1) There are no separate components to this direct rate

(2) County Wide includes:

General Fund	5.2755
Health Department	0.0622
	<u>5.3377</u>

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

(4) Other Districts includes:

Pinellas County Planning Council	0.0160
Juvenile Welfare Board	0.8981
Southwest Florida Water Management	0.3488
	<u>1.2629</u>

Source: Pinellas County Property Appraiser

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

Taxpayer	September 30, 2016			September 30, 2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mac Alpine Place Apt. PTN LTD	\$ 44,640,647	1	2.24%	\$ 30,600,000	1	1.73%
Chesapeake Apt.	17,500,000	2	0.88%	14,350,000	2	0.81%
MHC Lake Haven LLC	10,890,330	3	0.55%			
Scottish Towers II APT LTD Partnership	8,785,000	4	0.44%	7,300,000	9	0.41%
P X Granada Plaza LP	8,690,000	5	0.44%			
Publix Supermarkets Inc.	8,450,000	6	0.42%	7,905,000	7	0.45%
P B H Logarto LLC	8,400,000	7	0.42%			
M1 Marina Co.	8,300,224	8	0.42%			
Doheny-Vidovich Partners	7,766,665	9	0.39%			
Coca-Cola Co. Inc.	7,730,000	10	0.39%			
Orangeland Vistas, Inc.				10,350,000	3	0.59%
Odyssey DP				9,800,000	4	0.55%
Lessor, Jason K.				9,570,000	5	0.54%
Nielsen Media Research, Inc.				9,000,000	6	0.51%
Olympia Development Group				7,306,400	8	0.41%
Dallas / Corp Square				7,250,000	10	0.41%
SUB-TOTAL:	131,152,866		6.59%	113,431,400		6.41%
ALL OTHERS:	1,860,729,839		93.41%	1,654,728,740		93.59%
TOTAL:	\$ 1,991,882,705		100.00%	\$ 1,768,160,140		100.00%

Source: Pinellas County Property Appraiser

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

FY Ended Sept 30,	Taxable Assessed Valuation	Millage Tax Rate	Total Tax Levy	Collected within the Fiscal Year of the Levy		Delinquent Collections ²	Total Collections to Date	
				Amount ¹	Percentage of Levy		Amount	Percentage of Levy
2007	\$2,344,929,424	4.0934	\$ 9,598,734	\$ 9,016,741	93.9%	\$ 11,716	\$ 9,028,457	94.1%
2008	2,553,134,902	3.5597	9,088,394	8,075,170	88.9%	439,190	8,514,360	93.7%
2009 *	2,318,716,068	3.5597	8,253,934	7,731,980	93.7%	22,968	7,754,948	94.0%
2010	2,023,627,504	3.5597	7,203,507	6,763,013	93.9%	21,039	6,784,052	94.2%
2011	1,827,407,488	3.5597	6,505,022	6,111,943	94.0%	14,636	6,126,579	94.2%
2012	1,771,816,194	3.3817	5,991,747	5,723,281	95.5%	119	5,723,400	95.5%
2013	1,719,145,488	3.3817	5,813,631	5,269,249	90.6%	134,104	5,403,353	92.9%
2014	1,759,398,960	3.7345	6,570,474	6,035,872	91.9%	140,809	6,176,681	94.0%
2015	1,876,446,039	3.7345	7,007,587	6,435,377	91.8%	155,057	6,590,434	94.1%
2016	1,991,882,705	4.1345	8,235,439	7,577,173	92.0%	167,274	7,744,447	94.0%

* 2009 Tax Levy revised from 9,304,361 to 8,253,934 to reflect final property tax rolls.

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

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

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

DUNEDIN

Home of Honeymoon Island

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DEBT CAPACITY

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

Fiscal Year	Governmental Activities		Business Type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Revenue Bonds	Capital Leases	Water / Sewer & Stormwater Bonds	Capital Leases			
2007	\$ 21,411,326	\$ 1,387,855	\$ 28,252,680	\$ -	\$ 51,051,861	4.82%	\$ 1,356
2008	19,730,418	1,312,117	26,843,018	-	47,885,553	4.57%	1,275
2009	17,373,495	1,953,199	24,693,131	-	44,019,825	4.68%	1,223
2010	16,075,706	1,663,588	23,845,710	-	41,585,004	4.18%	1,177
2011	14,491,400	2,174,240	20,842,993	-	37,508,633	3.80%	1,053
2012	13,066,481	1,085,706	24,944,023 *	-	37,928,187	3.93%	1,076
2013	11,759,958	717,261	24,946,102 *	-	36,253,220	3.76%	1,029
2014	11,645,322	415,177	23,976,774 *	-	36,037,273	3.42%	1,010
2015	10,273,672	104,349	28,938,612 *	-	39,316,633	3.87%	1,110
2016	9,057,170	624,420	27,526,883	694,142	37,902,615	3.41%	1,044

(1) See the schedule of Demographic and Economic Statistics for personal income and population data
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements

* Updated figures to show bond net of related unamortized premiums, discounts, and adjustments.

City of Dunedin, Florida
Direct and Overlapping Governmental Activities Debt
September 30, 2016

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE ¹	ESTIMATED SHARE OF OVERLAPPING DEBT
Overlapping debt:			
Pinellas County	\$ 11,208,241		
Pinellas County School Board	\$ 17,953,097		
Total overlapping debt	\$ 29,161,338	3.130%	\$ 912,750
City of Dunedin direct debt			<u>\$ 9,681,590</u>
Total direct and overlapping debt			<u><u>\$ 10,594,340</u></u>

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

City Taxable Value: \$ 1,991,882,705

County Taxable Value: \$ 63,599,221,882

Sources:

Assessed value used to estimate applicable percentages provided by the Pinellas County Property Appraiser.

Debt outstanding data provided by Pinellas County School Board.

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

Fiscal Year	Gross Revenues¹	Operating Expenses²	Net Revenue Available for Debt Service	Debt Service Requirements³	Coverage Ratio
2007	\$ 16,828,565	\$ 12,821,283	\$ 4,007,282	\$ 1,949,609	2.06
2008	18,397,808	13,239,576	5,158,232	2,465,204	2.09
2009	17,227,189	13,989,999	3,237,190	2,583,954	1.25
2010	17,454,334	12,481,590	4,972,744	2,457,283	2.02
2011	18,133,758	12,945,494	5,188,264	2,486,758	2.09
2012	16,879,645	10,925,824	5,417,161	2,605,576	2.08
2013	15,475,054	11,028,345	4,446,709	495,803 ⁴	8.97
2014	15,244,674	11,248,564	3,996,110	1,891,887	2.11
2015	15,370,160	12,023,320	3,346,840	1,462,502	2.29
2016	15,528,153	12,836,457	2,691,696	1,463,195	1.84

(1) Total revenues (including investment income), exclusive of impact fees and capital grant revenue.

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

(3) Includes principal and interest of water and sewer revenue bonds and debt issued in parity with the water and sewer revenue bonds.

(4) FY 2013 debt service included interest-only payments.

City of Dunedin, Florida
Revenue Bond Coverage
Stormwater Revenue Bonds

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³	Coverage Ratio
2012	\$ 2,707,168	\$ 1,298,022	\$ 1,409,146	\$ 225,513	6.25
2013	2,938,635	1,464,095	1,474,540	186,189 ⁴	7.92
2014	2,964,128	1,443,056	1,521,072	446,308	3.41
2015	3,306,550	1,743,304	1,563,246	578,891	2.70
2016	3,408,426	1,937,639	1,470,787	830,071	1.77

(1) Total revenues (including investment income), exclusive of impact fees capital grant revenue.

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

(3) Includes principal and interest of stormwater revenue bonds and debt issued in parity with the stormwater revenue bonds.

(4) FY 2013 debt service included interest-only payments.

City of Dunedin, Florida
Schedule of Debt Service Ratio

<u>Description</u>	<u>Actual September 30 2016</u>	<u>Adopted Budget September 30 2016</u>	<u>Adopted Budget September 30 2017</u>
Total Governmental Revenues	\$ 33,226,373	\$ 32,852,818	\$ 33,286,200
Internal Service Revenues:			
Rental Income	27,473	27,000	27,000
Non-Operating:			
Investment earnings	29,734	18,000	18,100
Total Internal Services Revenues	<u>57,207</u>	<u>45,000</u>	<u>45,100</u>
Total Annual Revenues - September 30	<u>\$ 33,283,580</u>	<u>\$ 32,897,818</u>	<u>\$ 33,331,300</u>
Total Annual General Government Debt Service exclusive of Enterprise Funds, Internal Service Funds and Special Assessment Debt Service	<u>\$ 1,405,924</u>	<u>\$ 1,405,947</u>	<u>\$ 1,172,300</u>
Debt Service Ratio	<u>4.22%</u>	<u>4.27%</u>	<u>3.52%</u>
Total Capacity Debt Service (12.5%)	\$ 4,160,447	\$ 4,112,227	\$ 4,166,413
Less: Current Debt Service	<u>1,405,924</u>	<u>1,405,947</u>	<u>1,172,300</u>
Excess Debt Service Available	<u>\$ 2,754,524</u>	<u>\$ 2,706,280</u>	<u>\$ 2,994,113</u>
Excess Outstanding Debt Service Available			
10 Years	\$ 24,799,128	\$ 24,364,790	\$ 26,956,160
20 Years	45,229,980	44,437,812	49,164,091

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

Debt Description	September 30 2015	September 30 2016	Adopted Budget September 30 2017
Community Center \$10M Series 2005	\$ 652,481 ¹	\$ -	\$ -
Community Center \$6.5M - Sales Tax Refunding Revenue Bond, Series 2015	24,083	543,382	652,600
Spring Training Facilities \$5.2M Series 2012 Revenue Note	1,002,748	757,913	416,100
Fire Station 61 \$1.28M Series 2013 Non Ad Valorem Note	109,711	104,628	103,600
Total Annual General Government Debt Service	\$ 1,789,023	\$ 1,405,924	\$ 1,172,300

(1) \$6,624,211 was deposited into irrevocable trust with an escrow agent for advance refunding.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Fiscal Year	Population ¹	Personal Income ²	Per Capita Income ³	Median Age ⁴	Unemployment Rate ⁵
2007	37,662	\$ 1,434,357,270	\$ 38,085	43.0	3.8%
2008	37,561	1,060,084,103	28,223	48.2	6.2%
2009	35,988	1,046,998,884	29,093	47.6	10.2%
2010	35,920	941,463,200	26,210	48.2	11.3%
2011	35,321	995,875,595	28,195	51.3	10.2%
2012	35,629	987,208,332	27,708	51.1	8.2%
2013	35,247	964,216,932	27,356	53.3	6.2%
2014	35,690	1,054,032,770	29,533	51.8	5.8%
2015	35,410	1,015,665,030	28,683	54.0	5.0%
2016	36,311	1,112,823,217	30,647	54.2	4.7%

Data Source:

(1) FY 2005-2010, 2014: City-data.com; FY 2011: 2010 US Census; FY 2012-2013, 2015-2016: Pinellas Co. Economic Development

(2) Calculated using the above displayed Population and Per Capita Income figures

(3) FY 2005-2010: City-data.com; FY 2011, 2014: US Census Results; FY 2012, 2015-2016: Pinellas Co. Economic Development

(4) FY 2005-2010: Muninetguide.com; FY 2011, 2014: US Census; FY 2012-2013, 2015-2016: Pinellas Co. Economic Development

(5) Bureau of Labor Statistics; Not Seasonally Adjusted; FY 2015 unemployment rate shown as of September 30, 2016

City of Dunedin, Florida
Principal Employers ¹
Current Year and Ten Years Ago

<u>Employer</u>	<u>September 30, 2016</u>			<u>September 30, 2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment ²</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment ²</u>
Pinellas School System	565	1	3.22%	556	3	3.34%
Mease Dunedin Hospital	405	2	2.31%	697	2	4.19%
City of Dunedin	340	3	1.94%	402	4	2.42%
Coca-Cola North America	270	4	1.54%	220	6	1.32%
Publix Supermarkets	260	5	1.48%			
Bay Care Home Care	150	6	0.86%			
Consumer Sales Solutions	130	7	0.74%			
Pinellas County Sheriff - N District	125	8	0.71%	306	5	1.84%
Mease Manor	120	9	0.68%			
Bon Appetit Restaurant	120	10	0.68%			
Nielsen Media Research	-		0.00%	1,296	1	7.79%
TOTAL	2,485		14.17%	1,875		11.28%

(1) Source: Pinellas County Economic Development

(2) Employment statistics are from the Bureau of Labor Statistics for the City of Dunedin (Not Seasonally Adjusted)

Total employment for 2016 17,537 at September 30, 2016

Total employment for 2007 16,628 at September 30, 2007

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OPERATING INFORMATION

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	60.690	57.660	60.470	55.880	52.730	55.500	52.225	55.351	63.351	59.351
Public Safety										
Fire	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	22.000	23.000
Paramedics	33.000	33.000	33.000	33.000	33.000	33.000	33.000	33.000	33.000	33.000
Culture and recreation	84.520	82.770	79.500	77.750	76.000	75.500	82.000	89.000	97.570	96.965
Highways and streets										
Engineering	14.000	14.500	14.500	14.750	15.000	15.500	15.000	16.000	16.000	15.000
Maintenance	8.660	8.660	8.660	8.660	9.670	9.660	9.000	11.000	12.000	16.833
Facilities	10.680	9.680	9.680	9.680	9.680	9.660	12.000	12.000	24.000	23.333
Fleet Services	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500	8.500
Solid Waste	21.000	21.000	24.000	24.000	26.000	28.000	28.000	28.000	28.000	28.000
Water	30.330	30.330	30.330	31.000	32.000	32.000	29.000	30.000	30.000	30.000
Wastewater	35.330	35.330	35.330	36.000	36.000	38.000	47.000	47.000	50.000	50.000
Stormwater	13.660	13.660	13.660	12.660	11.670	10.660	10.000	10.000	10.000	10.333
TOTAL	342.370	337.090	339.630	333.880	332.250	337.980	347.725	361.851	394.421	394.315

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire										
Number of fire emergencies with dollar loss**	86	86	69	91	115	108	110	111	704	108
EMS responses	5,780	6,930	5,423	5,173	5,138	5,012	4,973	4,895	5,372	5,472
Other calls	2,229	1,000	1,639	1,739	1,372	1,462	1,988	1,816	384	1,295
Inspections	807	1,011	1,097	1,279	1,396	1,509	1,596	1,484	1,376	1,007
Investigations	14	25	26	20	97	88	108	77	55	71
Highways and streets										
Streets paved (miles)	130	130	130	130	130	130	130	130	130	130
Streets unimproved (miles)	3	3	3	3	3	3	3	3	3	3
Street lights	3,885	3,885	3,918	3,568	3,568	3,568	3,568	3,568	3,568	3,568
Culture and recreation ***										
Recreation facilities - parks (acres)	248	240	240	240	322	322	322	322	322	322
Recreation facilities - specialty facilities (acres)	206	206	206	201	*	*	*	*	*	*
Recreation facilities - beaches (acres)	37	37	37	37	37	37	37	37	37	37
Library materials	139,290	138,568	158,566	141,734	135,945	139,623	146,909	131,098	128,977	147,444
Library annual circulation	561,431	543,419	549,885	590,323	632,382	656,507	600,951	483,303	443,157	434,678
Library registered borrowers	27,337	29,653	32,716	31,454	29,756	26,439	29,735	27,477	32,858	29,994
Solid waste										
Customers serviced	14,715	14,607	14,536	14,442	14,453	14,473	14,492	14,596	14,546	14,496
Refuse / recycling collected (tons)	36,902	35,594	35,366	34,929	35,618	38,425	40,656	41,053	45,796	45,100
Water										
Total connections - regular	11,618	11,437	11,361	11,331	11,435	10,958	10,894	11,536	11,394	11,363
Total connections - reclaimed	3,659	3,628	3,554	3,549	3,395	3,396	3,395	3,343	3,323	3,383
Average daily consumption (Gallons) - regular	3,753,000	3,645,000	3,605,000	3,400,000	3,514,000	3,020,000	3,256,000	3,269,000	3,396,000	3,546,000
Average daily consumption (Gallons) - reclaimed	2,852,000	2,500,000	2,590,000	2,800,000	2,850,000	2,670,000	2,600,000	2,800,000	3,139,000	3,269,000
Operating wells	29	27	27	27	26	22	*	26	26	26
Sewer (wastewater)										
Miles of sanitary sewers	128	128	128	128	128	128	128	128	128	128
Average daily sewage treatment (Gallons)	4,598,000	4,707,000	4,232,000	4,100,000	4,370,000	4,390,000	4,596,000	4,613,000	4,382,000	4,382,000

* Information not available

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

*** As of 2013, recreation facilities are divided into three categories instead of two. Prior years data not available for the new "specialty facilities" category.

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

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Culture and recreation										
Baseball fields	10	10	10	10	12	12	12	12	12	12
Baseball stadium (seating capacity)	5,509	5,509	5,509	5,509	5,509	5,509	5,509	5,509	5,509	5,509
Basketball - indoor courts	1	1	1	1	1	1	1	1	1	1
Basketball - outdoor courts	5	5	5	5	5	5	5	5	5	5
Community center	1	1	1	1	1	1	1	1	1	1
Fishing areas	15	15	15	15	15	15	15	15	14	14
Golf courses	2	2	2	2	2	2	2	2	2	2
Library	2	2	2	2	2	2	2	2	2	1
Marina (slips)	183	183	183	194	194	194	194	194	194	194
Multi- purpose indoor court	1	1	1	1	1	1	1	1	1	1
Nature center	1	1	1	1	1	1	1	1	1	1
Parks *	31	31	31	31	32	32	31	31	30	30
Picnic areas	15	15	15	15	15	15	15	15	15	15
Public boat ramps	1	1	1	1	1	1	1	1	1	1
Recreation centers	3	3	3	3	3	3	3	3	3	3
Senior center	1	1	1	1	1	1	1	1	1	1
Soccer / football fields	4	4	4	4	4	4	4	4	4	4
Softball fields	5	5	5	5	3	3	3	3	3	3
State and county parks	4	4	4	4	4	4	4	4	4	4
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	11	11	11	11	11	11	11	11	11	11
Utility playfields	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	172	172	172	172	172	172	172	172	172	172
Water plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,310	1,292	1,238	1,236	1,220	1,220	1,220	1,220	1,220	1,206
Sewer (wastewater)										
Mains	150	150	150	150	150	150	150	150	150	149
Lift stations	43	43	43	43	42	42	42	42	42	42
Treatment plants	1	1	1	1	1	1	1	1	1	1
Sewers (miles)	128	128	128	128	128	128	128	128	128	128

* FY 2013: Former Dunedin Youth Guild Park combined with Hammock Park

COMPLIANCE SECTION

DUNEDIN

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MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida (the "City") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2017. Our report includes a reference to other auditors who audited the financial statements of the City's Municipal Firefighters' Pension Trust Fund, as described in our report on the City's financial statements. The financial statements of the City's Municipal Firefighters' Pension Trust Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated March 27, 2017.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 27, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the compliance of the City of Dunedin, Florida (the "City") with the requirements of Sections 218.415 and 288.8018(1), Florida Statutes, during the fiscal year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Tampa, Florida
March 27, 2017



MOORE STEPHENS
LOVELACE, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the basic financial statements of the City of Dunedin, Florida (the "City") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 27, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

We have also issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 27, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Prior findings have been resolved or corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Financial Condition Assessment

Section 10.554(1)(i)5.a and 10.556(7)., *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based, in part, on representations made by management and the review of financial information provided by same.

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

Annual Financial Report

Sections 10.554(1)(i)5.b and 10.556(7)., *Rules of the Auditor General*, require that we determine whether the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services, pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any recommendations.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Mayor, City Commission, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
March 27, 2017

CITY OF DUNEDIN, FLORIDA

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE
DEEPWATER HORIZON OIL SPILL**

For the Year Ended September 30, 2016

Source	Amount Received in the 2014-15 Fiscal Year	Amount Expended in the 2014-15 Fiscal Year	Amount Expended in the 2015-16 Fiscal Year
British Petroleum:			
Agreement No. Not Applicable	\$ 2,929,946	\$ -	\$ 101,582

Note: This does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The City did not receive funds that were considered Federal funds or State financial assistance related to the Deepwater Horizon Oil Spill.