

CITY OF DUNEDIN, FLORIDA

Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2010

CITY COMMISSION

DAVE EGGERS
Mayor

DAVE CARSON
Vice Mayor

JULIE SCALES
Commissioner

JULIE WARD BUJALSKI
Commissioner

RON BARNETTE
Commissioner

CITY MANAGER

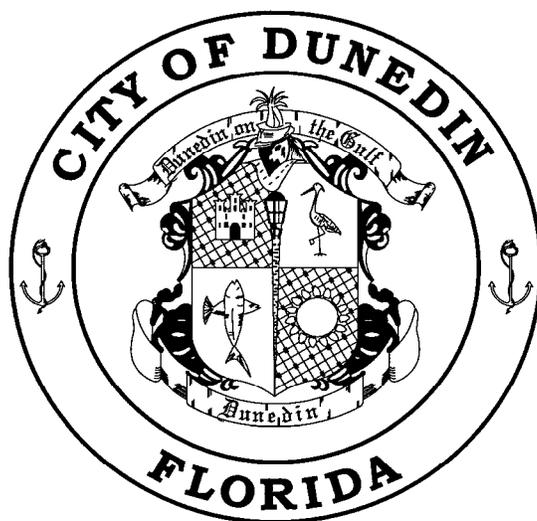
ROBERT DISPIRITO

FINANCE DIRECTOR

JEFFREY A. YATES

PREPARED BY: CITY OF DUNEDIN FINANCE DEPARTMENT

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City of Dunedin, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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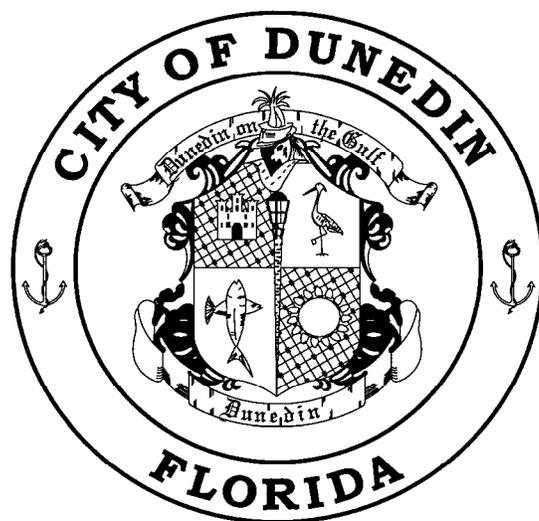
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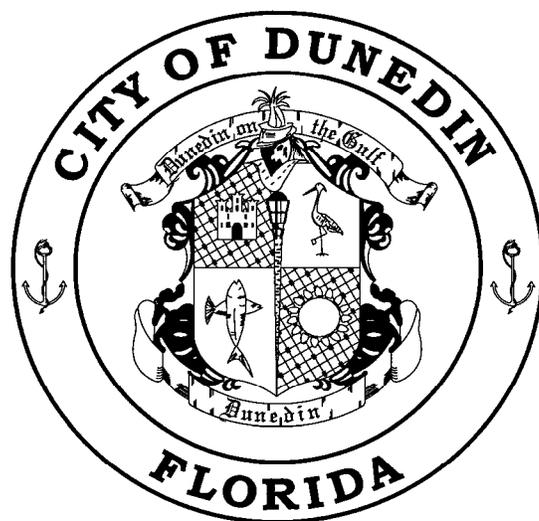
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CITY OF DUNEDIN

"Dedicated to Quality Service"

P.O. BOX 1348
DUNEDIN, FLORIDA 34697-1348
(727) 298-3000
WEB SITE: www.dunedingov.com

April 4, 2011

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

We hereby issue the comprehensive annual financial report of the City of Dunedin, Florida for the fiscal year ended September 30, 2010. This report presents a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The City's financial statements have been audited by LarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was a part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal

control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

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

Profile of the Government

The City, incorporated in June 1899, is located in the western part of the state, bordering the north side of Clearwater, Florida. The City currently occupies a land area of 10 square miles and serves a population of approximately 36,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the commission-manager form of government. Policy-making and legislative authority are vested in a governing body consisting of the mayor and four commissioners.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's Manager in April of each year. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager will present the proposed budget to the City Commission at the first meeting in July. The proposed budget will then be reviewed and discussed at workshops prior to final adoption. The City Commission is required to hold two (2) public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., fire). Department heads may make transfers of appropriations within a department and fund. Transfers of appropriations between funds, however, require the approval of the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page B-8 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented on pages B-9, B-10 and D10 – D22.

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

Local economy

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

The City's total labor force was 16,199 people in 2010. In December of 2010, unemployment for Pinellas County was 11.7 percent.

The retirement population continues to influence the local economy. Approximately twenty-nine percent of Dunedin's residents were of retirement age (65 and over) in 2010. The median age was 51.4 years of age in 2010. The local economy is also influenced during the winter months by a seasonal population of approximately 4,000 people. As of 2010, population was 35,839; female 53.7 percent, male 46.2 percent. Per capita income in Dunedin is \$29,326 for 2010.

Long-term financial planning

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

Cash management policies and practices

Cash balances during the year were invested approved Bank of America (checking) and State Board of Administration investment pools, Florida SAFE local government investment pool, and governmental money market accounts. These investments remained highly liquid with a weighted average maturity of one day. The City's average yield on investments (excluding pension funds) as of September 30, 2010 was .042 percent.

Risk management

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

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

Pension and other post-employment benefits

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

All other qualified City employees hired before January 1, 1996 participate in the Florida Retirement System Pension Plan which is administered by the State of Florida, Department of Administration, Division of Retirement. At September 30, 2010, the City contributed 10.77 percent of regular employee, 14.57 percent of senior management, and 10.91 percent of deferred retirement option program participant's gross wages to the plan.

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

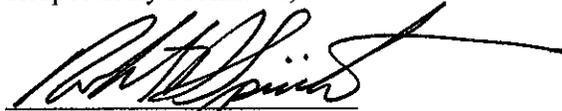
All employees hired subsequent to December 31, 2009 who qualify, participate in the City's defined contribution plan with the City's contribution rate at eight percent of employee's gross wages.

Additional information on the City's pension arrangements can be found on pages C-41 to C-47 in the notes to the financial statements.

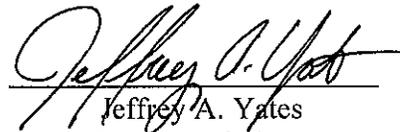
Acknowledgements

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

Respectfully submitted,

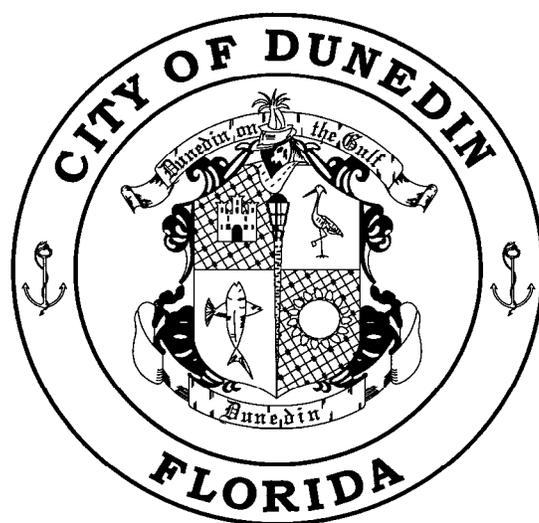


Robert DiSpirito
City Manager

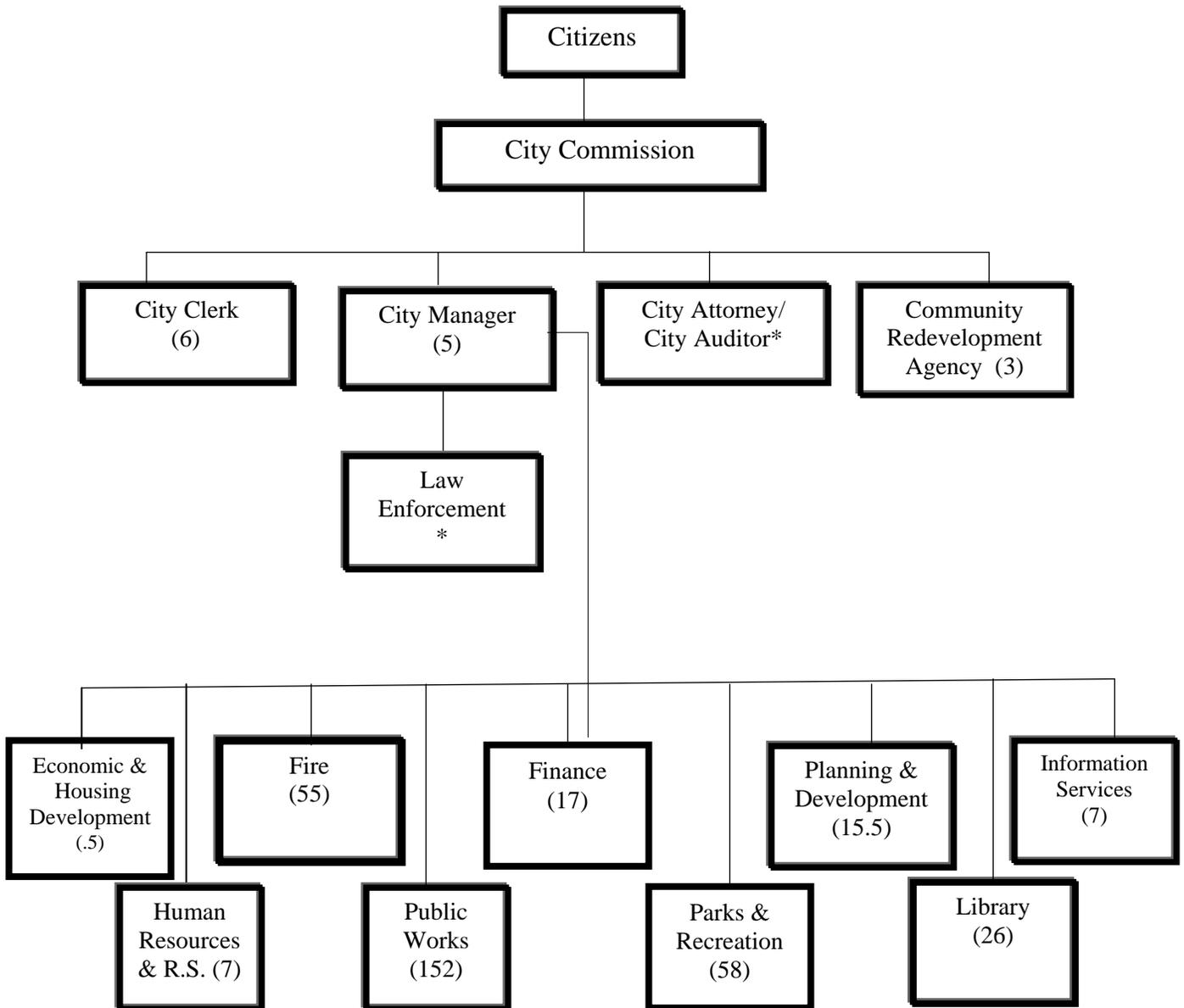


Jeffrey A. Yates
Director of Finance

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City of Dunedin Organizational Chart

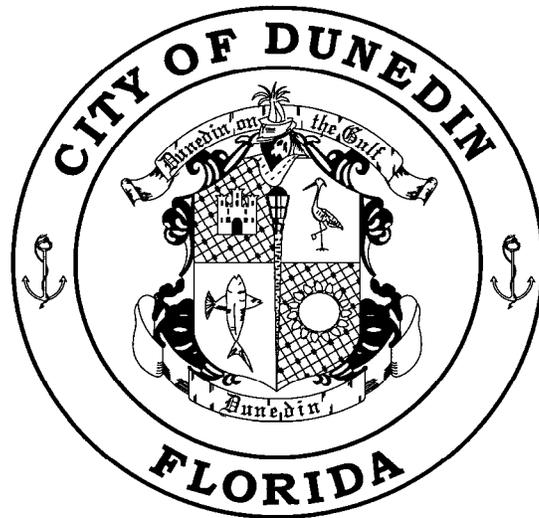


Total Authorized Staffing = 352

Total Authorized Temporaries = 15

* Contractual

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the One Cent Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note VII, Prior Period Adjustments, of the notes to the financial statements, certain errors resulting in understatement of previously reported receivables generated from communication services taxes and half cent sales taxes were discovered during the current year. Accordingly, adjustments have been made to fund balance of the General Fund and to net assets of the government-wide financial statements as of September 30, 2009, to correct the errors. We audited the adjustments to restate the 2009 financial statements as described in Note VII. In our opinion, such adjustments are appropriate and have been properly applied.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages A-3 through A-23 and the schedules of funding progress and employer contributions listed under required supplementary information on pages C-55 through C-56 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Larson Allen LLP
LarsonAllen LLP

Tampa, Florida
March 30, 2011

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in the transmittal letter, which can be found on pages v – ix of this report.

Financial Highlights

- The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$121,417,806 *net assets*). Of this amount, \$25,371,534 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1,919,906 (1.61 percent). Net assets supporting governmental activities decreased by \$483,488 (0.71 percent) and business-type activities net assets increased by \$2,403,394 (4.69 percent).
 - The decrease in net assets for governmental activity reflects the reduced tax revenue of \$3,078,649 (12.86 percent) and a \$2,018,059 (6.85 percent) reduction of expenses. Other decreases and increases in revenue account for the net change of \$483,488 and are specifically identifiable on the "Changes in Net Assets" (A-8) table included later in the Management Discussion and Analysis (MD&A).
 - The increase in net assets for business-type activities can be partially attributed to the increases of \$491,017 (2.12 percent) in charges for services and a decrease of expenses of \$1,884,981 (7.31 percent).
- On September 30, 2010 the City's governmental funds reported combined ending fund balances of \$13,071,139, a decrease of \$2,146,700 (14.11 percent) from the restated FY 2009 amount of \$15,217,839.
 - This decrease is largely due to the negative \$334,381 (115.70 percent decrease) unreserved balance in the One Cent Sales Tax Fund, a \$2,463,614 reduction.
- On September 30, 2010, unreserved, undesignated fund balance for the general fund was \$7,658,106, 32.25 percent of total general fund expenditures.
- The City's total debt decreased by \$2,997,125 (6.81 percent) during the current fiscal year. This decrease is the result of net changes in the outstanding debt. These changes can be found later in the MD&A in the "Outstanding Debt" (A-20) table.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reports as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages B-4 – B-9 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on each enterprise activity, all of which are considered to be major funds of the City. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* on pages D-23 – D-26 of this report.

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

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

The basic fiduciary fund financial statements can be found on pages B-16 – B-18 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages C-1 – C-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information regarding pension funding can be found on page C-54 – C-56 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages D-1 – D-26 of this report.

Government-wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$121,417,806 at September 30, 2010.

By far the largest portion of the City’s net assets (70.33 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, improvements other than buildings, and machinery and equipment), less any outstanding related debt. The City uses these capital assets to provide service to residents; consequently, these assets are *not* available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are provided from other sources, since the capital assets themselves are not available to liquidate these liabilities.

City of Dunedin, Florida						
Net Assets						
September 20, 2009 and 2010						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets*	\$ 19,403,904	\$ 23,515,057	\$ 25,394,535	\$ 24,031,265	\$ 44,798,439	\$ 47,546,322
Capital Assets	69,749,907	68,543,288	56,664,684	57,018,039	126,414,591	125,561,327
Total Assets	89,153,811	92,058,345	82,059,219	81,049,304	171,213,030	173,107,649
Current liabilities	2,003,484	2,646,173	3,836,220	3,875,624	5,839,704	6,521,797
Long-term liabilities outstanding:						
Due within one year	1,823,145	1,765,720	1,598,098	1,542,681	3,421,243	3,308,401
Due in more than one year	17,586,406	19,422,126	22,947,933	24,357,425	40,534,339	43,779,551
Total Liabilities	21,413,035	23,834,019	28,382,251	29,775,730	49,795,286	53,609,749
Net Assets:						
Invested in capital assets, net of related debt	52,017,214	49,216,594	33,375,182	32,324,908	85,392,396	81,541,502
Restricted	919,351	666,759	9,734,525	12,119,646	10,653,876	12,786,405
Unrestricted*	14,804,273	18,340,973	10,567,261	6,829,020	25,371,534	25,169,993
Total net assets	\$ 67,740,838	\$ 68,224,326	\$ 53,676,968	\$ 51,273,574	\$ 121,417,806	\$ 119,497,900

*Note: Reflects the prior period adjustment of \$298,417 in Governmental Activities for 2009.

An additional portion of the City's net assets (8.77 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$25,371,534 (20.90 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

At September 30, 2010, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for September 30, 2009.

There was a \$2,385,121 (19.68 percent) decrease in restricted net assets reported in conjunction with the City's business-type activities. This net decrease was partially the result of a \$3,672,958 (38.46 percent) decrease of net assets restricted for capital asset replacement and a \$1,287,837 (50.13) increase in the net assets restricted for debt service.

The government's net assets increased by \$1,919,900 (1.61 percent), from the restated FY 2009 amount of \$119,497,900, during the current fiscal year. As part of this increase \$1,967,588 represents the degree to which revenue collected outpaced expenses.

The following table reflects the changes in net assets for fiscal years ended September 30, 2010 and 2009:

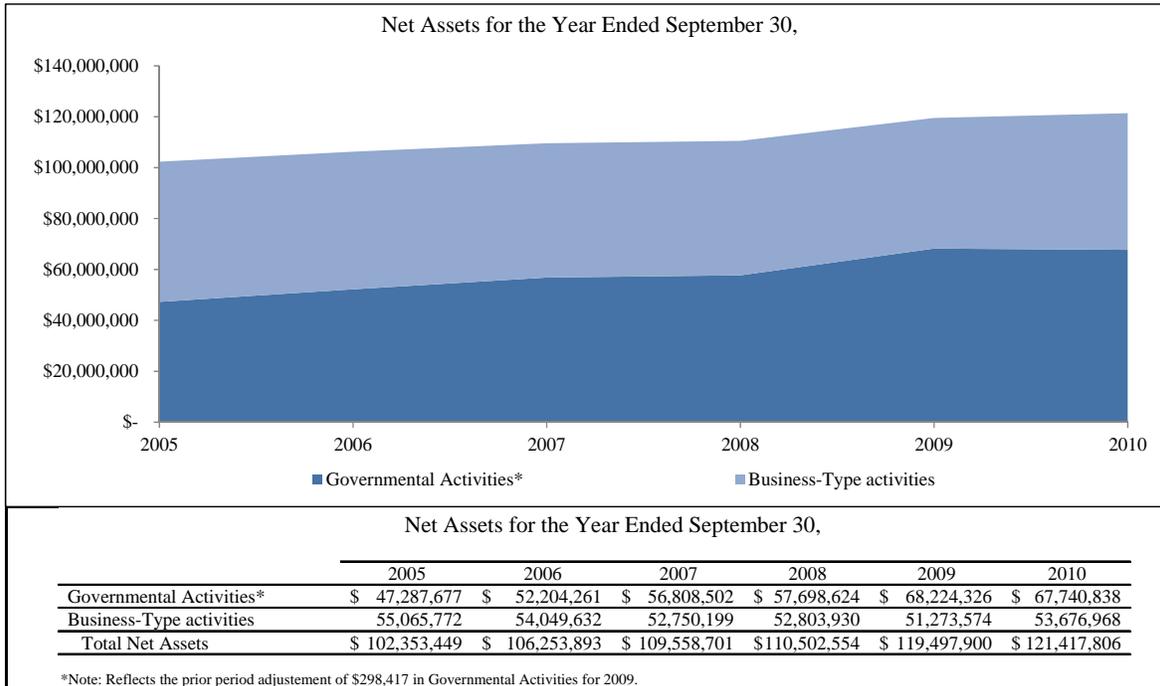
City of Dunedin, Florida
Changes in Net Assets
September 30, 2009 and 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 5,568,711	\$ 5,352,945	\$ 23,704,819	\$ 23,213,802	\$ 29,273,530	\$ 28,566,747
Operating grants and contributions	228,748	415,025	-	-	228,748	415,025
Capital grants and contributions	1,941,343	10,311,831	628,771	973,045	2,570,114	11,284,876
General revenues:						
Property taxes	7,277,630	8,364,594	-	-	7,277,630	8,364,594
Other taxes*	13,576,899	15,568,584	-	-	13,576,899	15,568,584
Grants and contributions not restricted to specific programs	1,639	-	-	-	1,639	-
Other	171,122	64,111	144,196	(41,579)	315,318	22,532
Total Revenues	28,766,092	40,077,090	24,477,786	24,145,268	53,243,878	64,222,358
Expenses:						
General government	2,499,304	3,681,315	-	-	2,499,304	3,681,315
Public safety	11,691,457	12,653,234	-	-	11,691,457	12,653,234
Transportation	2,226,040	1,839,363	-	-	2,226,040	1,839,363
Economic environment	467,325	507,328	-	-	467,325	507,328
Culture and recreation	9,772,233	9,931,370	-	-	9,772,233	9,931,370
Interest on long-term debt	772,810	834,618	-	-	772,810	834,618
Solid waste	-	-	4,577,524	4,571,427	4,577,524	4,571,427
Water/Sewer utility	-	-	16,661,525	18,511,182	16,661,525	18,511,182
Stormwater utility	-	-	1,792,841	1,615,538	1,792,841	1,615,538
Marina	-	-	484,848	478,476	484,848	478,476
Golf Course	-	-	378,065	603,161	378,065	603,161
Total Expenses	27,429,169	29,447,228	23,894,803	25,779,784	51,323,972	55,227,012
Increase (decrease) in net assets before transfers	1,336,923	10,629,862	582,983	(1,634,516)	1,919,906	8,995,346
Transfers	(1,820,411)	(104,160)	1,820,411	104,160	-	-
Increase (decrease) in net assets	(483,488)	10,525,702	2,403,394	(1,530,356)	1,919,906	8,995,346
Net assets as of October 1*	68,224,326	57,698,624	51,273,574	52,803,930	119,497,900	110,502,554
Net assets as of September 30	67,740,838	68,224,326	53,676,968	51,273,574	121,417,806	119,497,900

*Note: Reflects the prior period adjustment of \$298,417 in Governmental Activities for 2009.

The City's total revenues decreased by \$10,978,480 (17.09 percent) while total expenses decreased \$3,903,040 (7.07 percent). Applicable to total revenues, property taxes decreased \$1,086,964 (12.99 percent), charges for services increased \$706,783 (2.47 percent), and capital grants and contributions decreased \$8,714,762 (77.23 percent). As to total expenses, general government decreased \$1,182,011 (32.11 percent), public safety decreased \$961,777 (7.60 percent), transportation increased \$386,677 (21.02 percent), economic environment decreased \$40,003 (7.89 percent), culture and recreation decreased \$159,137 (1.60 percent), solid waste increased \$6,097 (0.13 percent), and the Water/sewer utilities decreased \$1,849,657 (9.99 percent). The analysis below separately considers the operations of governmental and business-

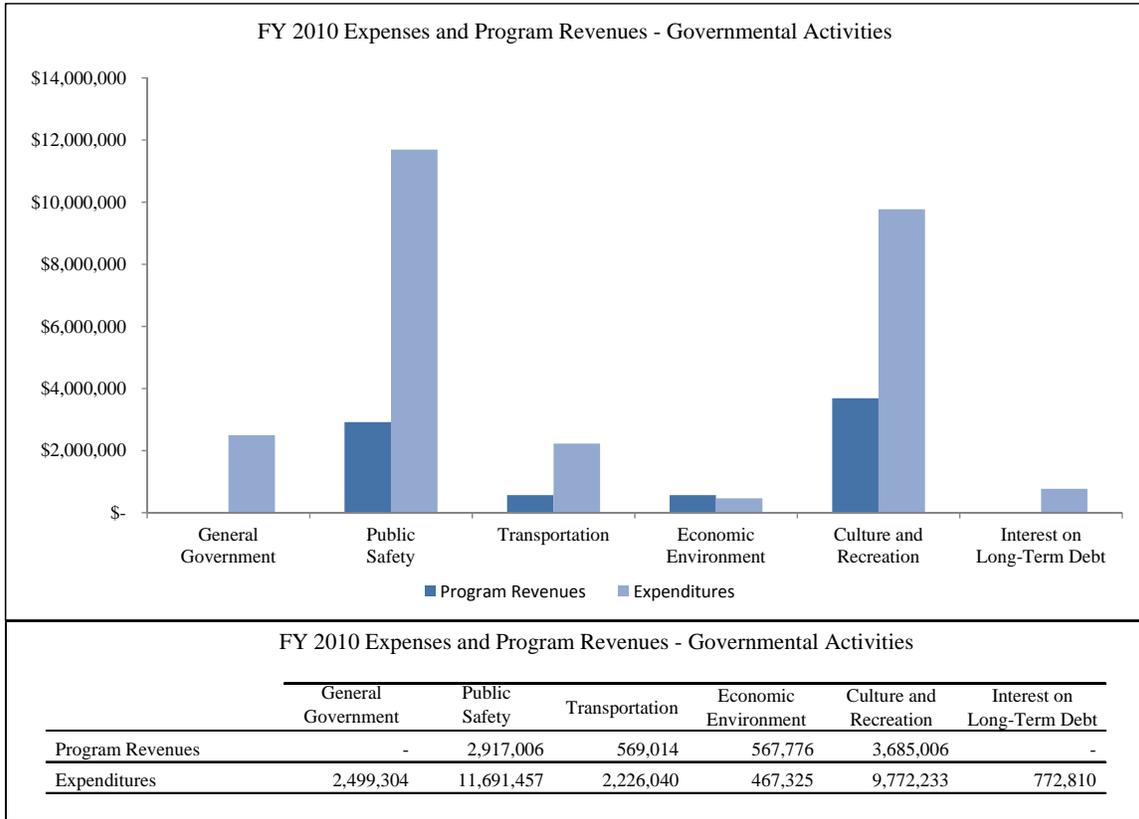
type activities in further detail. As indicated in the graph, as net assets have increase over time, the governmental and business-type activities have increased proportionately.



Governmental activities. Governmental activities decreased the City’s net assets by \$483,488 (0.71 percent), there by accounting for 20.12 percent of the total change in net assets of the City. Key elements of this increase are as follows.

- Property taxes decreased by \$1,086,964 (12.99 percent) during the year. Most of this decrease is due to the continued decrease in ad valorem assessed value.
- Capital grants and contributions for governmental activities decreased by \$8,714,762 (77.22 percent), primarily as a result of one time grants received in FY 2009 for the purchase of the Weaver Park Property.

As indicated in the graph below, for FY 2010 there does not seem to be a direct correlation of program revenue versus expenses. This would not be unexpected as projects extend across fiscal years and in addition various strategies could affect spending patterns.

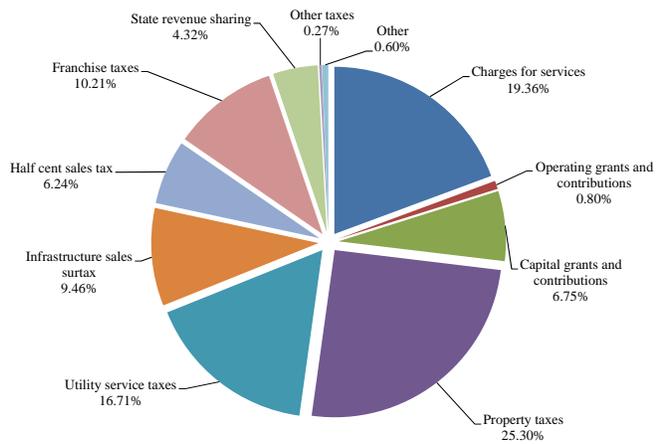


For the most part, the reduction in Governmental Activities expenses, \$1,182,011 (32.11 percent) reflects the budgetary reductions taken to address similar declines in revenues. Governmental activities are largely driven by ad valorem revenue. (Approximately 25% of governmental activities as indicated by the following graph.) As indicated in the Taxable Assed Value graph below, over the last few years there has been a marked decline in the taxable assed values and the corresponding ad valorem revenue. This decline can be directly linked to the decline in expenditures.

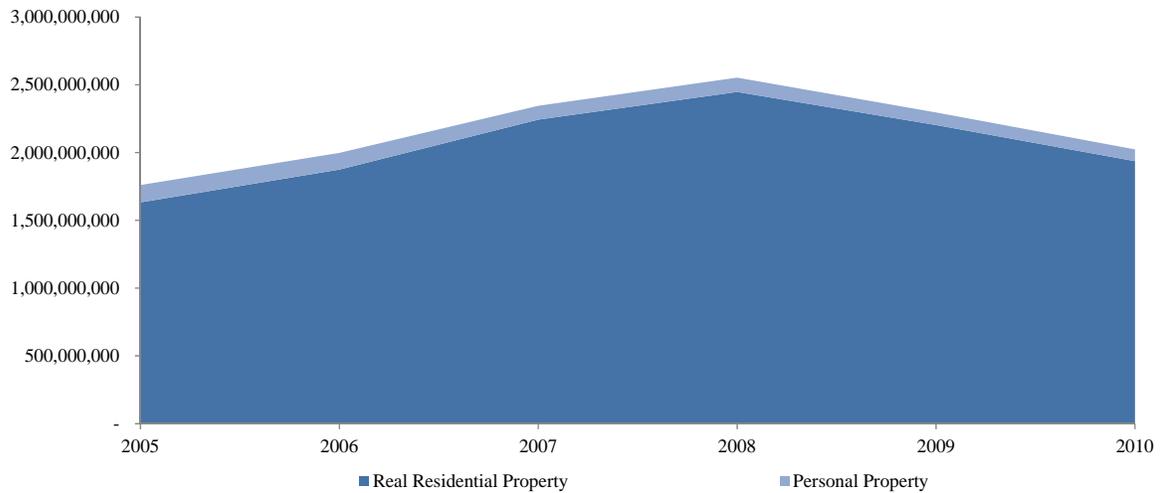
FY 2010 Revenues By Source - Governmental Activities

	Amount	% of Total
Charges for services	\$ 5,568,711	19.36%
Operating grants and contributions	228,748	0.80%
Capital grants and contributions	1,941,343	6.75%
Property taxes	7,277,630	25.30%
Utility service taxes	4,807,075	16.71%
Infrastructure sales surtax	2,720,927	9.46%
Half cent sales tax	1,793,787	6.24%
Franchise taxes	2,935,741	10.21%
State revenue sharing	1,243,130	4.32%
Other taxes	76,239	0.27%
Other	172,761	0.60%
Total revenues by source	\$ 28,766,092	100.00%

Note: revenue does not include transfers.



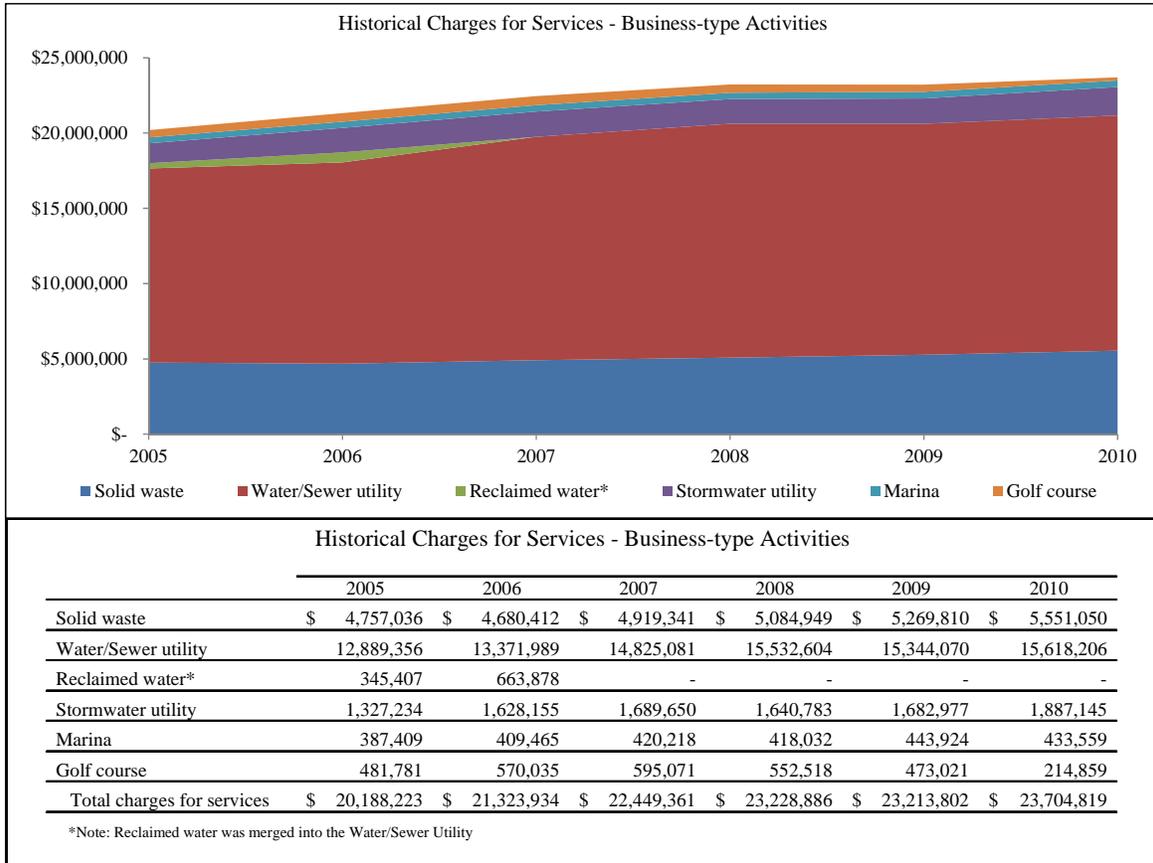
Taxable Assessed Value History



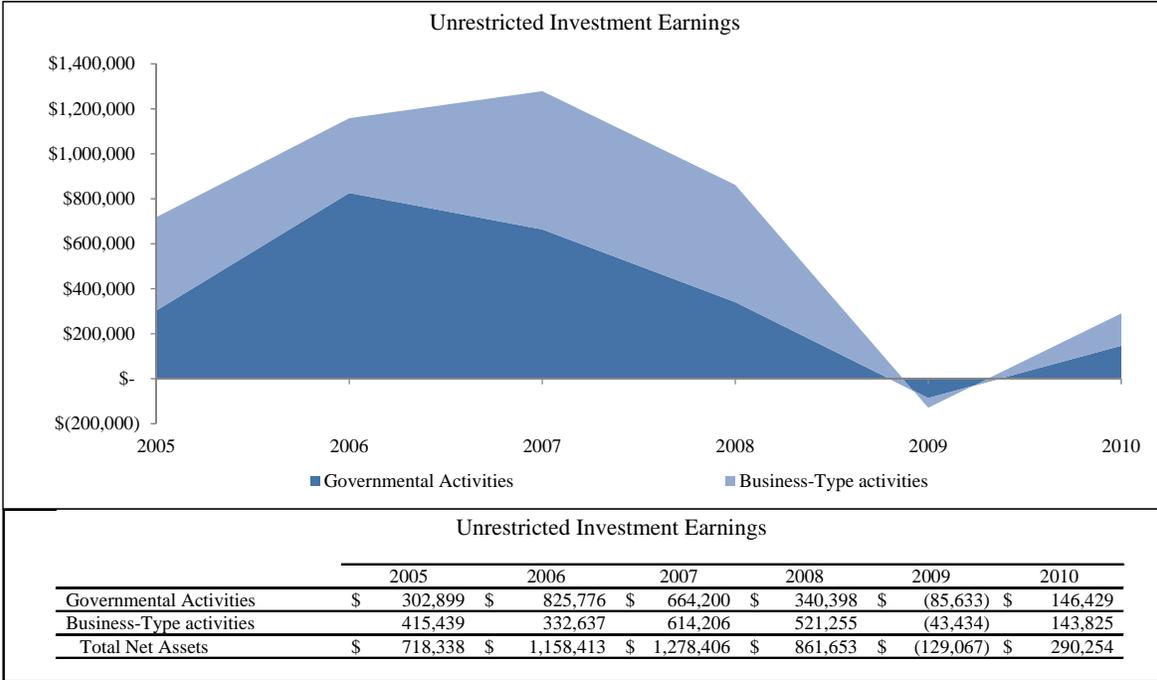
Taxable Assessed Value History

	2005	2006	2007	2008	2009	2010
Real Residential Property	1,632,193,900	1,873,992,400	2,242,890,164	2,446,825,022	2,203,132,958	1,936,889,887
Personal Property	127,960,240	123,476,459	102,039,260	106,309,880	92,534,883	86,727,617
Total Taxable Assessed Value	1,760,154,140	1,997,468,859	2,344,929,424	2,553,134,902	2,295,667,841	2,023,617,504

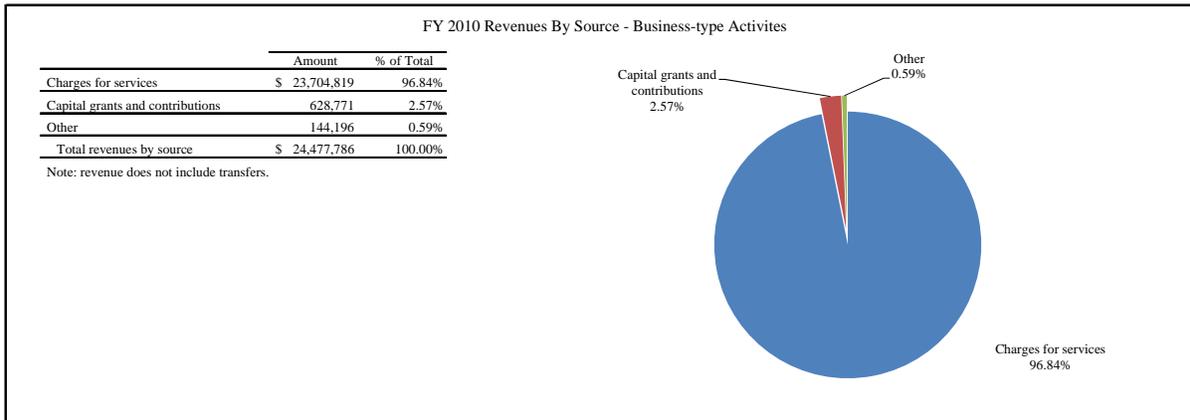
Business-type activities. Business type activities increased the City’s net assets by \$2,403,394, accounting for all of the growth in the government’s net assets. Key elements of this increase are as follows:



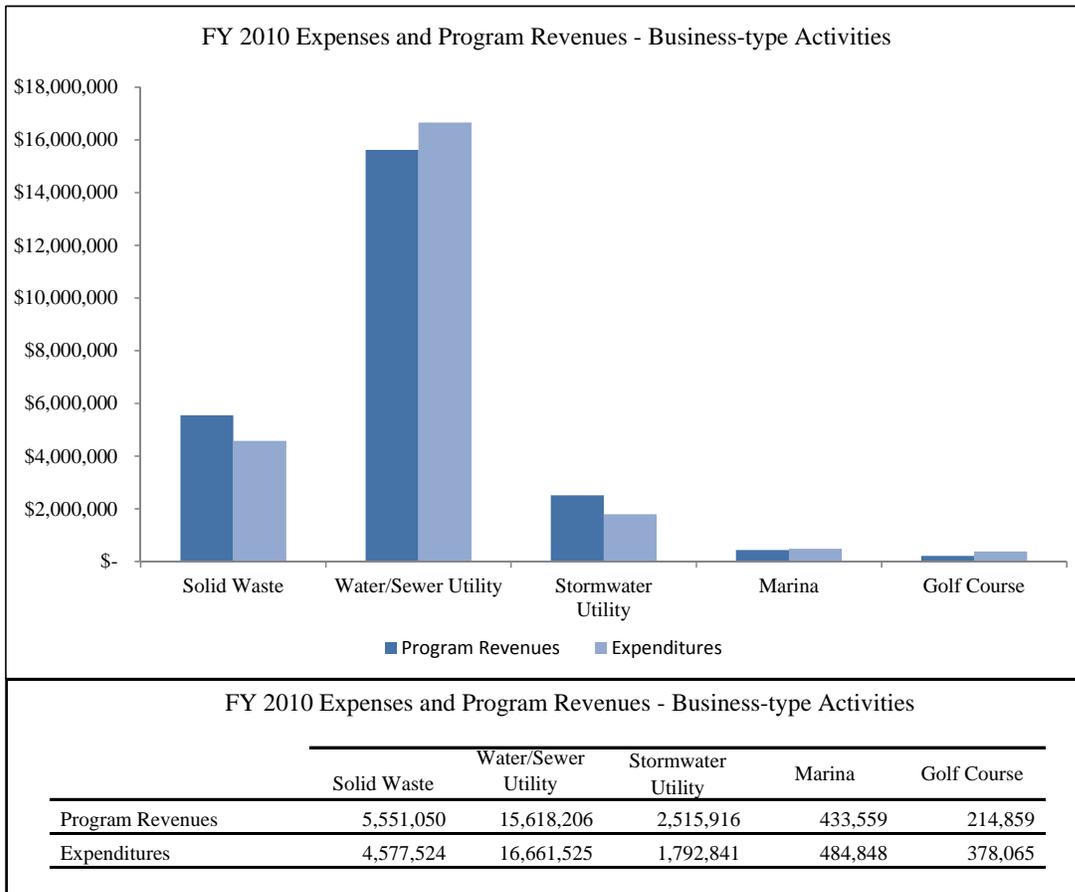
- Charges for services for business-type activities increased by 2.12 percent (\$491,017). The Water/Sewer utility fund accounts for a significant portion of this increase, which resulted from a scheduled 2.75 percent rate increase. Revenue generated from usage, adjusted for the rate increase, decreased by 1.48 percent, or \$305,225. This adjusted decrease was primarily due to lost revenue from major line breaks and meter outages.
- Additionally, Stormwater utility increased \$177,303 primarily due the discovery of improper billing at the beginning of the fiscal year.
- Additionally, Solid waste charges for services increased by \$281,240 (5.34 percent), partially due to a 2.35 percent rate increase (\$123,841) and partially due to growth of 2.99 percent (\$157,399).



- Investment earnings for the City continued to reflect market trends, with the gains made in 2010 erasing the losses of the previous year. Investment earnings grew by \$419,321; Governmental activities by \$232,062 (271 percent) and Business-type activities by \$187,259 (431.13 percent). This growth showed a strong rebound from the losses in the previous year.



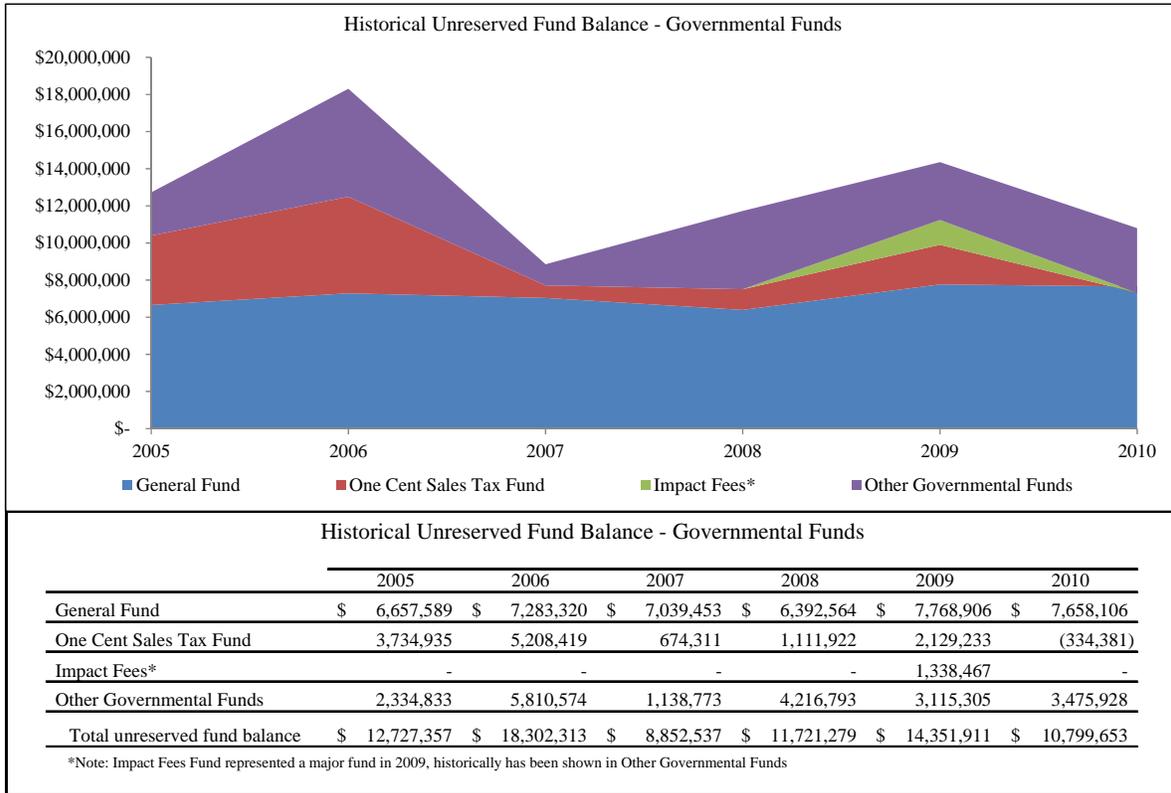
The largest component of business-type activities are the utilities, with the largest being water/sewer utilities. Program expenses are closely related to the program revenues, as business-type activities are intended to be self-funding.



Financial Analysis of the Government's Funds

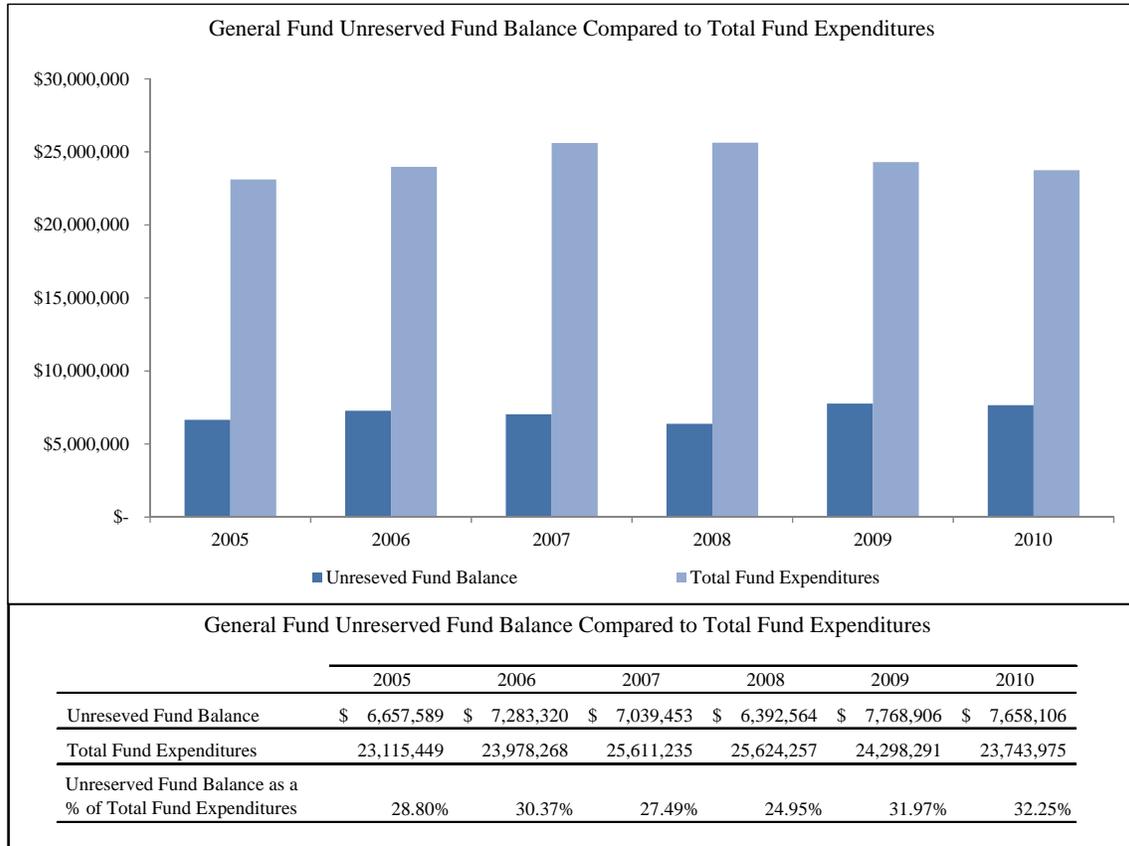
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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



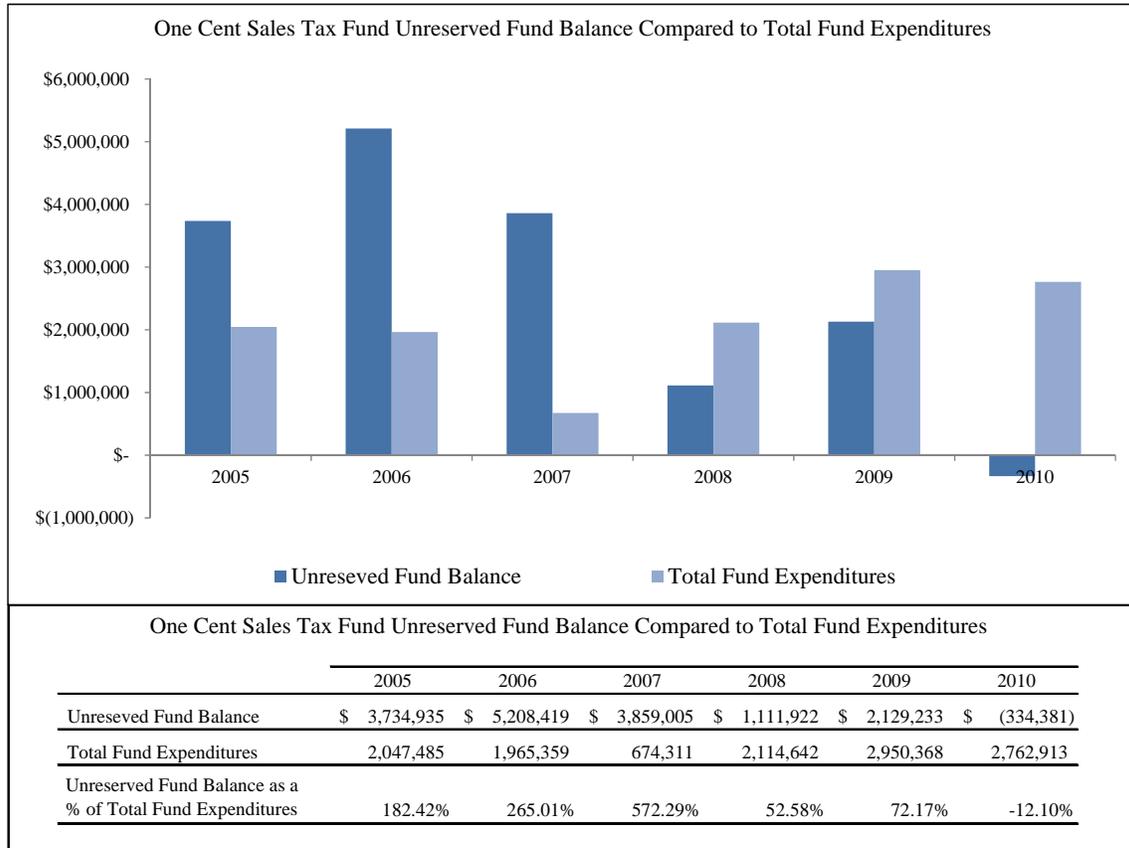
As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$13,071,139, a decrease of \$2,146,699 in comparison with prior year. Approximately 82.62 percent of this total amount (\$10,799,653) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government’s discretion. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$686,942), 2) to pay debt service (\$112,187), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$217,446), or 4) for a variety of other restricted purposes (\$1,254,911).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$7,658,106, while total fund balance reached \$8,729,621. As a measure of general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures, as displayed in the graph below. Unreserved, undesignated fund balance represents 32.25 percent of total general fund expenditures, while total fund balance represents 36.77 percent of that same amount.



The fund balance of the City’s general fund increased by \$389,461 (4.67 percent) during the current fiscal year. The general fund revenues \$24,289,699, outpaced expenditures \$23,743,975, by \$545,724. The primary driver of the increase was the \$554,316 (2.28 percent) reduction in operating expenses.

The one-cent sales tax fund has a total fund balance of \$172,505, all of which is reserved for encumbrances. The net decrease in fund balance during the current year in one-cent sales tax fund was \$1,956,728 (91.90 percent). The revenues from the current fiscal year were \$2,845,152, while the expenditures \$2,762,913, of this total amount 29.99 percent, or \$828,597 was spent on debt service. As the graph indicates the City continues to maximize this resource for infrastructure and other legally allowable projects.



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

Net assets of the Water/Sewer fund at the end of the year amounted to \$38,759,342, Solid Waste amounted to \$1,956,673, and Stormwater Utility amounted to \$8,053,288. The total growth of net assets for these three funds was \$(467,418), \$701,973, and \$1,616,850 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City’s business-type activities.

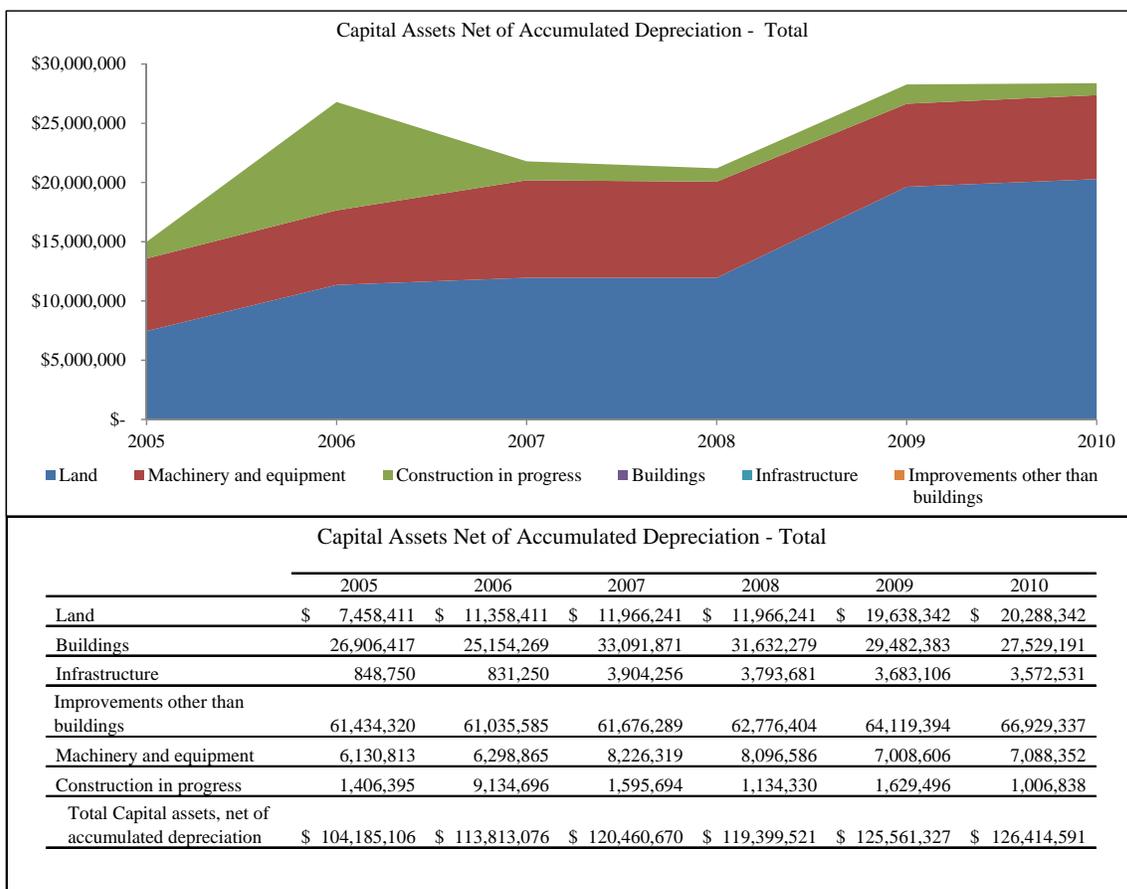
General Fund Budgetary Highlights

During the year there was a \$255,174 (1.06 percent) increase in expenditure appropriations between the original and final amended budget and a \$296,869 (1.19 percent) increase in estimated revenues.

Capital Asset and Debt Administration

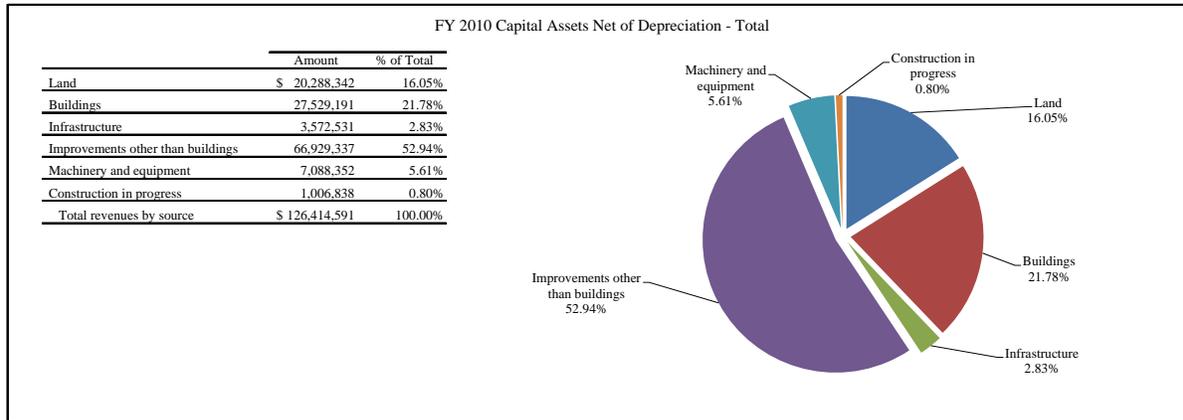
City of Dunedin, FL Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 18,659,446	\$ 18,259,446	\$ 1,628,896	\$ 1,378,896	\$ 20,288,342	\$ 19,638,342
Buildings	25,132,065	26,286,004	2,397,126	3,196,379	27,529,191	29,482,383
Infrastructure	3,572,531	3,683,106	-	-	3,572,531	3,683,106
Improvements other than building	15,839,871	13,363,615	51,089,466	50,755,779	66,929,337	64,119,394
Machinery and equipment	6,266,799	6,095,276	821,553	913,330	7,088,352	7,008,606
Construction in progress	279,195	855,841	727,643	773,655	1,006,838	1,629,496
Total Capital Assets	\$ 69,749,907	\$ 68,543,288	\$ 56,664,684	\$ 57,018,039	\$ 126,414,591	\$ 125,561,327

Capital assets. The City's investment in capital assets for its government and business-type activities as of September 30, 2010, amounts to \$126,414,591 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 0.68 percent (a 1.76 percent increase for governmental activities and a 0.62 percent decrease for business-type activities.)



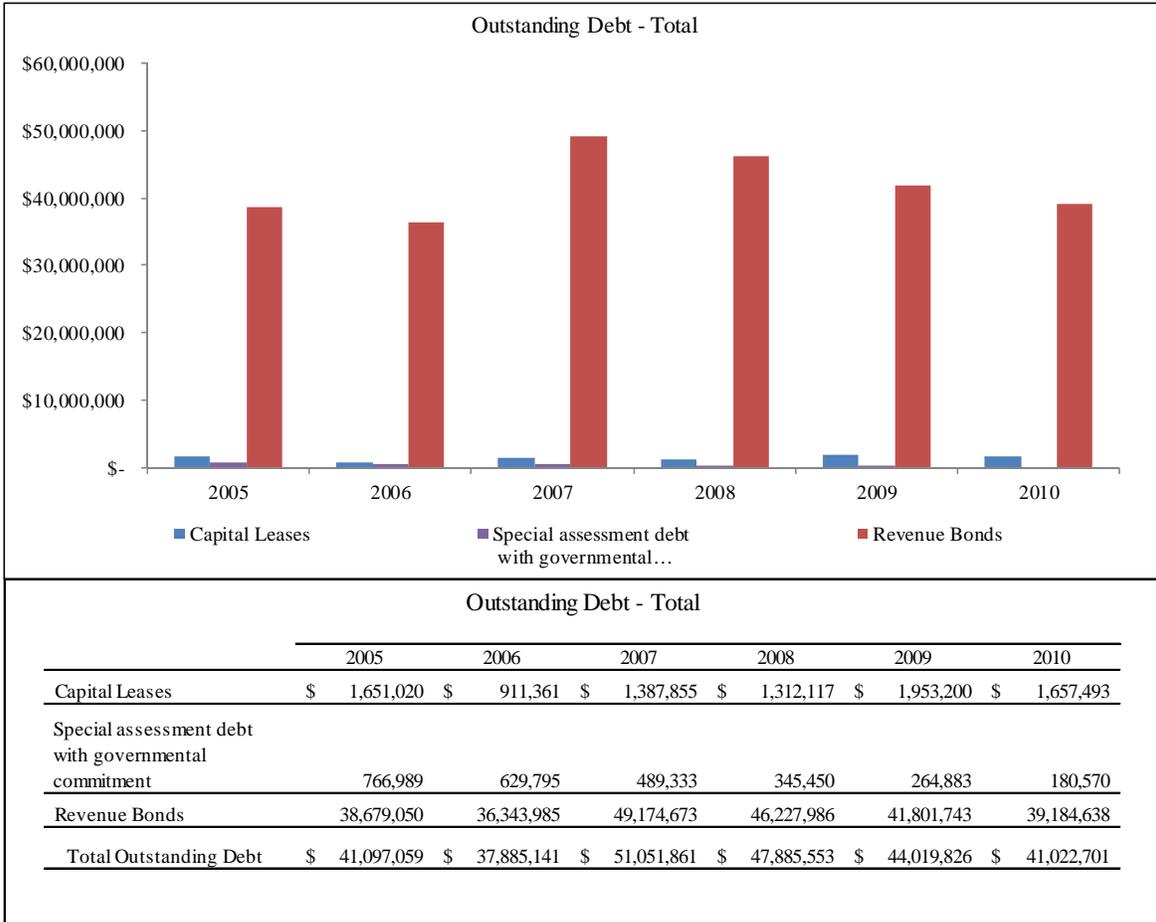
The changes in the capital assets can be specifically attributed to the following:

- Governmental activities' capital assets saw a slight increase of \$1,206,619 (1.76 percent) due to the increase of improvements other than buildings of \$2,476,256 (18.53 percent) and a \$1,269,637 decrease in all other asset categories, reflecting the net impact of increases to assets and the depreciation process. Additional detail concerning the Governmental activities' capital assets can be found note IV.A on page C-21 to C-24 of the Notes to the Financial Statements.
- Business-type activities' capital assets realized a slight decrease of \$353,355 (0.62 percent) due to the net impact of a decrease in buildings of \$799,253 (25 percent), increase in improvements other than buildings of \$333,687 (0.66 percent), and a \$112,211 (3.66 percent) increase in all other asset categories, reflecting the net impact of increases to assets and the depreciation process. Additional detail concerning the Business-type Activities' capital asset can be found in note IV.A on page C-21 to C-24 of the Notes to the Financial Statements.



Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$41,022,701. Of this amount, \$1,656,491 comprises capital leases and \$180,570 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder, \$39,184,638, of the City’s debt represents bond secured solely by specific revenue sources. (i.e., revenue bonds).

City of Dunedin, FL Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Capital leases	\$ 1,657,493	\$ 1,953,200	\$ -	\$ -	\$ 1,657,493	\$ 1,953,200
Special Assessment debt with governmental commitment	-	-	180,570	264,883	180,570	264,883
Revenue bonds	16,075,706	17,373,495	23,108,932	24,428,248	39,184,638	41,801,743
Total Liabilities	\$ 17,733,199	\$ 19,326,695	\$ 23,289,502	\$ 24,693,131	\$ 41,022,701	\$ 44,019,826



The City's total debt decreased by \$2,997,125 (6.81 percent) during the current fiscal year. This decrease primarily reflects the continued debt service. The City had no new issuances of debt during 2010.

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

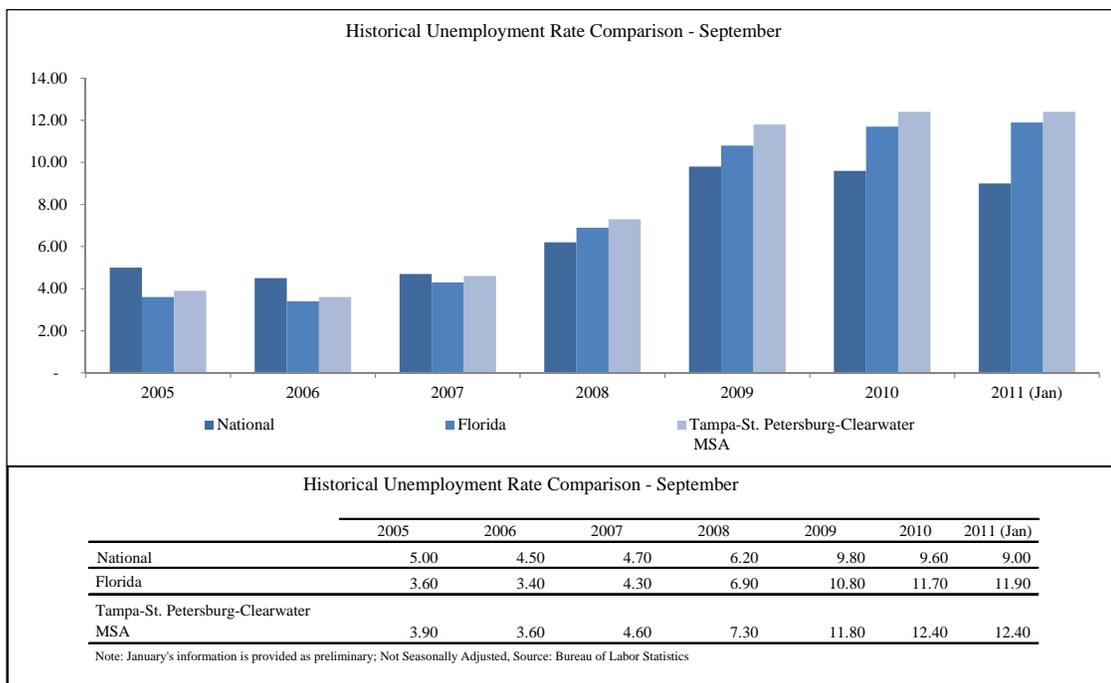
- The City's overall outstanding ratio of total annual general government debt service, exclusive of enterprise fund, internal service fund, and special assessment debt service to total annual general government revenue shall not exceed 12.5 percent; the City's current ratio is 5.84 percent.
- The City's maximum ratio of outstanding capital debt to the property tax base shall not exceed 20 percent; the City's current ratio is 2.15 percent.
- The City's use of revenue bonds may be 100% of total debt; the City's current ratio is 95.78 percent.

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

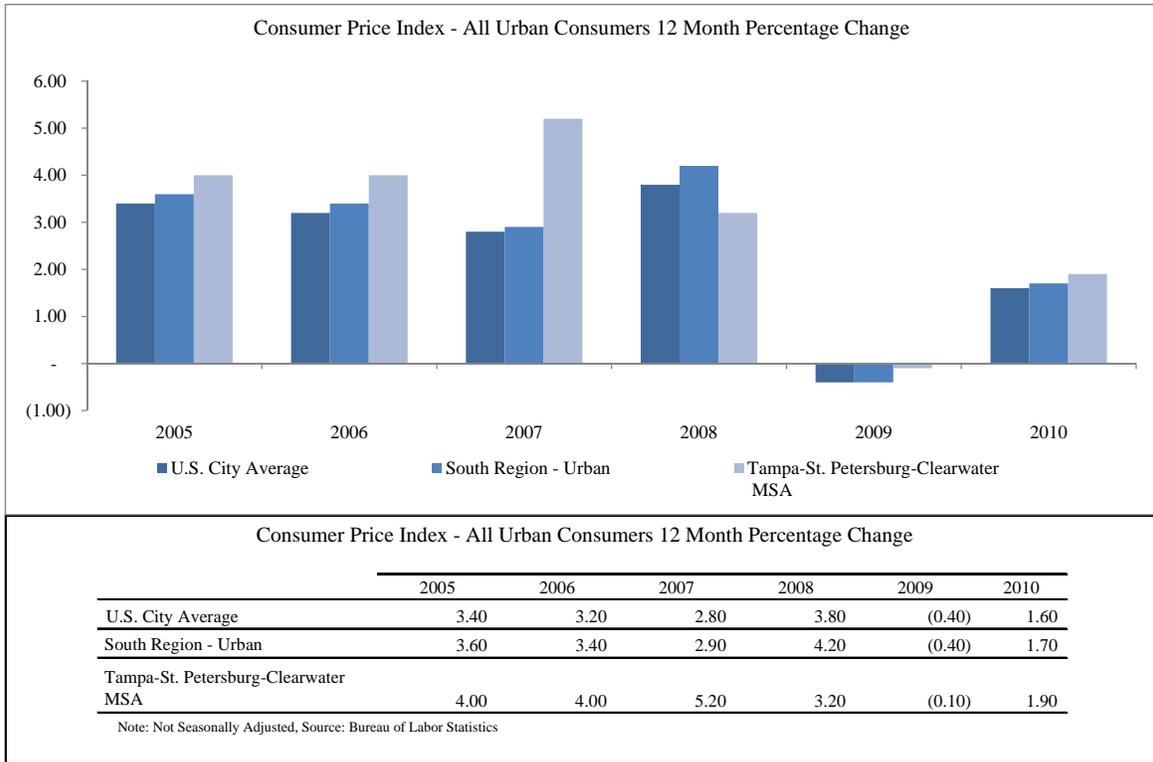
Additional information on the City’s long-term debt can be found in note IV.B on pages C-26 to C-40 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the Tampa Bay MSA is unchanged from September 2010, at 12.4 percent, which is an increase from the September 2010 rate of 11.8 percent. This compares unfavorably to the state’s average unemployment rate of 11.70 percent and the national average rate of 9.60 percent.



- The occupancy rate of the City’s downtown has remained high in the downtown area, with minimal vacancies.
- The City is substantially built out and thereby minimizes any major growth impacts.
- The City is largely residential, at 95.52 percent of assessed value.
- Inflationary trends in the region outpaced the national average for 2010, with the national average at 1.6 percent and the Tampa-St. Petersburg-Clearwater MSA at 1.9.



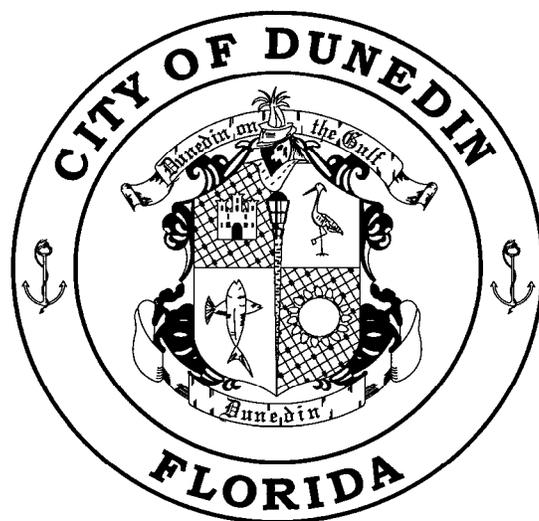
All of these factors were considered in preparing the City’s budget for FY 2011. During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to \$8,132,936. The City has appropriated \$400,109 of this amount for spending in FY 2011. It is intended that this use of available fund balance will fund the communication’s services and reflects a policy designation of Communications Services Taxes.

The water/sewer utility and stormwater utility rates were increased in FY 2011. The water/sewer utility rates were increased by 2.75 percent and stormwater utility rates were increased by \$1.40 per month, or 23.3%. The solid waste fund realized a reduction of 7.57 percent, or \$1.40 monthly for residential customers. These rate increases were necessary to provide for operations and infrastructure projects in the water/sewer utility fund and in the stormwater utility to provide for near-term operations and provide limited capital funding for the implementation of the Master Drainage Plan and Curlew Creek Basin Study.

Requests for Information

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

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Basic Financial Statements

City of Dunedin, Florida
Statement of Net Assets
September 30, 2010

	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,039,112	\$ 4,937,136	\$ 23,976,248
Receivables, net of allowance for doubtful accounts	503,990	3,840,797	4,344,787
Internal balances	(2,177,825)	2,177,825	-
Due from other governments	1,517,677	32,519	1,550,196
Inventories	110,868	759,609	870,477
Prepaid items	33,042	266	33,308
Accrued interest receivable	-	4,319	4,319
Deposits	100,650	150	100,800
Advances to other funds	176,212	-	176,212
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	-	10,291,012	10,291,012
Charges receivable	-	2,912,359	2,912,359
Deferred charges	-	438,543	438,543
Net Pension Assets	100,240	-	100,240
Capital assets, net of accumulated depreciation			
Land	18,659,446	1,628,896	20,288,342
Buildings	25,132,065	2,397,126	27,529,191
Infrastructure	3,572,531	-	3,572,531
Improvements other than buildings	15,839,871	51,089,466	66,929,337
Machinery and equipment	6,266,799	821,553	7,088,352
Construction in progress	279,195	727,643	1,006,838
Total assets	<u>89,153,873</u>	<u>82,059,219</u>	<u>171,213,092</u>
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	1,461,928	1,205,109	2,667,037
Accrued interest payable	276,490	962,421	1,238,911
Unearned revenue	244,779	331,131	575,910
Due to other governments	20,287	-	20,287
Liabilities payable from restricted assets	-	1,337,559	1,337,559
Noncurrent liabilities:			
Due within one year	1,823,145	1,598,098	3,421,243
Due in more than one year	17,586,406	22,947,933	40,534,339
Total liabilities	<u>21,413,035</u>	<u>28,382,251</u>	<u>49,795,286</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	52,017,214	33,375,182	85,392,396
Restricted for:			
Public safety programs	58,375	-	58,375
Capital asset replacement	531,343	5,877,697	6,409,040
Debt service	112,187	3,856,828	3,969,015
Perpetual care	217,446	-	217,446
Unrestricted	14,804,273	10,567,261	25,371,534
Total net assets	<u>\$ 67,740,838</u>	<u>\$ 53,676,968</u>	<u>\$ 121,417,806</u>

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

City of Dunedin, Florida
Statement of Activities
For the Fiscal Year Ended September 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Total
			Grants and Contributions	Capital Contributions			
Primary Government:							
Governmental activities:							
General government	\$ 2,499,304	\$ -	\$ -	\$ -	\$ (2,499,304)	\$ -	\$ (2,499,304)
Public safety	11,691,457	2,899,019	11,997	5,990	(8,774,451)	-	(8,774,451)
Transportation	2,226,040	-	11,564	557,450	(1,657,026)	-	(1,657,026)
Economic environment	467,325	126,548	17,120	424,108	100,451	-	100,451
Culture and recreation	9,772,233	2,543,144	188,067	953,795	(6,087,227)	-	(6,087,227)
Interest on long-term debt	772,810	-	-	-	(772,810)	-	(772,810)
Total governmental activities	27,429,169	5,568,711	228,748	1,941,343	(19,690,367)	-	(19,690,367)
Business-type activities:							
Solid waste	4,577,524	5,551,050	-	-	-	973,526	973,526
Water/Sewer utility	16,661,525	15,618,206	-	-	-	(1,043,319)	(1,043,319)
Stormwater utility	1,792,841	1,887,145	-	628,771	-	723,075	723,075
Mairna	484,848	433,559	-	-	-	(51,289)	(51,289)
Golf course	378,065	214,859	-	-	-	(163,206)	(163,206)
Total business-type activities	23,894,803	23,704,819	-	628,771	-	438,787	438,787
Total primary government	\$ 51,323,972	\$ 29,273,530	\$ 228,748	\$ 2,570,114	(19,690,367)	438,787	(19,251,580)
General Revenues:							
Property taxes					7,277,630	-	7,277,630
Utility service taxes					4,807,075	-	4,807,075
Intergovernmental revenues:							
Infrastructure sales surtax					2,720,927	-	2,720,927
Half cent sales tax					1,793,787	-	1,793,787
Franchise taxes					2,935,741	-	2,935,741
State revenue sharing					1,243,130	-	1,243,130
Other taxes					76,239	-	76,239
Grants and contributions not restricted to specific programs					1,639	-	1,639
Unrestricted investment earnings / (loss)					146,429	143,825	290,254
Gain on sale of capital assets					24,693	371	25,064
Transfers					(1,820,411)	1,820,411	-
Total general revenues and transfers					19,206,879	1,964,607	21,171,486
Change in net assets					(483,488)	2,403,394	1,919,906
Net Assets - beginning as restated					68,224,326	51,273,574	119,497,900
Net - Assets - ending					\$ 67,740,838	\$ 53,676,968	\$ 121,417,806

The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida
Balance Sheet for Governmental Funds
September 30, 2010

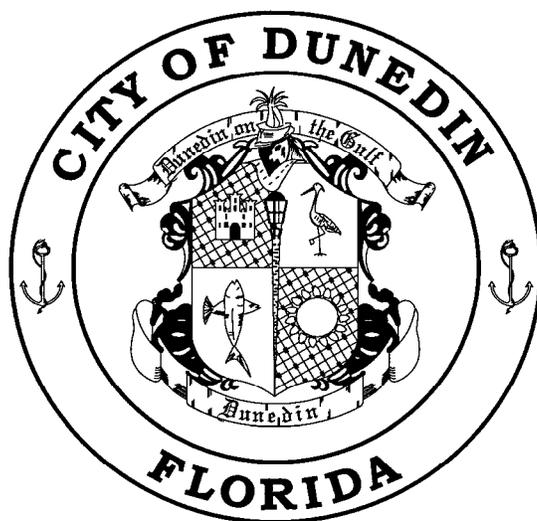
	General Fund	One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,841,450	\$ 146,408	\$ 4,222,077	\$ 12,209,935
Accounts receivable, net of allowance for doubtful accounts	503,990	-	-	503,990
Assessments/liens receivable, net of allowance for uncollectibles	-	-	-	-
Pledges receivable	-	-	-	-
Due from other funds	122,562	-	-	122,562
Due from other governments	932,327	451,306	133,982	1,517,615
Inventories	1,750	-	-	1,750
Prepaid items	14,151	-	-	14,151
Accrued interest receivable	-	-	-	-
Deposits	150	-	500	650
Advances to other funds	117,136	-	59,076	176,212
Total assets	<u>\$ 9,533,516</u>	<u>\$ 597,714</u>	<u>\$ 4,415,635</u>	<u>\$ 14,546,865</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 204,994	\$ 322,926	\$ 174,890	\$ 702,810
Contracts payable	-	102,283	30,462	132,745
Accrued salaries payable	344,942	-	19,545	364,487
Deposits payable	1,175	-	1,500	2,675
Deferred revenue	244,779	-	-	244,779
Due to other governments	-	-	20,287	20,287
Other current liabilities	8,005	-	-	8,005
Total liabilities	<u>803,895</u>	<u>425,209</u>	<u>246,684</u>	<u>1,475,788</u>
Fund Balances:				
Reserved for:				
Encumbrances	34,700	506,886	145,356	686,942
Inventories	1,750	-	-	1,750
Prepaid Expenses	14,151	-	-	14,151
Advances	117,136	-	59,076	176,212
Public safety programs	58,081	-	294	58,375
Capital projects	155,171	-	376,172	531,343
Debt service	-	-	112,187	112,187
Other Reserves	473,080	-	-	473,080
Perpetual care nonexpendable	217,446	-	-	217,446
Unreserved, reported in:				
General fund	7,658,106	-	-	7,658,106
Special revenue funds	-	(334,381)	2,880,603	2,546,222
Capital projects funds	-	-	595,325	595,325
Total fund balances	<u>8,729,621</u>	<u>172,505</u>	<u>4,169,013</u>	<u>13,071,139</u>
Total liabilities and fund balances	<u>\$ 9,533,516</u>	<u>\$ 597,714</u>	<u>\$ 4,415,697</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	63,250,044
Net pension asset resulting from the effect of contributing more than the annual required actuarial contribution	100,240
Internal service funds are used by management to charge the costs of fleet and facility management and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	8,873,969
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(17,554,554)
Net assets of governmental activities	<u>\$ 67,740,838</u>

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

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City of Dunedin, Florida
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2010

	General Fund	One Cent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 6,784,052	\$ -	\$ 493,578	\$ 7,277,630
Franchise	2,935,741	-	-	2,935,741
Utility service	4,807,075	-	-	4,807,075
Licenses and permits	732,845	-	-	732,845
Intergovernmental	3,113,156	2,839,260	2,299,204	8,251,620
Charges for services	5,117,938	-	251,573	5,369,511
Fines	119,427	-	-	119,427
Investment earnings / (loss)	73,923	5,892	42,273	122,088
Rents	277,532	-	-	277,532
Contributions and donations	55,352	-	17,383	72,735
Other revenue	272,658	-	112,326	384,984
Total revenues	<u>24,289,699</u>	<u>2,845,152</u>	<u>3,216,337</u>	<u>30,351,188</u>
EXPENDITURES				
Current:				
General government	3,238,078	-	35,091	3,273,169
Public safety	11,767,998	-	13,244	11,781,242
Transportation	1,776,938	-	8,168	1,785,106
Economic environment	-	-	466,280	466,280
Culture and recreation	6,936,661	-	998,092	7,934,753
Debt service:				
Principal	-	486,521	811,268	1,297,789
Interest	-	342,076	399,779	741,855
Capital outlay:				
General government	-	217,631	36,615	254,246
Public safety	-	-	49,031	49,031
Physical environment	-	-	-	-
Transportation	-	1,716,685	878,560	2,595,245
Economic environment	-	-	877,083	877,083
Culture and recreation	-	-	422,456	422,456
Aids and grants	24,300	-	141,933	166,233
Total expenditures	<u>23,743,975</u>	<u>2,762,913</u>	<u>5,137,600</u>	<u>31,644,488</u>
Excess of revenues over (under) expenditures	<u>545,724</u>	<u>82,239</u>	<u>(1,921,263)</u>	<u>(1,293,300)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	867,069	-	1,538,767	2,405,836
Transfers out	(1,023,331)	(2,038,967)	(196,937)	(3,259,235)
Total other financing sources (uses)	<u>(156,262)</u>	<u>(2,038,967)</u>	<u>1,341,830</u>	<u>(853,399)</u>
Net change in fund balances	389,462	(1,956,728)	(579,433)	(2,146,699)
Fund balances - beginning as restated	<u>8,340,159</u>	<u>2,129,233</u>	<u>4,748,446</u>	<u>15,217,838</u>
Fund balances - ending	<u>\$ 8,729,621</u>	<u>\$ 172,505</u>	<u>\$ 4,169,013</u>	<u>\$ 13,071,139</u>

The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended September 30, 2010

Net change in fund balances - total governmental funds (page B-6) \$ (2,146,699)

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

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

Expenditures for capital assets	3,926,439	
Less current year depreciation	<u>(3,274,434)</u>	652,005

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, etc.) (38,778)

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

Principal payments	<u>1,297,789</u>	1,297,789
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Pension contributions more than the annual pension costs increases the net pension asset on the statement of net assets 100,240

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	(25,698)	
Change in accrued interest expense	<u>15,118</u>	(10,580)

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. (337,465)

Change in net assets of governmental activities (page B-3)	<u>\$</u>	<u>(483,488)</u>
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The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended September 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 6,943,379	\$ 6,523,416	\$ 6,784,052	\$ 260,636
Franchise	2,755,438	3,138,808	2,935,741	(203,067)
Utility service	4,501,215	4,871,583	4,807,075	(64,508)
Licenses and permits	668,500	769,881	732,845	(37,036)
Intergovernmental	3,054,040	2,910,917	3,113,156	202,239
Charges for services	5,317,519	5,317,519	5,117,938	(199,581)
Fines	209,660	189,203	119,427	(69,776)
Investment earnings / (loss)	35,000	35,000	73,923	38,923
Rents	351,600	351,600	277,532	(74,068)
Contributions and donations	47,000	50,250	55,352	5,102
Other revenue	1,081,047	1,103,090	272,658	(830,432)
Total revenues	24,964,398	25,261,267	24,289,699	(971,568)
EXPENDITURES				
Current:				
General government:				
City commission	142,807	184,807	157,904	26,903
City manager	519,346	519,346	500,439	18,907
Legal	146,927	216,927	211,685	5,242
City clerk	388,957	388,957	404,496	(15,539)
Finance	779,316	818,333	773,769	44,564
Administration	1,178,392	1,107,877	1,189,785	(81,908)
Total general government	3,155,745	3,236,247	3,238,078	(1,831)
Public safety:				
Law enforcement	3,987,319	4,079,592	4,045,709	33,883
Fire control	6,456,486	6,501,976	6,398,943	103,033
Planning and Development	1,467,640	1,481,684	1,323,346	158,338
Total public safety	11,911,445	12,063,252	11,767,998	295,254
Transportation:				
Streets / Traffic	1,909,738	1,915,153	1,776,938	138,215
Total transportation	1,909,738	1,915,153	1,776,938	138,215
Culture and recreation:				
Library	1,352,490	1,355,740	1,336,712	19,028
Leisure services administration	485,468	485,468	487,089	(1,621)
Recreation	3,164,925	3,176,425	3,174,597	1,828
Parks	2,044,112	2,044,112	1,938,263	105,849
Total culture and recreation	7,046,995	7,061,745	6,936,661	125,084
Debt service:				
Principal	-	-	-	-
Total debt service	-	-	-	-
Aids and grants	24,300	27,000	24,300	2,700
Total expenditures	24,048,223	24,303,397	23,743,975	559,422
Excess of revenues over (under) expenditures	916,175	957,870	545,724	(412,146)
OTHER FINANCING SOURCES (USES)				
Transfers in	845,631	845,026	867,069	22,043
Operating Transfers Out:				
Dunedin Stadium Fund	(299,203)	(299,203)	(299,203)	-
Aid / General / Hist. Society	(79,780)	(79,780)	(79,780)	-
Leisure Services Capital Improvement Fund	(155,800)	(155,488)	(155,488)	-
Capital Improvement Fund	(100,000)	(100,000)	(100,000)	-
Golf Course Fund	-	(86,500)	(86,500)	-
Building Maintenance Fund	(64,801)	(64,801)	(64,801)	-
Debt Service Fund	(111,777)	(111,777)	(111,777)	-
DFACC (Fine Arts)	(147,408)	(125,782)	(125,782)	-
Transfers out	(958,769)	(1,023,331)	(1,023,331)	-
Total other financing uses	(113,138)	(178,305)	(156,262)	22,043
Net change in fund balances	803,037	779,565	389,462	(390,103)
Fund balances - beginning as restated	7,868,556	8,340,159	8,340,159	-
Fund balances - ending	\$ 8,671,593	\$ 9,119,724	\$ 8,729,621	\$ (390,103)

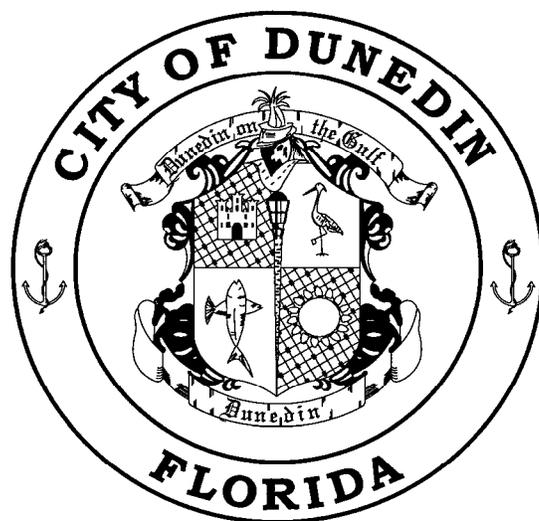
The accompanying notes are an integral part of these financial statements

City of Dunedin, Florida
One Cent Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Infrastructure sales surtax	\$ 2,782,400	\$ 2,782,400	\$ 2,720,927	\$ (61,473)
Grant Revenues	571,401	400,000	118,333	(281,667)
Miscellaneous revenues:				
Investment earnings / (loss)	4,000	4,000	5,892	1,892
Total revenues	<u>3,357,801</u>	<u>3,186,400</u>	<u>2,845,152</u>	<u>(341,248)</u>
<u>EXPENDITURES</u>				
Capital projects:				
General government	-	352,930	217,631	135,299
Transportation	1,150,000	1,926,208	1,716,685	209,523
Economic environment	485,000	-	-	-
Culture and recreation	-	958	-	958
Debt service				
Principal	480,168	480,168	486,521	(6,353)
Interest	348,807	348,707	342,076	6,631
Total expenditures	<u>2,463,975</u>	<u>3,108,971</u>	<u>2,762,913</u>	<u>346,058</u>
Excess of revenues over expenditures	<u>893,826</u>	<u>77,429</u>	<u>82,239</u>	<u>4,810</u>
<u>OTHER FINANCING SOURCES / (USES)</u>				
Transfers out	<u>(1,996,000)</u>	<u>(2,038,967)</u>	<u>(2,038,967)</u>	<u>-</u>
Total other financing uses	<u>(1,996,000)</u>	<u>(2,038,967)</u>	<u>(2,038,967)</u>	<u>-</u>
Net change in fund balances	(1,102,174)	(1,961,538)	(1,956,728)	4,810
Fund balances - beginning	<u>2,645,000</u>	<u>2,251,224</u>	<u>2,129,233</u>	<u>(121,991)</u>
Fund balances - ending	<u>\$ 1,542,826</u>	<u>\$ 289,686</u>	<u>\$ 172,505</u>	<u>\$ (117,181)</u>

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

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City of Dunedin, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities - Enterprise Funds							Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total		
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 1,510,217	\$ 1,980,979	\$ 467,520	\$ 970,292	\$ 8,128	\$ 4,937,136	\$ 6,829,177	
Accounts receivable, net of allowance for uncollectibles	657,211	2,201,837	785,456	12,540	709	3,657,753	-	
Assessments/liens receivable, net of allowance for uncollectibles	25,435	157,609	-	-	-	183,044	-	
Deferred outflow	-	320,204	10,927	-	-	331,131	-	
Due from other governments	-	32,519	-	-	-	32,519	-	
Inventories	-	759,609	-	-	-	759,609	109,118	
Prepaid items	30	236	-	-	-	266	18,891	
Interest receivable	-	4,319	-	-	-	4,319	-	
Deposits	-	-	-	-	150	150	100,000	
Total current assets	2,192,893	5,457,312	1,263,903	982,832	8,987	9,905,927	7,057,186	
Noncurrent assets:								
Restricted cash and cash equivalents	-	1,217,253	-	51,810	-	1,269,063	-	
Customer deposits	-	1,057,266	-	-	-	1,057,266	-	
Impact fees	-	4,309,039	2,044,387	-	-	6,353,426	-	
Capital asset replacement	-	1,561,773	49,484	-	-	1,611,257	-	
Revenue bond covenant accounts	-	2,912,359	-	-	-	2,912,359	-	
Charges receivable	-	11,057,690	2,093,871	51,810	-	13,203,371	-	
Total restricted assets	-	104,052	3,360	-	-	107,412	-	
Deferred charges	-	305,364	250,000	-	1,073,532	1,628,896	-	
Capital assets:								
Land	333,053	15,545,672	2,000	28,401	167,338	16,076,464	2,854,806	
Buildings	8,909	96,159,230	11,960,474	2,176,338	291,651	110,596,602	4,744	
Improvements other than buildings	779,091	1,912,121	149,034	6,313	12,929	2,859,488	11,829,158	
Machinery and equipment	-	341,559	386,084	-	-	727,643	-	
Construction in progress	(968,003)	(69,103,825)	(3,350,021)	(1,590,312)	(212,248)	(75,224,409)	(8,188,845)	
Less accumulated depreciation								
Total capital assets, net of accumulated depreciation	153,050	45,160,121	9,397,571	620,740	1,333,202	56,664,684	6,499,863	
Total noncurrent assets	153,050	56,321,863	11,494,802	672,550	1,333,202	69,975,467	6,499,863	
Total assets	\$ 2,345,943	\$ 61,779,175	\$ 12,758,705	\$ 1,655,382	\$ 1,342,189	\$ 79,881,394	\$ 13,557,049	

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

City of Dunedin, Florida
Statement of Net Assets
Proprietary Funds
September 30, 2010
(continued)

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 120,287	\$ 439,181	\$ 225,353	\$ 8,115	\$ 11,766	\$ 804,702	\$ 213,547
Contracts payable	-	81,516	57,670	-	1,730	140,916	-
Accrued salaries payable	42,118	194,481	17,141	4,786	965	259,491	37,659
Accrued interest payable	-	-	-	-	-	-	56,169
Capital leases payable - current	-	-	-	-	-	-	467,631
Deferred SWAP Obligation	-	320,204	10,927	-	-	331,131	-
Total current liabilities	<u>162,405</u>	<u>1,035,382</u>	<u>311,091</u>	<u>12,901</u>	<u>14,461</u>	<u>1,536,240</u>	<u>775,006</u>
Current liabilities payable from restricted assets:							
Revenue bonds payable	-	1,598,098	-	-	-	1,598,098	-
Accrued interest payable	-	782,312	180,109	-	-	962,421	-
Customer deposits payable	-	1,256,801	-	-	-	1,256,801	-
Deposits payable	-	28,948	-	51,810	-	80,758	-
Due to other funds	-	-	-	-	122,562	122,562	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>3,666,159</u>	<u>180,109</u>	<u>51,810</u>	<u>122,562</u>	<u>4,020,640</u>	<u>-</u>
Noncurrent liabilities:							
Revenue bonds payable, net of amortized discounts and deferred amount on refunding	-	17,530,110	4,161,294	-	-	21,691,404	-
Capital leases payable	-	-	-	-	-	-	1,189,862
Compensated absences	214,196	738,034	48,479	10,711	-	1,011,420	226,456
OPEB liability	12,669	50,148	4,444	1,416	220	68,897	10,651
Advances from other funds	-	-	-	-	176,212	176,212	-
Claims liabilities	-	-	-	-	-	-	180,718
Total noncurrent liabilities	<u>226,865</u>	<u>18,318,292</u>	<u>4,214,217</u>	<u>12,127</u>	<u>176,432</u>	<u>22,947,933</u>	<u>1,607,687</u>
Total liabilities	<u>389,270</u>	<u>23,019,833</u>	<u>4,705,417</u>	<u>76,838</u>	<u>313,465</u>	<u>28,504,813</u>	<u>2,382,693</u>
NET ASSETS							
Invested in capital assets, net of related debt	153,050	26,031,913	5,236,277	620,740	1,333,202	33,375,182	4,842,370
Restricted for capital assets	-	2,855,915	2,044,387	977,395	-	5,877,697	-
Restricted for debt service / deposits	-	3,807,344	49,484	-	-	3,856,828	-
Unrestricted	1,803,623	6,064,170	723,140	(19,591)	(304,468)	8,266,874	\$ 6,331,986
Total net assets	<u>\$ 1,956,673</u>	<u>\$ 38,759,342</u>	<u>\$ 8,053,288</u>	<u>\$ 1,578,544</u>	<u>\$ 1,028,734</u>	<u>\$ 51,376,581</u>	<u>\$ 11,174,356</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							
Net assets of business-type activities						2,300,387	\$ 53,676,968

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

City of Dunedin, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds						Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total	
Operating revenues:							
Charges for services	\$ 5,430,829	\$ 15,248,129	\$ 1,887,145	\$ -	\$ 213,724	\$ 22,779,827	\$ 6,713,236
Other operating revenue	120,221	370,077	-	433,559	1,135	924,992	101,609
Total operating revenues	<u>5,551,050</u>	<u>15,618,206</u>	<u>1,887,145</u>	<u>433,559</u>	<u>214,859</u>	<u>23,704,819</u>	<u>6,814,845</u>
Operating expenses:							
Personal services	1,513,180	5,958,614	583,469	166,706	151,367	8,373,336	1,381,820
Supplies and services	3,324,905	5,286,636	616,778	140,462	198,524	9,567,305	3,083,883
Depreciation	24,316	4,633,740	481,673	190,652	33,039	5,363,420	1,143,523
Total operating expenses	<u>4,862,401</u>	<u>15,878,990</u>	<u>1,681,920</u>	<u>497,820</u>	<u>382,930</u>	<u>23,304,061</u>	<u>5,609,226</u>
Operating income (loss)	<u>688,649</u>	<u>(260,784)</u>	<u>205,225</u>	<u>(64,261)</u>	<u>(168,071)</u>	<u>400,758</u>	<u>1,205,619</u>
Nonoperating revenues (expenses):							
Investment earnings / (loss)	13,324	86,299	27,063	9,506	7,633	143,825	66,840
Interest/amortization	-	(1,084,467)	(167,034)	-	(56)	(1,251,557)	(46,073)
Gain (loss) on disposal of capital assets	-	448	-	-	(77)	371	63,976
Total nonoperating revenues (expenses)	<u>13,324</u>	<u>(997,720)</u>	<u>(139,971)</u>	<u>9,506</u>	<u>7,500</u>	<u>(1,107,361)</u>	<u>84,743</u>
Income before contributions and transfers	701,973	(1,258,504)	65,254	(54,755)	(160,571)	(706,603)	1,290,362
Contributions - grants	-	-	628,771	-	-	628,771	-
Transfers in	-	791,086	922,825	10,000	96,500	1,820,411	338,551
Transfers out	-	-	-	-	-	-	(1,305,563)
Change in net assets	701,973	(467,418)	1,616,850	(44,755)	(64,071)	1,742,579	323,350
Total net assets - beginning	1,254,700	39,226,760	6,436,438	1,623,299	1,092,805		10,851,006
Total net assets - ending	<u>\$ 1,956,673</u>	<u>\$ 38,759,342</u>	<u>\$ 8,053,288</u>	<u>\$ 1,578,544</u>	<u>\$ 1,028,734</u>		<u>\$ 11,174,356</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						660,815	
Change in net assets of business-type activities (page B-3)						<u>\$ 2,403,394</u>	

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

City of Dunedin, Florida
Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds							Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total		
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 5,299,406	\$ 15,163,580	\$ 1,328,027	\$ 2,972	\$ 214,222	\$ 22,008,207	\$ 6,713,236	
Payments to suppliers	(3,310,646)	(5,177,830)	(788,398)	(146,803)	(184,968)	(9,608,645)	(3,349,310)	
Payments to employees	(1,482,800)	(5,881,633)	(575,126)	(163,763)	(166,063)	(8,269,385)	(1,406,679)	
Other operating revenues	120,221	370,077	-	433,559	1,135	924,992	101,609	
Net cash provided by (used in) operating activities	626,181	4,474,194	(35,497)	125,965	(135,674)	5,055,169	2,058,856	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in	-	791,086	922,825	10,000	96,500	1,820,411	338,551	
Transfers out	-	-	-	-	-	-	(1,305,563)	
Advances from other funds	-	-	-	-	122,562	122,562	-	
Net cash provided by (used in) noncapital financing activities	-	791,086	922,825	10,000	219,062	1,942,973	(967,012)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchase of capital assets	(21,723)	(2,873,244)	(1,964,119)	(63,888)	(87,170)	(5,010,144)	(1,737,420)	
Principal paid on capital debt	-	(1,502,916)	(39,765)	-	-	(1,542,681)	(295,706)	
Interest paid on capital debt	-	(972,763)	(162,942)	-	-	(1,135,705)	(23,275)	
Proceeds from sale of capital assets	-	451	-	-	-	451	63,976	
Proceeds from capital grants	-	-	628,771	-	-	628,771	-	
Net cash provided by (used in) capital and related financing activities	(21,723)	(5,348,472)	(1,538,055)	(63,888)	(87,170)	(7,059,308)	(1,992,425)	
CASH FLOWS FROM INVESTING ACTIVITIES								
Investment earnings (loss)	13,834	90,951	30,395	10,269	7,633	153,082	72,285	
Net cash used in investing activities	13,834	90,951	30,395	10,269	7,633	153,082	72,285	
Net increase (decrease) in cash and cash equivalents	618,292	7,759	(620,332)	82,346	3,851	91,916	(828,296)	
Cash and cash equivalents - October 1	891,925	10,118,551	3,181,723	939,756	4,277	15,136,232	7,657,473	
Cash and cash equivalents - September 30	\$ 1,510,217	\$ 10,126,310	\$ 2,561,391	\$ 1,022,102	\$ 8,128	\$ 15,228,148	\$ 6,829,177	

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

City of Dunedin, Florida
Statement of Cash Flows
Proprietary Funds

For the Fiscal Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds							Internal Service Funds
	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total		
	\$ 688,649	\$ (260,784)	\$ 205,225	\$ (64,261)	\$ (168,071)	\$ 400,758	\$ 1,205,619	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	24,316	4,633,740	481,673	190,652	33,039	5,363,420	1,143,523	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	(131,423)	(112,937)	(559,118)	8,700	(2)	(794,780)	(40,000)	
(Increase) decrease in Accounts receivable	-	73,911	-	-	13,076	86,987	(22,006)	
Inventories	-	(4,952)	-	-	-	(4,952)	-	
Due from other governments	-	2,173	211	-	-	2,354	(18,891)	
Prepaid items	(30)							
Increase (decrease) in Accounts payable	14,289	32,722	(171,831)	(6,341)	480	(130,681)	(4,022)	
Accrued expenses	8,644	47,316	3,094	829	(5,430)	54,453	4,625	
Increase in other liabilities	-	14,500	-	-	-	14,500	-	
Deposits	-	18,840	-	(5,728)	500	13,612	-	
Internal balances	-	-	-	-	-	-	(180,508)	
Compensated absences / OPEB	21,736	29,665	5,249	2,114	(9,266)	49,498	(29,484)	
Total adjustments	(62,468)	4,734,978	(240,722)	190,226	32,397	4,654,411	853,237	
Net cash provided by (used in) operating activities	\$ 626,181	\$ 4,474,194	\$ (35,497)	\$ 125,965	\$ (135,674)	\$ 5,055,169	\$ 2,058,856	

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

Fiduciary Funds

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

Pension Trust Fund

Firefighters' Retirement Fund

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

City of Dunedin, Florida
Statement of Fiduciary Net Assets
Fiduciary Fund
September 30, 2010

	Municipal Firefighters Pension Trust Fund
ASSETS	
Investments	\$ 16,727,229
Due from other governments	47,124
Prepaid items	1,069
Accrued interest/dividends receivable	44,950
Total assets	16,820,372
LIABILITIES	
Accounts payable	27,156
Total liabilities	27,156
NET ASSETS	
Held in trust for pension benefits	\$ 16,793,216

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

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

	Municipal Firefighters Pension Trust Fund
ADDITIONS:	
Contributions	
Employer	\$ 617,046
Plan members	177,079
Excise tax rebate	291,661
Total contributions	1,085,786
Investment earnings	
Net appreciation in fair value of investments	1,864,153
Interest	218,502
Dividends	95,498
Total investment earnings	2,178,153
Less investment expenses	-
Net investment earnings	2,178,153
Miscellaneous revenue	8,633
Total additions	3,272,572
DEDUCTIONS:	
Benefits	982,845
Administrative expenses	153,025
Total deductions	1,135,870
Change in net assets	2,136,702
Net assets - beginning	14,656,514
Net assets - ending	\$ 16,793,216

The accompanying notes are an integral part of these financial statements

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

1. Community Redevelopment Agency (CRA)

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

2. Municipal Firefighters' Pension Trust Fund

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City reports the following major funds:

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and investments

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and investments (continued)

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

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

2. Receivables and payables

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

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

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

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Property Taxes

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

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

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation (exclusive of taxes levied for the payment of bonds). The millage rate levied by the City for the fiscal year ended September 30, 2010 was 3.5597.

4. Inventories

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Prepaid Items

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

6. Capital Assets

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

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

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

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

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Accumulated Unused Compensated Absences

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

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

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

8. Long-term obligations

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

9. Postretirement Health and Life Insurance Benefits

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Restricted assets

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

11. Deferred Revenue

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

12. Reserves

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Encumbrances

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

14. Net Assets

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

E. REVENUES, EXPENDITURES AND EXPENSES

1. Operating Subsidies, Grants, and Impact Fees

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

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

2. Interfund Transactions

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. REVENUES, EXPENDITURES AND EXPENSES

3. Administrative Charges:

Certain administrative expenses are incurred by the General Fund on behalf of the other funds. In addition, some administrative charges are incurred by the Utility Fund for services rendered that benefit other funds. Both the General Fund and the Utility Fund receive payment for these services based on a percentage allocation in accordance with budgeted appropriations. These administrative reimbursements for the year ended September 30, 2010 are presented below.

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

<u>Fund</u>	<u>Amount</u>
Solid Waste	\$ 365,585
Water/ Sewer Utility	1,102,808
Marina	34,148
Stormwater	113,226
Golf	60,862
Total	<u>\$ 1,676,629</u>

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

<u>Fund</u>	<u>Amount</u>
General	\$ 214,820
Solid Waste	17,507
Marina	8,389
Stormwater	118,534
Total	<u>\$ 359,250</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(17,554,554) difference are as follows:

Accrued Interest Payable	\$ (220,321)
Revenue Bonds Payable	(16,075,706)
Compensated Absences	(1,145,047)
Net OPEB Obligation	<u>(113,480)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (17,554,554)</u></u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

B. COMPLIANCE WITH FINANCE RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City met the Rate Covenant requirement stipulated in the Water and Sewer Refunding Revenue Bonds, Series 1993. The rate covenant requires Net Revenues to be 125% of the Bond Service Requirement. Net Revenues were 202% of the Bond Service Requirements for the Fiscal Year Ending September 30, 2010. The indebted Enterprise Funds had sufficient assets to make all required debt payments during the 2009-2010 Fiscal Year.

The City is required to submit its audited financial statement within 270 days of its year end. This City did meet this requirement.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. ESTABLISHMENT/ELIMINATION OF FUNDS

No funds were established or eliminated during the 2009-2010 fiscal year.

D. EXCESS OF EXPENDITURES OVER REVENUE IN INDIVIDUAL FUNDS

There is an excess of Expenditures over Revenues in the Water/Sewer Utility Fund, Marina Fund, Golf Course Fund, Government Grants Fund, Dunedin Stadium Fund, Impact Fees Fund, Fine Arts Center Fund, Library Co-Ops Fund. All of these funds, except for the Dunedin Stadium and the Fine Arts Center Fund have sufficient undesignated fund balances as of September 30, 2010 to cover the excess expenditures. The City Commission is in the process of providing adequate funding to eliminate these fund deficits.

NOTE IV – DETAIL NOTES - ALL FUNDS

A. ASSETS

1. Cash and Cash Equivalents and Investments

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

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

a. Deposits

At year-end, the book balance of the City's, deposits was \$9,815,741 and the bank balance was \$10,288,397. The difference between the book balance and bank balance is due to outstanding checks and deposits in transit as of September 30, 2010. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposits Act.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

a. Deposits (continued)

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

b. Investments

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

b. Investments (continued)

The SBA Pool experienced a liquidity crisis in November 2007, which caused the Pool to be frozen, due to downgrades in a portion of the Pool's investments. The Pool was eventually divided into two pools, currently Florida PRIME and Fund B. The Florida Prime is rated by Standard & Poor's with a current rating of AAAM

The SBA Pool Florida PRIME manages billions of dollars for Florida local governments and purchases investments consistent with Chapter 215.47, Florida Statutes. Florida PRIME operates as a '2a-7 like' fund reporting an average weighted days to maturity at September 30, 2010 of 52 days. Fund B is not rated by any nationally recognized statistical rating agency and consists of restructured or defaulted securities. As Fund B does not meet the requirement of a '2a-7 like' fund, the SBA has provided a Fair Value factor of .707058094 at September 30, 2010. Distributions will be made to participants to the extent that SBA deems the proceeds to be material. The weight average life, based on expected future cash flows, of Fund B at September 30, 2010 is 7.49 years. Participant balances in Fund B at September 30, 2010 totaled over \$400 million.

On September 30, 2010, the City had \$182,570 invested in Florida PRIME, with no liquidity restrictions and had \$677,563 remaining in Fund B.

The City has invested \$15,022,749 as of September 30, 2010 with the Florida SAFE Investment Pool. Florida SAFE, is a surplus asset fund trust, which was developed by Florida local governments for Florida's local governments. Florida SAFE is an Standard & Poor's AAAM rated fund. As a AAAM rated investment pool, Florida SAFE adheres to the requirements of Standard & Poor and therefore seeks to maintain a Net Asset Value of \$.9975 per share or higher. Florida SAFE invests proceeds in US Agencies and Commercial Paper. The investments in US Agencies have Standard & Poor short term ratings of A-1+ and Long term ratings of AAA. The investments in commercial paper have short term ratings of A-1. The Florida SAFE portfolio has a market value of \$99,638,608.

The City also invested \$8,515,623 as of September 30, 2010 in a government security portfolio, money market. The portfolio is Aaa/AAAM rated and is considered cash equivalent since cash may be withdrawn from at any time without notice or penalty.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

b. Investments (continued)

The City's investments are summarized and categorized under GASB 40 guidelines as follows to give an indication of the level of credit and interest rate risk assumed by the City at September 30, 2010.

<u>Investments</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Weighted Average Duration (In Years)</u>
Money Market	\$ 8,515,623	Aaa/AAAm	
Florida SAFE	15,022,749	AAAm	0.20
Florida PRIME	182,570	AAAm	0.01
Fund B	677,563	Not Rated	7.49
Cash in bank	9,815,741		
Petty cash	3,605		
	<u>34,217,851</u>		
Total Investments - Cash and Cash Equivalents	<u>\$ 34,217,851</u>		

Investments held in Pension Fund:

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

<u>Pension Funds</u>	<u>Fair Value</u>	<u>Standard & Poor's Rating</u>	<u>Weighted Average Duration (In Years)</u>
U.S. Government Obligations	\$ 2,861,212	AAA	5.5
U.S. Government Agencies	2,374,188	AAA	1.4
Corporate Equities	10,416,896		
Corporate Obligations	876,380	BAA-A	5.7
Money Market	198,553	AAA	Daily
Total Pension Funds	<u>\$ 16,727,229</u>		

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

1. Cash and Cash Equivalents and Investments (continued)

b. Investments (continued)

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

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

2. Receivables

Receivables as of the fiscal year ended September 30, 2010 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Solid Waste	Water/Sewer Utility	Stormwater Utility	Marina	Golf Course	Total
Receivables:							
Accounts Billed	\$ 607,079	\$ 274,261	\$ 628,303	\$ 1,130,504	\$ 15,040	\$ 709	\$ 2,655,896
Accounts Unbilled	-	414,950	1,443,901	187,952	-	-	2,046,803
CCRF Receivable	-	-	199,833	-	-	-	199,833
Gross Receivables	607,079	689,211	2,272,037	1,318,456	15,040	709	4,902,532
Less: Allowance for Uncollectibles	103,089	32,000	70,200	533,000	2,500	-	740,789
Net Total Receivables	<u>\$ 503,990</u>	<u>\$ 657,211</u>	<u>\$ 2,201,837</u>	<u>\$ 785,456</u>	<u>\$ 12,540</u>	<u>\$ 709</u>	<u>\$ 4,161,743</u>

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

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

	General Fund
Due from other governments	\$ 101,060
Grant receivables	23,943
Park recreational fees not yet earned	14,144
License fees not yet earned	105,632
	<u>\$ 244,779</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

3. Capital Assets

a. Capital asset activity

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 18,259,446	\$ 400,000	\$ -	\$ 18,659,446
Construction in Process	855,841	279,195	(855,841)	279,195
Total Capital not being Depreciated	<u>19,115,287</u>	<u>679,195</u>	<u>(855,841)</u>	<u>18,938,641</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	37,578,716	348,880	(26,525)	37,901,071
Infrastructure	5,528,769	-	-	5,528,769
Improvements other than Buildings	23,289,188	3,810,988	-	27,100,176
Machinery and Equipment	19,328,545	1,687,555	(1,772,216)	19,243,884
Total Capital Assets being Depreciated	<u>85,725,218</u>	<u>5,847,423</u>	<u>(1,798,741)</u>	<u>89,773,900</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(11,292,711)	(1,500,409)	24,114	(12,769,006)
Infrastructure	(1,845,663)	(110,575)	-	(1,956,238)
Improvements other than Buildings	(9,925,573)	(1,334,732)	-	(11,260,305)
Machinery and Equipment	(13,233,268)	(1,472,242)	1,728,425	(12,977,085)
Total Accumulated Depreciation	<u>(36,297,215)</u>	<u>(4,417,958)</u>	<u>1,752,539</u>	<u>(38,962,634)</u>
Total Capital Assets being Depreciated, net	<u>49,428,003</u>	<u>1,429,465</u>	<u>(46,202)</u>	<u>50,811,266</u>
Governmental Activities Capital Assets, net	<u>\$ 68,543,290</u>	<u>\$ 2,108,660</u>	<u>\$ (902,043)</u>	<u>\$ 69,749,907</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

3. Capital Assets (Continued)

a. Capital asset activity (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
<i>Capital Assets not being Depreciated -</i>				
Land	\$ 1,378,896	\$ 250,000	\$ -	\$ 1,628,896
Construction in Process	<u>773,655</u>	<u>341,662</u>	<u>(387,674)</u>	<u>727,643</u>
Total Capital not being Depreciated	<u>2,152,551</u>	<u>591,662</u>	<u>(387,674)</u>	<u>2,356,539</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	16,073,239	6,465	(3,240)	16,076,464
Improvements other than Buildings	105,857,754	4,740,101	(1,253)	110,596,602
Machinery and Equipment	<u>2,902,654</u>	<u>59,592</u>	<u>(102,758)</u>	<u>2,859,488</u>
Total Capital Assets being Depreciated	<u>124,833,647</u>	<u>4,806,158</u>	<u>(107,251)</u>	<u>129,532,554</u>
<i>Less: Accumulated Depreciation for -</i>				
Buildings	(12,876,863)	(805,638)	3,163	(13,679,338)
Improvements other than Buildings	(55,101,979)	(4,406,412)	1,253	(59,507,138)
Machinery and Equipment	<u>(1,989,323)</u>	<u>(151,370)</u>	<u>102,760</u>	<u>(2,037,933)</u>
Total Accumulated Depreciation	<u>(69,968,165)</u>	<u>(5,363,420)</u>	<u>107,176</u>	<u>(75,224,409)</u>
Total Capital Assets being Depreciated, net	<u>54,865,482</u>	<u>(557,262)</u>	<u>(75)</u>	<u>54,308,145</u>
Business-type Activities Capital Assets, net	<u>\$ 57,018,033</u>	<u>\$ 34,400</u>	<u>\$ (387,749)</u>	<u>\$ 56,664,684</u>

Construction in Progress in the amount of \$1,243,592 was transferred to other capital asset categories during the fiscal year ended September 30, 2010.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

3. Capital Assets (Continued)

b. Depreciation

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

Governmental Activities:

General Government	\$ 607,579
Public Safety	1,039,247
Transportation	450,453
Culture and Recreation	2,320,679
Total Depreciation Expense	<u>\$ 4,417,958</u>

Business-type Activities:

Solid Waste	24,316
Water/Sewer Utility	4,633,740
Stormwater Utility	481,673
Marina	190,652
Golf Course	33,039
Total Depreciation Expense	<u>\$ 5,363,420</u>

c. Construction contracts

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

	<u>September 30, 2010</u>	
	<u>Estimated Project Amount</u>	<u>Construction in Progress</u>
Governmental Activities:		
The City has contracted for design services related to various improvements to Pinehurst Road.	<u>\$ 1,200,000</u>	<u>\$ 279,195</u>
Total Governmental Activities	<u>\$ 1,200,000</u>	<u>\$ 279,195</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

3. Capital Assets (Continued)

c. Construction contracts

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

	<u>September 30, 2010</u>	
	<u>Estimated Project Amount</u>	<u>Construction in Progress</u>
Utility Fund:		
The City has continued to work on design services related to the installation of new utilities along the Dunedin Causeway	\$ 2,500,000	\$ 317,833
The City has contracted for the construction of a new Wellhouse #3 adjacent to the Gateway Track	<u>100,000</u>	<u>23,726</u>
Total Utility Fund	<u>\$ 2,600,000</u>	<u>\$ 341,559</u>
Stormwater Fund:		
The City has contracted for construction services related to a drainage project at Dunedin Isles.	\$ 2,800,000	\$ 356,140
The City has contracted for the engineering design of the Bayshore Drive Filter System	<u>800,000</u>	<u>29,944</u>
Total Stormwater Fund	<u>\$ 3,600,000</u>	<u>\$ 386,084</u>
Total Enterprise Funds	<u>\$ 6,200,000</u>	<u>\$ 727,643</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

4. Interfund transfers

Transfers Out:	Transfers In:							Total
	General	Non Major Governmental	Water/Sewer Utility	Stormwater Fund	Marina Fund	Golf Course	Internal Service	
General	\$ -	\$ 872,030	\$ -	\$ -	\$ -	\$ 86,500	\$ 64,801	\$ 1,023,331
One Cent Sales Tax	351,000	540,000	-	890,000	-	-	257,967	2,038,967
Non Major Governmental	130,200	66,737	-	-	-	-	-	196,937
Internal Service	385,869	60,000	791,086	32,825	10,000	10,000	15,783	1,305,563
Total Transfers	<u>\$ 867,069</u>	<u>\$ 1,538,767</u>	<u>\$ 791,086</u>	<u>\$ 922,825</u>	<u>\$ 10,000</u>	<u>\$ 96,500</u>	<u>\$ 338,551</u>	<u>\$ 4,564,798</u>

Of the \$1,023,331 transferred out of the General Fund, \$406,789 was made for a variety of capital projects and repair and maintenance, \$410,980 was made for debt service payments and the remaining of \$205,562 represents General Fund subsidy for the Historical Society and the Fine Arts Centers. Transferred out of the One Cent Sales Tax Fund of \$2,038,967 were made to subsidize a variety of capital projects. Of the \$196,937 transferred out of the Non Major Funds, \$125,000 was made for the Stadium revenues fund collected per agreement and the remaining balance of \$71,937 was made for capital projects. Transferred out of the Internal Services Funds of \$807,929 was made for insurance claim and the remaining balance of \$497,634 was for excess reserves distributed to other funds.

5. Interfund Balances

Due to/From Other Funds:

The due to/from balances result from receipts and disbursements being made through the General Fund. These balances will be eliminated when cash transfers are made to the appropriate funds. Due to/from other funds as of September 30, 2010, are as follows:

Receivable Fund	Payable Fund	Amount
General	Golf Course	\$ <u>122,562</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

A. ASSETS (CONTINUED)

5. Interfund Balances (Continued)

Advances To/From Other Funds:

Advances to the Golf Course Fund are for operations and capital improvements needed and will be repaid over time by courses revenues. The City Commission has determined that interest will not be accrued on these advances. Advances to/from other funds as of September 30, 2010, are as follows:

Advances from Other Funds		Advances to Other Funds	
Fund	Amount	Fund	Amount
General	\$ 117,136	Golf Course	\$ 117,136
Parks & Recreation Capital Improvement	59,076	Golf Course	59,076
Total Advances	\$ 176,212		\$ 176,212

B. LONG-TERM DEBT

The following presents the long-term debt during the fiscal year ended September 30, 2010:

1. Capital Leases

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

1. Capital Leases (continued)

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

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

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

The future minimum lease obligations and the net present value of these minimum lease payments at September 30, 2010 were as follows:

Year	Governmental Activities
2011	\$ 534,459
2012	534,459
2013	292,713
2014	215,477
2015	215,477
Total Minimum Lease Payments	1,792,585
Less: Amount Representing Interest	135,092
Present Value if Minimum Lease Payments	\$ 1,657,493

2. Special Assessment Debt

Promissory Note, Series 2002A Spanish Trails Subdivision

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

2. Special Assessment Debt (continued)

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

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

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$	759,000
Final Maturity		May 3, 2012
Interest Rate		4.65%
Annual Payments	\$	96,630
Amount Outstanding at September 30, 2010	\$	<u>180,570</u>

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

<u>Year</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 88,420	\$ 8,397
2012	92,150	4,294
	<u>\$ 180,570</u>	<u>\$ 12,691</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds

a. Spring Training Facility Revenue Notes, Series 2001

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

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

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

Repayment terms:

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

	<u>2001A</u>	<u>2001B</u>	<u>2001C</u>
Original Amount Issued	\$ 6,000,000	\$ 1,700,000	\$ 4,300,000
Final Maturity	April 1, 2021	April 1, 2016	April 1, 2016
Interest Rates	4.65%	4.76%	6.72%
Monthly Payments	<u>\$ 38,427</u>	<u>\$ 13,220</u>	<u>\$ 37,952</u>
Amount Outstanding at September 30, 2010	<u>\$ 3,848,545</u>	<u>\$ 776,604</u>	<u>\$ 2,115,308</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

b. Toronto Blue Jays Revenue Note; Series 2002:

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

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

Original Amount Issued	\$ 250,000
Final Maturity	July 1, 2017
Interest Rate	5.00%
Annual Payments:	
Year 1	<u>\$ 21,791</u>
Years 2-15	<u>\$ 24,086</u>
Amount Outstanding at September 30, 2010	<u>\$ 139,368</u>

c. Capital Improvement Revenue Note, Series 2002:

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 943,904
Final Maturity	October 1, 2012
Interest Rate	3.48%
Annual Payments:	<u>\$ 113,498</u>
Amount Outstanding at September 30, 2010	<u>\$ 318,103</u>

d. Capital Improvement Revenue Note, Series 2003:

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

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 4,900,000
Final Maturity	November 1, 2013
Interest Rate	3.37%
Annual Payments:	<u>\$ 106,652</u>
Amount Outstanding at September 30, 2010	<u>\$ 322,778</u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

e. Sales Tax Revenue Bonds, Series 2005:

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued	\$ 10,000,000
Final Maturity	October 1, 2025
Interest Rate	3.0% - 4.125%
Annual Payments:	<u>\$ 730,000</u>
Amount Outstanding at September 30, 2010	<u>\$ 8,555,000</u>

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

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

The Utility System Refunding Revenue Bonds resolution provides for:

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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

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

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$ 25,275,000
Final Maturity:	October 1, 2014
Interest Rate:	2.60% to 6.75%
Annual Principal Payments:	\$ 930,000 to \$1,616,000
Amounts Outstanding at September 30, 2010	
Series 1993	\$ 4,075,000
Series 2006	3,195,000
Total	<u>\$ 7,270,000</u>

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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

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

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

The Utility System Revenue Note resolution provides for:

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$	3,427,703
Final Maturity:		October 1, 2014
Interest Rate:		5.2%, subject to adjustment on October 1, 2008 and 2011
Annual Payments:	\$	283,095
Amounts Outstanding at September 30, 2010	\$	761,140

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

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

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

Repayment terms:

The term, interest rate and payments are as follows:

Original Amount Issued:	\$	15,634,000
Final Maturity:		October 1, 2027
Interest Rate:		4.359%
Semi-Annual Payments:		Commence April 1, 2008 with interest only payments of \$340,743
		<hr/>
Amounts Outstanding at September 30, 2010	\$	<u>15,634,000</u>

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

3. Revenue Bonds (continued)

i. Debt service requirements

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

Year	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,823,145	\$ 739,561	\$ 1,598,098	\$ 1,047,085
2012	1,914,926	657,548	1,692,200	956,571
2013	1,757,269	574,790	1,684,864	860,306
2014	1,575,366	496,243	1,626,547	783,261
2015	1,614,675	421,212	1,870,000	711,767
2016-2020	4,977,953	1,333,464	4,473,823	3,038,587
2021-2025	3,369,865	474,335	6,371,419	1,843,916
2026-2028	700,000	14,438	4,528,759	400,432
Total	<u>\$ 17,733,199</u>	<u>\$ 4,711,591</u>	<u>\$ 23,845,710</u>	<u>\$ 9,641,925</u>

4. Hedging Derivative Investment

Objective and Terms of Hedging Derivative Investment:

The following table displays the objective and terms of the City's hedging derivative instrument outstanding at September 30, 2010, along with the credit rating of the associated counterparty.

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counter-party Credit Rating
Pay- fixed interest	Hedge of changes in cash flows in the Utility	\$ 3,195,000	4/1/2006	10/1/2014	Pay 3.7%; receive	Aaz/AA-
Rate swap	System Refunding Revenue Bonds, Series 2006 Binds specifically related to changes in municipal tax-exempt interest rates				63.710% of LIBOR plus .055%	

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

4. Hedging Derivative Investment (Continued)

Risks:

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

The fair value of the hedging derivative instrument in liability position at September 30, 2010, was (\$331,131).

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

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

Basis Rate Risk – The City is exposed to basis risk on its pay-fixed interest rate swap because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed every 30 days as of September 30, 2010. The fixed interest rate the City pays on its hedge is 3.7 percent, while the variable rate that the City receives is 63.71 percent of LIBOR plus .55% is .71 percent.

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

4. Hedging Derivative Investment (Continued)

Derivative Instruments Payments and Hedged Debt:

As of September 30, 2010, aggregate debt service requirement of the City’s debt and net receipts/payments on associated hedge derivative instrument is as presented below. These amounts assume that current interest rates on variable-rate bond and the current reference rates of the hedge derivative instrument will remain the same for their term. As these rates vary, interest payments on the variable-rate bond and net receipts/payments on the hedge derivative instrument will vary.

	<u>Principal</u>	<u>Interest</u>	<u>Hedging Derivative, net</u>	<u>Total</u>
2011	\$ 10,000	\$ 119,670	\$ 119,608	\$ 249,278
2012	10,000	118,621	96,008	224,629
2013	10,000	117,919	95,377	223,296
2014	1,555,000	89,643	67,172	1,711,815
2015	1,610,000	30,281	18,850	1,659,131
Total	<u>\$ 3,195,000</u>	<u>\$ 476,134</u>	<u>\$ 397,013</u>	<u>\$ 4,068,147</u>

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE IV – DETAIL NOTES - ALL FUNDS (CONTINUED)

B. LONG-TERM DEBT (CONTINUED)

5. Changes in Long-Term Liabilities

Long-term liability activities for the year ended September 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 1,953,199	\$ -	\$ (295,706)	\$ 1,657,493	\$ 467,932
Bond Payable					
Revenue Bond	17,373,495	-	(1,297,789)	16,075,706	1,355,213
Estimated Claims and Judgments	361,226	133,859	(314,367)	180,718	-
Compensated absences	1,438,592	-	(67,089)	1,371,503	-
Net OPEB Obligation	<u>61,334</u>	<u>62,797</u>	<u>-</u>	<u>124,131</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 21,187,846</u>	<u>\$ 196,656</u>	<u>\$ (1,974,951)</u>	<u>\$ 19,409,551</u>	<u>\$ 1,823,145</u>
Business-Type Activities:					
Special Assessment Debt with Government Commitment	<u>\$ 264,883</u>	<u>\$ -</u>	<u>\$ (84,313)</u>	<u>\$ 180,570</u>	<u>\$ 88,233</u>
Bond Payable					
Revenue Bond	25,123,508	-	(1,458,368)	23,665,140	1,509,865
Deferred Amounts for:					
Issuance Premiums	173,520	-	(34,704)	138,816	-
Loss on Refunding	<u>(868,780)</u>	<u>173,756</u>	<u>-</u>	<u>(695,024)</u>	<u>-</u>
Total Utility System Revenue Bonds	<u>24,428,248</u>	<u>173,756</u>	<u>(1,493,072)</u>	<u>23,108,932</u>	<u>1,509,865</u>
Compensated Absences	<u>996,814</u>	<u>14,606</u>	<u>-</u>	<u>1,011,420</u>	<u>-</u>
Net OPEB Obligation	<u>34,005</u>	<u>34,892</u>	<u>-</u>	<u>68,897</u>	<u>-</u>
Advances from other funds	<u>176,156</u>	<u>56</u>	<u>-</u>	<u>176,212</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 25,900,106</u>	<u>\$ 223,310</u>	<u>\$ (1,577,385)</u>	<u>\$ 24,546,031</u>	<u>\$ 1,598,098</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 \$226,456 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE V – OTHER INFORMATION

A. PENSION

1. Florida Retirement System

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

The City of Dunedin contributes to the FRS for the benefit of these employees. This retirement system is administered by the Florida Department of Management Services, Division of Retirement. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to: State of Florida, Division of Retirement, Post Office Box 9000, Tallahassee, FL 32315-9000.

FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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. FRS provides for vesting of benefits after 6 years of creditable service with a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Deferred Retirement Option Program

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

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

- A member of the Regular Class, Elected Officers' Class, or the Senior Management Service Class who reaches his or her normal retirement date before reaching age 57 may defer DROP entry until age 57 and still participate for 60 months.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

1. Florida Retirement System

Deferred Retirement Option Program (continued)

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

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

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

Employers pay contributions at a rate of 12.25% of salary for all DROP participants as of September 30, 2010.

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. Employees are not required to contribute. The City's contribution includes 1.11% for a post-retirement health insurance subsidy. FRS also provides disability and survivors' benefits. Benefits are established by Florida State Statute. The contribution requirements of employers are established and may be amended by the Division of Retirement. The City's contributions to the plan for the years ending September 30, 2010, 2009 and 2008 were \$541,280, \$556,259, and \$580,792, respectively, equal to the required contributions for each year.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters' Retirement Fund

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

Group	September 30, 2010
Service retirees and DROP retirees	30
Disability retirees	8
Beneficiaries	3
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members	52
Total	94

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

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

Deferred Retirement Option Plan

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters’ Retirement Fund (continued)

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

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

Firefighter contribution rates are established at 5.5 percent of salary. A state excise tax rebate is also received from the State of Florida under Florida Statutes, Chapter 175 (C.175) and the City in amounts sufficient to fund the Plan at an actuarially determined rate specified by state statute, C. 175. The City recognized these on-behalf payments from the State totaling \$102,798 as revenues and expenditures within the general fund of the governmental fund financial statements, as well as within governmental activities of the government-wide financial statements.

The City’s Annual Pension Cost and Net Pension Obligation for the year ended September 30, 2010 is as follows:

Annual required employer contributions	\$ 719,844
Interest on net pension obligation	(7,607)
Adjustment to annual required contribution	5,523
Annual pension cost	<u>717,760</u>
Contributions made	<u>719,844</u>
Increase (decrease) in net pension obligation	(2,084)
Net pension obligation (asset), beginning of year	(98,156)
Net pension obligation (asset), end of year	<u><u>\$ (100,240)</u></u>

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters' Retirement Fund (continued)

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

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

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
9/30/2008	\$ 646,017	99.5%	\$ (99,805)
9/30/2009	706,111	99.7%	(98,156)
9/30/2010	717,760	100.3%	(100,240)

Information about the funded status of the Plan, as of October 1, 2010, the most recent actuarial valuation date, is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>(Funded) Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as Percentage of Covered Payroll ([b-a]/c)</u>
October 1 2010	\$ 18,006,457	\$ 20,313,740	\$ 2,307,283	89%	\$ 3,395,469	68%

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE V – OTHER INFORMATION (CONTINUED)

A. PENSION (CONTINUED)

2. Firefighters' Retirement Fund (continued)

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

3. Defined Contribution Plan

Beginning January 1, 1996, the City began providing retirement benefits for all of its full-time employees not covered under the Florida Retirement System or the Municipal Firefighters' Pension Trust Fund through a non-contributory defined contribution plan administered by the ICMA under their prototype Profit-Sharing Plan and Trust Agreement. At September 30, 2010-there were 219 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, 2010 was \$ \$17,507,263. The City's contributions were calculated using the participant's salary amount of \$8,021,360. The City's contributions to the Plan for the year ended September 30, 2010, 2009, and 2008 were \$676,646, \$743,365, and \$801,226, respectively.

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE V – OTHER INFORMATION (CONTINUED)

B. DEFERRED COMPENSATION PLAN

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

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

C. SELF INSURANCE PROGRAM

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

The City established a Self-Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risk of loss. Under this program, for the year ended September 30, 2009, the City utilizes this fund to self-insure its first \$250,000 of property damage per occurrence (except wind, hail, and named storms, which has a deductible of 5% of total location value per building, subject to a minimum of \$500,000), and its first \$350,000 of any employee work injury. The City also self-insures all auto liability and the majority of general liability losses, except for Dunedin recreation summer camp and St. Andrews Links Golf Course, where separate insurance policies are utilized. All claims for general liability, automobile liability, and police professional liability of covered assets are included within the City's Self-Insurance Fund. The City provides all of its employees' health insurance under a commercial insurance plan.

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

C. SELF INSURANCE PROGRAM (CONTINUED)

The current claims liability of \$180,717 reported in the Fund at September 30, 2010, based on information identified prior to the issuance of the financial statements, indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities including IBNR (incurred but not reported claims) are based on the estimated ultimate cost of settling the claims (excluding the effects of inflation and other societal and economic factors), using past experience adjusted for current trends and any other factors that would modify past experiences. Claims liabilities also include specific incremental claim adjustment expenses. Changes in the Fund's claims liability amount during the year ended September 30, 2010, are as follows:

	Workers Compensation	Property and Liability	Total
Claims reserve, September 30, 2008	\$ 288,792	\$ 109,383	\$ 398,175
Plus: Incurred claims and reserve adjustments	342,905	69,997	412,902
Less: Paid claims and reserve adjustments	(364,574)	(85,277)	(449,851)
Claims reserve, September 30, 2009	267,123	94,103	361,226
Plus: Incurred claims and reserve adjustments	(10,227)	144,085	133,858
Less: Paid claims and reserve adjustments	(117,076)	(197,290)	(314,366)
Claims reserve, September 30, 2010	<u>\$ 139,820</u>	<u>\$ 40,898</u>	<u>\$ 180,718</u>

D. POST-EMPLOYMENT BENEFITS

Post-Employment Health Care Benefits

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

Plan Description and Funding Policy

Employees who retire from the City of Dunedin (City), and eligible dependents and survivors, are eligible to continue to participate in the City's health insurance programs at the "blended" employee group rate which is determined annually by the City and approved by the City Commission. Retirees have 31 days to elect to enroll in the City's health insurance

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

D. POST-EMPLOYMENT BENEFITS (CONTINUED)

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 319 active employees and 20 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 as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

Annual OPEB Cost and Net OPEB Obligation

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

	Annual OPEB Cost
Annual Required Contribution (ARC)	\$ 152,872
Interest on Net OPEB Obligation	3,812
Adjustment to ARC	(3,789)
Annual OPEB Cost	152,895
Contributions made (pay-as-you-go basis)	55,206
Increase in Net OPEB Obligation	97,689
Net OPEB Obligation, beginning of year	95,339
Net OPEB Obligation, end of year	\$ 193,028

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

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

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE V – OTHER INFORMATION (CONTINUED)

D. POST-EMPLOYMENT BENEFITS (CONTINUED)

In future years, three year trend information will be presented. Fiscal year 2009 was the year of implementation of GASB Statement 45. The City has elected to implement prospectively; therefore, three years of comparative data is not available.

As of October 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$1,503,428, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,503,428. The ratio of the UAAL to covered payroll of \$16,300,314 is 9.2%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

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

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

CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

NOTE V – OTHER INFORMATION (CONTINUED)

E. CONTINGENCIES AND COMMITMENTS

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

F. FEDERAL AND STATE GRANTS

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

NOTE VI – PRIOR PERIOD ADJUSTMENTS

During the year ended September 30, 2010, the City discovered certain transactions that had been improperly recorded in prior years. Prior to fiscal year 2010, the City had recognized derived tax revenues as cash was received by the distributing entity (the Florida Department of Revenue). This is not in accordance with the revenue recognition standards under GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*. A prior period adjustment

in the amount of \$298,416 was necessary to recognize receivables from these tax revenues in the proper period. Previously reported net assets of governmental activities within the government-wide financial statements and previously reported fund balance within the general fund as of September 30, 2009, was \$67,925,909 and \$8,041,743, respectively. As a result of this adjustment to increase beginning net assets and fund balance relating to understated receivables from the prior period, restated net assets and fund balance as of September 30, 2009, are \$68,224,326 and \$8,340,159, respectively.

**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE VII – COMMUNITY REDEVELOPMENT AGENCY FUND

The balance sheet as of September 30, 2010 and the statement of revenues, expenditures and changes in fund balance for the fiscal year ended September 30, 2010 are presented as follows:

COMMUNITY REDEVELOPMENT AGENCY FUND

BALANCE SHEET
September 30, 2010

<u>Assets</u>	
Cash and cash equivalents	\$ 1,643,438
<u>Liabilities</u>	
Accounts and contracts payable	16,027
Accrued expenses	6,679
Deposits payable	1,000
	<hr/>
Total Liabilities	23,706
	<hr/>
<u>Fund Balance</u>	
Reserved for Encumbrances	17,902
Unreserved, Undesignated	1,601,830
Total Fund Balance	1,619,732
	<hr/>
	<hr/>
Total Liabilities and Fund Balance	\$ 1,643,438
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**CITY OF DUNEDIN, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

NOTE VII – COMMUNITY REDEVELOPMENT AGENCY FUND(CONTINUED)

COMMUNITY REDEVELOPMENT AGENCY FUND

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

For the Fiscal Year Ended September 30, 2010

<u>Assets</u>	
Cash and cash equivalents	\$ 1,643,438
<u>Liabilities</u>	
Accounts and contracts payable	16,027
Accrued expenses	6,679
Deposits payable	1,000
Total Liabilities	23,706
<u>Fund Balance</u>	
Reserved for Encumbrances	17,902
Unreserved, Undesignated	1,601,830
Total Fund Balance	1,619,732
Total Liabilities and Fund Balance	\$ 1,643,438

Revenues of the Community Redevelopment Agency Fund (CRA) include ad valorem taxes, investment earnings and cleaning and rental fees for greenmarket and craft shows held for the City of Dunedin in and the surrounding communities.

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

In order to accomplish the program described above the CRA transferred \$5,200 to the General Fund during the year ended September 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF DUNEDIN, FLORIDA
SCHEDULES OF FUNDING PROGRESS
SEPTEMBER 30, 2010**

Municipal Firefighters' Pension Trust Fund

As Of	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)		
10/01/10	\$ 18,006,457	\$ 20,313,740	\$ 2,307,283	88.6%	\$ 3,395,469	68.0%
10/01/09	17,499,363	19,389,838	1,890,475	90.3%	3,331,281	56.7%
10/01/08	16,640,718	17,558,541	917,823	94.8%	2,981,145	30.8%
10/01/07	16,202,634	17,074,051	871,417	94.9%	2,874,332	30.3%
10/01/06	13,980,555	15,274,151	1,293,596	91.5%	2,669,044	48.5%
10/01/05	13,430,948	14,332,863	901,915	93.7%	2,738,385	32.9%
10/01/04	13,356,895	13,507,266	150,371	98.9%	2,575,437	5.8%
10/01/03	13,291,020	12,802,764	(488,256)	103.8%	2,357,502	-20.7%
10/01/02	13,438,085	12,275,088	(1,162,997)	109.5%	1,968,250	-59.1%
10/01/01	14,097,536	11,627,907	(2,469,629)	121.2%	1,784,025	-138.4%
10/01/00	13,884,790	11,037,197	(2,847,593)	125.8%	1,744,823	-163.2%

Other Postemployment Benefits

As Of	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)		
10/01/09	\$ -	\$ 1,503,428	\$ 1,503,428	0.0%	\$ 16,300,314	9.2%
10/01/08	-	1,408,719	1,408,719	0.0%	15,825,548	8.9%

**CITY OF DUNEDIN, FLORIDA
SCHEDULES OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2010**

Municipal Firefighters' Pension Trust Fund

Fiscal Year	Annual Required Contribution	Actual City Contribution	State Contribution *	Percentage Contributed
2010	\$ 719,844	\$ 617,046	\$ 102,798	100%
2009	704,462	601,664	102,798	100%
2008	642,825	540,027	102,798	100%
2007	624,664	521,866	102,798	100%
2006	545,644	442,846	102,798	100%
2005	469,459	366,661	102,798	100%

Other Postemployment Benefits

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Government Grants Fund

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

Dunedin Stadium Fund

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

Impact Fees Fund

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

Fine Arts Center Fund

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

Dunedin Historical Society Fund

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

Library Co-Op Fund

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

Community Redevelopment Agency Fund

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

G. Koutsourias Youth Fund

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

Debt Service Funds

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

Harbor View Dredging Debt Service Fund

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

Capital Improvement Debt Service Fund

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

Capital Projects Funds

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

Stadium Capital Project Fund

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

County Gas Tax Fund

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

Leisure Services Capital Improvement Fund

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

Capital Improvement Fund

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

One Cent Sales Tax Fund

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

City of Dunedin, Florida
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2010

	Special Revenue										Special Revenue Total	
	Government Grants	Dunedin Stadium	Impact Fees	Fine Arts Center	Dunedin Historical Society	Library Co-Op	Community Redevelopment Agency	G. Youth	Koutsourias Youth	Special Revenue Total		
ASSETS												
Cash and cash equivalents	\$ -	\$ -	\$ 1,231,366	\$ -	\$ 3,106	\$ 116,757	\$ 1,643,438	\$ 21,679	\$ -	\$ 3,016,346		
Due from other governments	9,820	-	-	-	-	-	-	-	-	9,820		
Deposits	-	500	-	-	-	-	-	-	-	500		
Advances to other funds	-	-	-	-	-	-	-	-	-	-		
Total assets	\$ 9,820	\$ 500	\$ 1,231,366	\$ -	\$ 3,106	\$ 116,757	\$ 1,643,438	\$ 21,679	\$ -	\$ 3,026,666		
LIABILITIES												
Accounts payable	\$ 9,526	\$ 50,462	\$ -	\$ 310	\$ -	\$ 9,310	\$ 16,027	\$ -	\$ -	\$ 85,635		
Contracts payable	-	-	900	-	-	-	-	-	-	900		
Accrued salaries payable	-	206	-	-	-	12,660	6,679	-	-	19,545		
Deposits payable	-	500	-	-	-	-	1,000	-	-	1,500		
Due to other governments	-	-	20,287	-	-	-	-	-	-	20,287		
Total liabilities	\$ 9,526	\$ 51,168	\$ 21,187	\$ 310	\$ -	\$ 21,970	\$ 23,706	\$ -	\$ -	\$ 127,867		
FUND BALANCES												
Reserved for encumbrances	-	-	-	-	-	-	17,902	-	-	17,902		
Reserved for public safety programs	294	-	-	-	-	-	-	-	-	294		
Reserved for capital projects	-	-	-	-	-	-	-	-	-	-		
Reserved for debt service	-	-	-	-	-	-	-	-	-	-		
Unreserved, designated	-	-	-	-	-	-	-	-	-	-		
Unreserved, undesignated	-	(50,668)	1,210,179	(310)	3,106	94,787	1,601,830	21,679	-	2,880,603		
Total fund balances	294	(50,668)	1,210,179	(310)	3,106	94,787	1,619,732	21,679	-	2,898,799		
Total liabilities and fund balances	\$ 9,820	\$ 500	\$ 1,231,366	\$ -	\$ 3,106	\$ 116,757	\$ 1,643,438	\$ 21,679	\$ -	\$ 3,026,666		

City of Dunedin, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

	Debt Service			
	Harbor View Dredging	Capital Improvement	Debt Service Total	
ASSETS				
Cash and cash equivalents	-	\$ 112,187	\$	112,187
Due from other governments	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	-	\$ 112,187	\$	112,187
LIABILITIES				
Accounts payable	-	-	\$	-
Contracts payable	-	-	-	-
Accrued salaries payable	-	-	-	-
Deposits payable	-	-	-	-
Total liabilities	-	-	-	-
FUND BALANCES				
Reserved for public safety programs	-	-	-	-
Reserved for capital projects	-	-	-	-
Reserved for debt service	-	112,187	112,187	112,187
Unreserved, designated	-	-	-	-
Unreserved, undesignated	-	-	-	-
Total fund balances	-	112,187	112,187	112,187
Total liabilities and fund balances	-	\$ 112,187	\$	112,187

City of Dunedin, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

	Capital Projects						Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Parks & Recreation Capital Improvement	Capital Improvement	Capital Projects Total	Capital Projects Total	
ASSETS							
Cash and cash equivalents	\$ 42,518	\$ 512,093	\$ 293,260	\$ 245,673	\$ 1,093,544	\$ 4,222,077	\$ 4,222,077
Due from other governments	62	77,018	47,144	-	124,224	134,044	134,044
Deposits	-	-	-	-	-	500	500
Advances to other funds	-	-	59,076	-	59,076	59,076	59,076
Total assets	<u>\$ 42,580</u>	<u>\$ 589,111</u>	<u>\$ 399,480</u>	<u>\$ 245,673</u>	<u>\$ 1,276,844</u>	<u>\$ 4,415,697</u>	<u>\$ 4,415,697</u>
LIABILITIES							
Accounts payable	-	\$ 51,666	\$ 4,164	\$ 33,425	\$ 89,255	\$ 174,890	\$ 174,890
Contracts payable	-	29,362	200	-	29,562	30,462	30,462
Accrued salaries payable	-	-	-	-	-	19,545	19,545
Deposits payable	-	-	-	-	-	1,500	1,500
Due to other governments	-	-	-	-	-	20,287	20,287
Total liabilities	<u>-</u>	<u>81,028</u>	<u>4,364</u>	<u>33,425</u>	<u>118,817</u>	<u>246,684</u>	<u>246,684</u>
FUND BALANCES							
Reserved for encumbrances	-	-	109,297	18,157	127,454	145,356	145,356
Reserved for public safety programs	-	-	-	-	-	294	294
Reserved for capital projects	-	-	376,172	-	376,172	376,172	376,172
Reserved for Advances	-	-	59,076	-	59,076	59,076	59,076
Reserved for debt service	-	-	-	-	-	112,187	112,187
Unreserved, designated	42,580	-	-	194,091	236,671	236,671	236,671
Unreserved, undesignated	-	508,083	(149,429)	-	358,654	3,239,257	3,239,257
Total fund balances	<u>42,580</u>	<u>508,083</u>	<u>395,116</u>	<u>212,248</u>	<u>1,158,027</u>	<u>4,169,013</u>	<u>4,169,013</u>
Total liabilities and fund balances	<u>\$ 42,580</u>	<u>\$ 589,111</u>	<u>\$ 399,480</u>	<u>\$ 245,673</u>	<u>\$ 1,276,844</u>	<u>\$ 4,415,697</u>	<u>\$ 4,415,697</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, 2010

	Special Revenue										Special Revenue Total	
	Government Grants	Dunedin Stadium	Impact Fees	Fine Arts Center	Dunedin Historical Society	Library Co-Op	Community Redevelopment Agency	G. Koutsourias Youth				
REVENUES												
Taxes:												
Property												
Intergovernmental revenues	9,820	797,984	20,085	-	-	397,468	493,578	-	-	-	493,578	\$ 493,578
Charges for services	-	251,573	-	-	-	-	424,108	-	-	-	424,108	1,649,465
Impact fees	-	-	26,277	-	-	-	-	-	-	-	-	251,573
Investment earnings (loss)	(39)	(284)	12,470	(2)	34	1,892	17,120	-	-	338	338	31,529
Contributions and donations	-	-	-	-	-	-	-	-	-	4,383	4,383	4,383
Other revenue / grants	-	34	10,150	-	-	-	75,865	-	-	-	75,865	86,049
Total revenues	9,781	1,049,307	68,982	(2)	34	399,360	1,010,671	-	-	4,721	4,721	2,542,854
EXPENDITURES												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Economic environment	-	-	-	-	-	-	466,280	-	-	-	466,280	466,280
Culture and recreation	-	237,050	-	67,998	30,799	617,830	-	-	16,161	-	16,161	969,838
Capital projects:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	9,820	-	-	-	-	-	-	-	-	-	-	9,820
Transportation	-	-	81,533	-	-	-	-	-	-	-	-	81,533
Economic environment	-	-	-	-	-	-	877,083	-	-	-	877,083	877,083
Culture and recreation	-	-	49,000	-	-	103,239	-	-	-	-	-	152,239
Debt service:												
Principal	-	712,284	-	-	-	-	-	-	-	-	-	712,284
Interest	-	386,987	-	-	-	-	-	-	-	-	-	386,987
Aids and grants	-	-	-	59,130	48,600	-	34,203	-	-	-	-	141,933
Total expenditures	9,820	1,336,321	130,533	127,128	79,399	721,069	1,377,566	-	-	16,161	1,377,566	3,797,997
Excess of revenues over (under) expenditures	(39)	(287,014)	(61,551)	(127,130)	(79,365)	(321,709)	(366,895)	-	-	(11,440)	(366,895)	(1,255,143)
OTHER FINANCING SOURCES (USES)												
Transfers in	-	359,203	-	125,782	79,780	-	-	-	-	-	-	564,765
Transfers out	-	(125,000)	(66,737)	-	-	-	(5,200)	-	-	-	(5,200)	(196,937)
Total other financing sources (uses)	-	234,203	(66,737)	125,782	79,780	-	(5,200)	-	-	-	(5,200)	367,828
Net change in fund balances	(39)	(52,811)	(128,288)	(1,348)	415	(321,709)	(372,095)	-	-	(11,440)	(372,095)	(887,315)
Fund balances - beginning	333	2,143	1,338,467	1,038	2,691	416,496	1,991,827	-	-	33,119	1,991,827	3,786,114
Fund balances - ending	294	(50,668)	1,210,179	(310)	3,106	94,787	1,619,732	-	-	21,679	1,619,732	2,898,799

City of Dunedin, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2010

	Debt Service			Debt Service Total
	Harbor View Dredging	Capital Improvement	Debt Service	
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Impact fees	-	-	-	-
Investment earnings / (loss)	-	1,086	-	1,086
Assessments	-	-	-	-
Rents	-	-	-	-
Contributions and donations	-	-	-	-
Other revenue	-	-	-	-
Total revenues	-	1,086	-	1,086
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Capital projects:				
General government	-	-	-	-
Public safety	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	98,984	-	98,984
Interest	-	12,792	-	12,792
Aids and grants	-	-	-	-
Total expenditures	-	111,776	-	111,776
Revenues over (under) expenditures	-	(110,690)	-	(110,690)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	111,777	-	111,777
Transfers out	-	-	-	-
Total other financing sources (uses)	-	111,777	-	111,777
Net change in fund balances	-	1,087	-	1,087
Fund balances - beginning	-	111,100	-	111,100
Fund balances - ending	\$ -	\$ 112,187	\$ -	\$ 112,187

City of Dunedin, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2010

	Capital Projects					Grand Total Nonmajor Governmental Funds
	Stadium Capital Project	County Gas Tax	Parks & Recreation Capital Improvement	Capital Improvement	Capital Projects Total	
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 493,578
Intergovernmental revenues	-	517,078	132,661	-	649,739	2,299,204
Charges for services	-	-	-	-	-	251,573
Impact fees	-	-	-	-	-	26,277
Investment earnings / (loss)	501	7,034	365	1,758	9,658	42,273
Contributions and donations	-	-	13,000	-	13,000	17,383
Other revenue	-	-	-	-	-	86,049
Total revenues	501	524,112	146,026	1,758	672,397	3,216,337
EXPENDITURES						
Current:						
General government	-	-	-	35,091	35,091	35,091
Public safety	-	-	-	13,244	13,244	13,244
Transportation	-	8,168	-	-	8,168	8,168
Economic environment	-	-	-	-	-	466,280
Culture and recreation	8,600	-	19,654	-	28,254	998,092
Capital projects:						
General government	-	-	-	36,615	36,615	36,615
Public safety	-	-	-	39,211	39,211	49,031
Transportation	-	797,027	-	-	797,027	878,560
Economic environment	-	-	-	-	-	877,083
Culture and recreation	84,232	-	185,985	-	270,217	422,456
Debt service:						
Principal	-	-	-	-	-	811,268
Interest	-	-	-	-	-	399,779
Aids and grants	-	-	-	-	-	141,933
Total expenditures	92,832	805,195	205,639	124,161	1,227,827	5,137,600
Revenues over (under) expenditures	(92,331)	(281,083)	(59,613)	(122,403)	(555,430)	(1,921,263)
OTHER FINANCING SOURCES (USES)						
Transfers in	75,000	258,737	271,488	257,000	862,225	1,538,767
Transfers out	-	-	-	-	-	(196,937)
Total other financing sources (uses)	75,000	258,737	271,488	257,000	862,225	1,341,830
Net change in fund balances	(17,331)	(22,346)	211,875	134,597	306,795	(579,433)
Fund balances - beginning	59,911	530,429	183,241	77,651	851,232	4,748,446
Fund balances - ending	\$ 42,580	\$ 508,083	\$ 395,116	\$ 212,248	\$ 1,158,027	\$ 4,169,013

City of Dunedin, Florida
Government Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Grants - federal	\$ -	\$ -	\$ 9,820	\$ 9,820
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(39)	(39)
Total revenues	<u>-</u>	<u>-</u>	<u>9,781</u>	<u>9,781</u>
<u>EXPENDITURES</u>				
Capital outlay:				
Public safety	-	-	9,820	(9,820)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,820</u>	<u>(9,820)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(39)</u>
Net change in fund balance	-	-	(39)	(39)
Fund balances - beginning	<u>333</u>	<u>333</u>	<u>333</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 333</u></u>	<u><u>\$ 333</u></u>	<u><u>\$ 294</u></u>	<u><u>\$ (39)</u></u>

City of Dunedin, Florida
Dunedin Stadium Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services:				
Blue Jay ticket sales	\$ 100,000	\$ 100,000	\$ 251,573	\$ 151,573
Parking/concessions	150,000	150,000	-	(150,000)
Intergovernmental revenues	797,984	797,984	797,984	-
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	(284)	(284)
Other miscellaneous revenue	50,000	50,000	34	(49,966)
Total revenues	<u>1,097,984</u>	<u>1,097,984</u>	<u>1,049,307</u>	<u>(48,677)</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation				
Concessions/novelties	229,525	235,727	237,050	(1,323)
Debt service				
Principal	674,721	674,721	712,284	(37,563)
Interest	424,551	424,551	386,987	37,564
Total expenditures	<u>1,328,797</u>	<u>1,334,999</u>	<u>1,336,321</u>	<u>(1,322)</u>
Revenues over (under) expenditures	<u>(230,813)</u>	<u>(237,015)</u>	<u>(287,014)</u>	<u>(49,999)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	359,203	359,206	359,203	(3)
Transfers out	(125,000)	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>234,203</u>	<u>234,206</u>	<u>234,203</u>	<u>(3)</u>
Net change in fund balances	3,390	(2,809)	(52,811)	(50,002)
Fund balances - beginning	<u>3,846</u>	<u>2,813</u>	<u>2,143</u>	<u>(670)</u>
Fund balances - ending	<u><u>\$ 7,236</u></u>	<u><u>\$ 4</u></u>	<u><u>\$ (50,668)</u></u>	<u><u>\$ (50,672)</u></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, 2010

NOT USED IN 2009 RECLASS AS MAJOR FUND	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Intergovernmental revenues:				
Transportation impact fees	\$ 89,000	\$ 89,000	\$ 20,287	\$ (68,713)
Grants - state / local	-	-	20,085	20,085
Miscellaneous revenues:				
Land dedication fees	-	-	10,150	10,150
Fire facilities fees	-	-	5,351	5,351
Police facilities fees	-	2,000	639	(1,361)
Investment earnings / (loss)	5,500	5,500	12,470	6,970
Total revenues	<u>94,500</u>	<u>96,500</u>	<u>68,982</u>	<u>(27,518)</u>
<u>EXPENDITURES</u>				
Current:				
Transportation	-	-	-	-
Capital outlay:				
Transportation	125,000	125,000	81,533	43,467
Culture and recreation	45,000	45,000	49,000	(4,000)
Total expenditures	<u>170,000</u>	<u>170,000</u>	<u>130,533</u>	<u>39,467</u>
Excess of Revenues over (under) expenditures	<u>(75,500)</u>	<u>(73,500)</u>	<u>(61,551)</u>	<u>11,949</u>
<u>OTHER FINANCING USES</u>				
Transfers out	<u>(66,737)</u>	<u>(66,737)</u>	<u>(66,737)</u>	-
Total other financing uses	<u>(66,737)</u>	<u>(66,737)</u>	<u>(66,737)</u>	-
Net change in fund balances	(142,237)	(140,237)	(128,288)	11,949
Fund balances - beginning	<u>1,492,278</u>	<u>1,110,125</u>	<u>1,338,467</u>	<u>228,342</u>
Fund balances - ending	<u><u>\$ 1,350,041</u></u>	<u><u>\$ 969,888</u></u>	<u><u>\$ 1,210,179</u></u>	<u><u>\$ 240,291</u></u>

City of Dunedin, Florida
 Fine Arts Center Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
 For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ (2)	\$ (2)
Total revenues	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	63,412	67,748	67,998	(250)
Capital:				
Culture and recreation	-	-	-	-
Aids and grants	59,130	59,130	59,130	-
Total expenditures	<u>122,542</u>	<u>126,878</u>	<u>127,128</u>	<u>(250)</u>
Revenues over (under) expenditures	<u>(122,542)</u>	<u>(126,878)</u>	<u>(127,130)</u>	<u>(252)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	122,542	125,782	125,782	-
Total other financing sources	<u>122,542</u>	<u>125,782</u>	<u>125,782</u>	<u>-</u>
Net change in fund balances	-	(1,096)	(1,348)	(252)
Fund balances - beginning	<u>1,038</u>	<u>1,038</u>	<u>1,038</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,038</u>	<u>\$ (58)</u>	<u>\$ (310)</u>	<u>\$ (252)</u>

City of Dunedin, Florida
Dunedin Historical Society
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 34	\$ 34
Total revenues	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	35,968	33,871	30,799	3,072
Capital:				
Culture and recreation	-	-	-	-
Aids and grants	<u>54,000</u>	<u>48,600</u>	<u>48,600</u>	<u>-</u>
Total expenditures	<u>89,968</u>	<u>82,471</u>	<u>79,399</u>	<u>3,072</u>
Revenues over (under) expenditures	<u>(89,968)</u>	<u>(82,471)</u>	<u>(79,365)</u>	<u>3,106</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>89,968</u>	<u>89,968</u>	<u>79,780</u>	<u>(10,188)</u>
Total other financing sources	<u>89,968</u>	<u>89,968</u>	<u>79,780</u>	<u>(10,188)</u>
Net change in fund balances	-	7,497	415	(7,082)
Fund balances - beginning	<u>2,691</u>	<u>2,691</u>	<u>2,691</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,691</u>	<u>\$ 10,188</u>	<u>\$ 3,106</u>	<u>\$ (7,082)</u>

City of Dunedin, Florida
Dunedin Library Co-Op
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Intergovernmental revenues	\$ 384,955	\$ 381,272	\$ 397,468	\$ 16,196
Investment earnings / (loss)	-	-	1,892	1,892
Total revenues	<u>384,955</u>	<u>381,272</u>	<u>399,360</u>	<u>18,088</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	659,492	703,008	617,830	85,178
Capital:				
Culture and recreation	105,694	104,701	103,239	1,462
Total expenditures	<u>765,186</u>	<u>807,709</u>	<u>721,069</u>	<u>86,640</u>
Revenues over (under) expenditures	<u>(380,231)</u>	<u>(426,437)</u>	<u>(321,709)</u>	<u>104,728</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	757,839	-	(757,839)
Total other financing sources	<u>-</u>	<u>757,839</u>	<u>-</u>	<u>(757,839)</u>
Net change in fund balances	(380,231)	331,402	(321,709)	(653,111)
Fund balances - beginning	<u>401,150</u>	<u>426,437</u>	<u>416,496</u>	<u>(9,941)</u>
Fund balances - ending	<u>\$ 20,919</u>	<u>\$ 757,839</u>	<u>\$ 94,787</u>	<u>\$ (663,052)</u>

City of Dunedin, Florida
Community Redevelopment Agency Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<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	\$ 570,000	\$ 500,000	\$ 493,578	\$ (6,422)
Intergovernmental revenues:				
Grants - state	-	-	424,108	424,108
Miscellaneous revenues:				
Investment earnings / (loss)	10,000	10,000	17,120	7,120
Other revenues / grants	18,000	18,000	75,865	57,865
Total revenues	<u>598,000</u>	<u>528,000</u>	<u>1,010,671</u>	<u>482,671</u>
<u>EXPENDITURES</u>				
Current:				
Economic environment	346,340	453,085	500,483	(47,398)
Capital projects:				
Economic environment	1,197,000	1,006,117	877,083	129,034
Total expenditures	<u>1,598,340</u>	<u>1,512,702</u>	<u>1,377,566</u>	<u>135,136</u>
Revenues over (under) expenditures	<u>(1,000,340)</u>	<u>(984,702)</u>	<u>(366,895)</u>	<u>617,807</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers out	-	5,200	(5,200)	(10,400)
Total other financing sources	<u>-</u>	<u>5,200</u>	<u>(5,200)</u>	<u>(10,400)</u>
Net change in fund balances	(1,000,340)	(979,502)	(372,095)	607,407
Fund balances - beginning	<u>1,944,078</u>	<u>1,991,827</u>	<u>1,991,827</u>	<u>-</u>
Fund balances - ending	<u>\$ 943,738</u>	<u>\$ 1,012,325</u>	<u>\$ 1,619,732</u>	<u>\$ 607,407</u>

City of Dunedin, Florida
G. Koutsourais Youth Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 338	\$ 338
Contributions and donations	-	-	4,383	4,383
Total revenues	<u>-</u>	<u>-</u>	<u>4,721</u>	<u>4,721</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	-	-	16,161	(16,161)
Capital projects:				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>16,161</u>	<u>(16,161)</u>
Revenues over (under) expenditures	-	-	(11,440)	(11,440)
Fund balances - beginning	<u>33,119</u>	<u>33,119</u>	<u>33,119</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 33,119</u></u>	<u><u>\$ 33,119</u></u>	<u><u>\$ 21,679</u></u>	<u><u>\$ (11,440)</u></u>

City of Dunedin, Florida
Capital Improvement Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 1,086	\$ 1,086
Total revenues	<u>-</u>	<u>-</u>	<u>1,086</u>	<u>1,086</u>
<u>EXPENDITURES</u>				
Debt service:				
Principal	104,578	104,578	98,984	5,594
Interest	7,199	7,199	12,792	(5,593)
Total expenditures	<u>111,777</u>	<u>111,777</u>	<u>111,776</u>	<u>1</u>
Revenues over (under) expenditures	<u>(111,777)</u>	<u>(111,777)</u>	<u>(110,690)</u>	<u>1,087</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers in	111,777	111,777	111,777	-
Total other financing sources	<u>111,777</u>	<u>111,777</u>	<u>111,777</u>	<u>-</u>
Net change in fund balances	-	-	1,087	1,087
Fund balances - beginning	<u>111,100</u>	<u>112,832</u>	<u>111,100</u>	<u>(1,732)</u>
Fund balances - ending	<u><u>\$ 111,100</u></u>	<u><u>\$ 112,832</u></u>	<u><u>\$ 112,187</u></u>	<u><u>\$ (645)</u></u>

City of Dunedin, Florida
Stadium Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 501	\$ 501
Total revenues	<u>-</u>	<u>-</u>	<u>501</u>	<u>501</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	-	-	8,600	(8,600)
Capital projects:				
Culture and recreation	120,000	123,240	84,232	39,008
Total expenditures	<u>120,000</u>	<u>123,240</u>	<u>92,832</u>	<u>30,408</u>
Revenues over (under) expenditures	<u>(120,000)</u>	<u>(123,240)</u>	<u>(92,331)</u>	<u>30,909</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	75,000	75,000	75,000	-
Transfers out				
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Net change in fund balances	(45,000)	(48,240)	(17,331)	30,909
Fund balances - beginning	<u>48,589</u>	<u>60,581</u>	<u>59,911</u>	<u>(670)</u>
Fund balances - ending	<u>\$ 3,589</u>	<u>\$ 12,341</u>	<u>\$ 42,580</u>	<u>\$ 30,239</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental revenues:				
Local option gas tax	\$ 358,000	\$ 358,000	\$ 517,078	\$ 159,078
Miscellaneous revenues:				
Investment earnings / (loss)	14,000	14,000	7,034	(6,966)
Total revenues	<u>372,000</u>	<u>372,000</u>	<u>524,112</u>	<u>152,112</u>
<u>EXPENDITURES</u>				
Current:				
Transportation	-	-	8,168	(8,168)
Capital projects:				
Transportation	966,000	1,019,800	797,027	222,773
Total expenditures	<u>966,000</u>	<u>1,019,800</u>	<u>805,195</u>	<u>214,605</u>
Deficiency of revenues				
Revenues over (under) expenditures	<u>(594,000)</u>	<u>(647,800)</u>	<u>(281,083)</u>	<u>366,717</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	250,000	258,737	258,737	-
Total other financing sources	<u>250,000</u>	<u>258,737</u>	<u>258,737</u>	<u>-</u>
Net change in fund balances	(344,000)	(389,063)	(22,346)	366,717
Fund balances - beginning	<u>351,732</u>	<u>601,987</u>	<u>530,429</u>	<u>(71,558)</u>
Fund balances - ending	<u><u>\$ 7,732</u></u>	<u><u>\$ 212,924</u></u>	<u><u>\$ 508,083</u></u>	<u><u>\$ 295,159</u></u>

City of Dunedin, Florida
Parks & Recreation Capital Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
For the Fiscal Year Ended September 30, 2010

	<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	\$ 50,000	\$ 50,000	\$ 132,661	\$ 82,661
Miscellaneous revenues:				
Investment earnings / (loss)	-	-	365	365
Contributions	-	-	13,000	13,000
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>146,026</u>	<u>96,026</u>
<u>EXPENDITURES</u>				
Current:				
Culture and recreation	37,000	18,658	19,654	(996)
Capital outlay:				
Culture and recreation	207,000	328,488	185,985	142,503
Aids and grants	-	-	-	-
Total expenditures	<u>244,000</u>	<u>347,146</u>	<u>205,639</u>	<u>141,507</u>
Revenues over (under) expenditures	<u>(194,000)</u>	<u>(297,146)</u>	<u>(59,613)</u>	<u>237,533</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	183,488	271,488	271,488	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>183,488</u>	<u>271,488</u>	<u>271,488</u>	<u>-</u>
Net change in fund balances	(10,512)	(25,658)	211,875	237,533
Fund balances - beginning	<u>12,000</u>	<u>28,387</u>	<u>183,241</u>	<u>154,854</u>
Fund balances - ending	<u>\$ 1,488</u>	<u>\$ 2,729</u>	<u>\$ 395,116</u>	<u>\$ 392,387</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous revenues:				
Investment earnings / (loss)	\$ -	\$ -	\$ 1,758	\$ 1,758
Total revenues	<u>-</u>	<u>-</u>	<u>1,758</u>	<u>1,758</u>
<u>EXPENDITURES</u>				
Current:				
General government	12,500	62,500	35,091	27,409
Public safety	7,500	15,000	13,244	1,756
Capital outlay:				
General government	202,500	152,500	36,615	115,885
Public safety	59,500	52,000	39,211	12,789
Total expenditures	<u>282,000</u>	<u>282,000</u>	<u>124,161</u>	<u>157,839</u>
Revenues over (under) expenditures	<u>(282,000)</u>	<u>(282,000)</u>	<u>(122,403)</u>	<u>159,597</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>257,000</u>	<u>257,000</u>	<u>257,000</u>	<u>-</u>
Total other financing sources (uses)	<u>257,000</u>	<u>257,000</u>	<u>257,000</u>	<u>-</u>
Net change in fund balances	(25,000)	(25,000)	134,597	159,597
Fund balances - beginning	<u>29,262</u>	<u>79,383</u>	<u>77,651</u>	<u>(1,732)</u>
Fund balances - ending	<u>\$ 4,262</u>	<u>\$ 54,383</u>	<u>\$ 212,248</u>	<u>\$ 157,865</u>

Internal Service Funds

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

Vehicle Maintenance Fund

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

Building Maintenance Fund

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

Self – Insurance Fund

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

City of Dunedin
Internal Service Funds
Combining Statement of Net Assets
September 30, 2010

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,753,612	\$ 663,826	\$ 3,411,739	\$ 6,829,177
Inventories	109,118	-	-	109,118
Prepaid items	-	-	18,891	18,891
Deposits	-	-	100,000	100,000
Total current assets	<u>2,862,730</u>	<u>663,826</u>	<u>3,530,630</u>	<u>7,057,186</u>
Noncurrent assets:				
Capital assets:				
Buildings	464,718	2,390,088	-	2,854,806
Improvements other than buildings	4,744	-	-	4,744
Machinery and equipment	11,689,208	136,626	3,324	11,829,158
Less: accumulated depreciation	<u>(7,392,511)</u>	<u>(793,010)</u>	<u>(3,324)</u>	<u>(8,188,845)</u>
Total capital assets, net of accumulated depreciation	<u>4,766,159</u>	<u>1,733,704</u>	<u>-</u>	<u>6,499,863</u>
Total assets	<u>7,628,889</u>	<u>2,397,530</u>	<u>3,530,630</u>	<u>13,557,049</u>
LIABILITIES				
Current liabilities:				
Accounts payable	75,508	45,043	92,996	213,547
Accrued salaries payable	17,062	17,520	3,077	37,659
Accrued interest payable	56,169	-	-	56,169
Capital leases payable - current	467,631	-	-	467,631
Total current liabilities	<u>616,370</u>	<u>62,563</u>	<u>96,073</u>	<u>775,006</u>
Noncurrent liabilities:				
Capital leases payable	1,189,862	-	-	1,189,862
Compensated absences	112,280	114,176	-	226,456
OPEB liability	4,832	5,095	724	10,651
Claims liabilities	-	-	180,718	180,718
Total noncurrent liabilities	<u>1,306,974</u>	<u>119,271</u>	<u>181,442</u>	<u>1,607,687</u>
Total liabilities	<u>1,923,344</u>	<u>181,834</u>	<u>277,515</u>	<u>2,382,693</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,108,666	1,733,704	-	4,842,370
Unrestricted	2,596,879	481,992	3,253,115	6,331,986
Total net assets	<u>\$ 5,705,545</u>	<u>\$ 2,215,696</u>	<u>\$ 3,253,115</u>	<u>\$ 11,174,356</u>

City of Dunedin
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2010

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 3,210,688	\$ 1,271,370	\$ 2,231,178	\$ 6,713,236
Miscellaneous revenue	(2,575)	22,723	81,461	101,609
Total operating revenues	<u>3,208,113</u>	<u>1,294,093</u>	<u>2,312,639</u>	<u>6,814,845</u>
Operating expenses:				
Personal services	579,329	623,024	179,467	1,381,820
Supplies and services	1,020,587	643,355	1,419,941	3,083,883
Depreciation	986,501	157,022	-	1,143,523
Total operating expenses	<u>2,586,417</u>	<u>1,423,401</u>	<u>1,599,408</u>	<u>5,609,226</u>
Operating income / (loss)	<u>621,696</u>	<u>(129,308)</u>	<u>713,231</u>	<u>1,205,619</u>
Nonoperating revenues (expenses):				
Investment earnings / (loss)	23,892	5,778	37,170	66,840
Interest/amortization expense	(46,073)	-	-	(46,073)
Gain / (Loss) on sale of capital assets	66,388	(2,412)	-	63,976
Total nonoperating revenues (expenses)	<u>44,207</u>	<u>3,366</u>	<u>37,170</u>	<u>84,743</u>
Income before contributions and transfers	665,903	(125,942)	750,401	1,290,362
Transfers in	12,967	325,584	-	338,551
Transfers out	-	-	(1,305,563)	(1,305,563)
Change in net assets	678,870	199,642	(555,162)	323,350
Total net assets - beginning	<u>5,026,675</u>	<u>2,016,054</u>	<u>3,808,277</u>	<u>10,851,006</u>
Total net assets - ending	<u><u>\$ 5,705,545</u></u>	<u><u>\$ 2,215,696</u></u>	<u><u>\$ 3,253,115</u></u>	<u><u>\$ 11,174,356</u></u>

City of Dunedin
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010

	<u>Vehicle Maintenance</u>	<u>Building Maintenance</u>	<u>Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,210,688	\$ 1,271,370	\$ 2,231,178	\$ 6,713,236
Payments to suppliers	(1,011,702)	(695,914)	(1,641,694)	(3,349,310)
Payments to employees	(568,353)	(627,609)	(210,717)	(1,406,679)
Other operating revenue	(2,575)	22,723	81,461	101,609
Net cash provided by (used in) operating activities	<u>1,628,058</u>	<u>(29,430)</u>	<u>460,228</u>	<u>2,058,856</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	12,967	325,584	-	338,551
Transfers out	-	-	(1,305,563)	(1,305,563)
Net cash provided by (used in) noncapital financing activities	<u>12,967</u>	<u>325,584</u>	<u>(1,305,563)</u>	<u>(967,012)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	66,388	(2,412)	-	63,976
Proceeds of capital debt	-	-	-	-
Purchase of capital assets	(1,511,881)	(225,539)	-	(1,737,420)
Principal paid on capital debt	(295,706)	-	-	(295,706)
Interest paid on capital debt	(23,275)	-	-	(23,275)
Net cash provided by (used in) capital and related financing activities	<u>(1,764,474)</u>	<u>(227,951)</u>	<u>-</u>	<u>(1,992,425)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings / (loss)	25,080	6,623	40,582	72,285
Net cash provided by (used in) investing activities	<u>25,080</u>	<u>6,623</u>	<u>40,582</u>	<u>72,285</u>
Net increase (decrease) in cash and cash equivalents	(98,369)	74,826	(804,753)	(828,296)
Cash and cash equivalents - October 1	2,851,981	589,000	4,216,492	7,657,473
Cash and cash equivalents - September 30	<u>\$ 2,753,612</u>	<u>\$ 663,826</u>	<u>\$ 3,411,739</u>	<u>\$ 6,829,177</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:				
Operating income / (loss)	\$ 621,696	\$ (129,308)	\$ 713,231	\$ 1,205,619
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	986,501	157,022	-	1,143,523
Decrease in accounts receivable	-	-	-	-
Decrease in due from other governments	-	-	-	-
(Increase) decrease in				
Inventories	(22,006)	-	-	(22,006)
Prepaid items	-	-	(18,891)	(18,891)
Increase (decrease) in				
Accounts payable	30,891	(52,559)	17,646	(4,022)
Accrued expenses	2,626	1,617	382	4,625
Claims liabilities	-	-	(180,508)	(180,508)
Compensated absences / OPEB	8,350	(6,202)	(31,632)	(29,484)
Increase in deposits receivable	-	-	(40,000)	(40,000)
Total adjustments	<u>1,006,362</u>	<u>99,878</u>	<u>(253,003)</u>	<u>853,237</u>
Net cash provided by (used in) operating activities	<u>\$ 1,628,058</u>	<u>\$ (29,430)</u>	<u>\$ 460,228</u>	<u>\$ 2,058,856</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.

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Financial Trends

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.....E-3

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.....E-11

Debt Capacity

These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.....E-17

Demographic and Economic Information

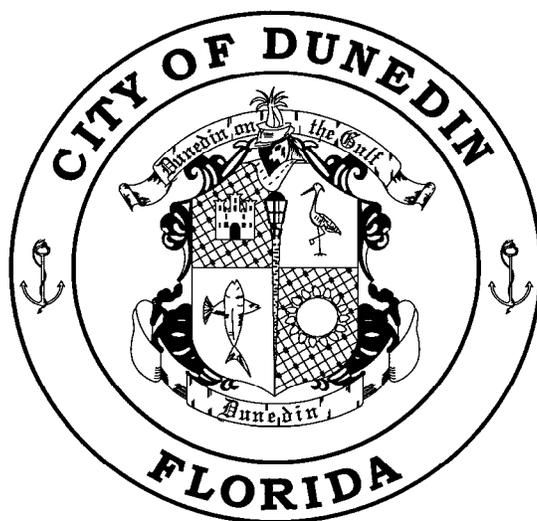
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.....E-23

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.....E-27

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

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Financial Trends

City of Dunedin, Florida
 Net Assets by Component
 Last Eight Fiscal Years ¹
 (accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Invested in capital assets, net of related debt	\$ 52,017,214	\$ 49,216,594	\$ 41,859,854	\$ 40,891,053	\$ 29,656,802	\$ 19,580,030	\$ 25,673,683	\$ 21,070,522
Restricted	919,351	666,759	1,492,721	1,580,164	1,452,082	11,747,673	2,263,755	4,122,498
Unrestricted	14,804,273	18,340,972	14,346,049	14,337,285	21,095,377	15,959,974	15,434,163	13,621,877
Total governmental activities net assets	<u>\$ 67,740,838</u>	<u>\$ 68,224,325</u>	<u>\$ 57,698,624</u>	<u>\$ 56,808,502</u>	<u>\$ 52,204,261</u>	<u>\$ 47,287,677</u>	<u>\$ 43,371,601</u>	<u>\$ 38,814,897</u>
Business type activities:								
Invested in capital assets, net of related debt	33,375,182	32,324,908	31,123,487	30,462,861	44,330,427	46,477,869	45,351,725	45,740,661
Restricted	9,734,525	12,119,646	11,491,080	13,757,080	4,677,025	4,443,428	4,897,856	5,240,067
Unrestricted	10,567,261	6,829,020	10,189,363	8,630,258	5,042,180	4,144,475	6,374,375	5,789,297
Total business type activities net assets	<u>\$ 53,676,968</u>	<u>\$ 51,273,574</u>	<u>\$ 52,803,930</u>	<u>\$ 52,750,199</u>	<u>\$ 54,049,632</u>	<u>\$ 55,065,772</u>	<u>\$ 56,623,956</u>	<u>\$ 56,770,025</u>
Primary government:								
Invested in capital assets, net of related debt	85,392,396	81,541,502	72,983,341	71,353,914	73,987,229	66,057,899	71,025,408	66,811,183
Restricted	10,653,876	12,786,405	12,983,801	15,337,244	6,129,107	16,191,101	7,161,611	9,362,565
Unrestricted	25,371,534	25,169,992	24,535,412	22,867,543	26,137,557	20,104,449	21,808,538	19,411,174
Total primary government activities net assets	<u>\$ 121,417,806</u>	<u>\$ 119,497,899</u>	<u>\$ 110,502,554</u>	<u>\$ 109,558,701</u>	<u>\$ 106,253,893</u>	<u>\$ 102,353,449</u>	<u>\$ 99,995,557</u>	<u>\$ 95,584,922</u>

* GASB 34 implemented in Fiscal Year 2002

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

	2010	2009	2008	2007	2006	2005	2004	2003
EXPENSES								
Governmental activities:								
General government	\$ 2,499,304	\$ 3,681,315	\$ 2,578,302	\$ 2,964,692	\$ 2,489,508	\$ 2,177,358	\$ 1,616,858	\$ 1,747,698
Public safety	11,691,457	12,653,234	12,240,372	12,120,351	11,453,193	11,287,223	10,279,511	10,035,496
Physical environment	-	-	825	869	650	834	23,346	3,640
Transportation	2,226,040	1,839,363	2,610,475	(662,178)	2,125,973	2,258,259	1,337,973	1,905,403
Economic development	467,325	507,328	323,734	87,537	58,935	88,207	91,417	34,645
Culture and recreation	9,772,233	9,931,370	10,727,942	10,829,741	9,009,384	9,559,058	8,071,251	7,758,198
Interest on long term debt	772,810	834,618	866,910	966,878	1,085,875	837,648	904,118	828,206
Total governmental activities expenses	27,429,169	29,447,228	29,348,560	26,307,890	26,223,518	26,208,587	22,324,118	22,313,286
Business type activities:								
Solid waste	4,577,524	4,571,427	4,832,211	4,947,866	4,619,519	5,156,394	4,541,315	4,199,414
Water / sewer utility	16,661,525	18,511,182	17,899,287	17,244,324	14,490,880	14,197,584	14,278,420	13,479,564
Reclaimed water	-	-	(25,237)	(5,549)	1,622,107	1,478,474	1,453,574	1,485,628
Stormwater utility	1,792,841	1,615,538	1,729,016	1,365,579	1,196,132	1,207,654	1,173,210	1,255,618
Marina	484,848	478,476	469,475	471,605	432,949	353,576	252,462	275,201
Golf course	378,065	603,161	613,178	699,414	682,164	595,229	470,054	371,330
Total business type activities expenses	23,894,803	25,779,784	25,517,930	24,723,239	23,043,751	22,988,910	22,169,035	21,066,755
Total primary government expenses	\$ 51,323,972	\$ 55,227,012	\$ 54,866,490	\$ 51,031,129	\$ 49,267,269	\$ 49,197,497	\$ 44,493,153	\$ 43,380,041
PROGRAM REVENUES								
Governmental activities:								
Charges for services	5,568,711	5,352,945	5,762,057	5,206,427	5,514,108	4,731,225	4,241,434	4,336,349
Operating grants and contributions	228,748	415,025	190,371	407,785	543,267	588,149	465,311	363,014
Capital grants and contributions	1,941,343	10,311,831	1,426,814	951,232	1,375,691	3,664,873	2,417,088	1,728,855
Total governmental activities program revenues	7,738,802	16,079,801	7,379,242	6,565,444	7,433,066	8,984,247	7,123,833	6,428,218
Business type activities:								
Charges for services	23,704,819	23,213,802	23,228,886	22,449,361	21,323,934	20,188,223	20,268,203	17,513,348
Operating grants and contributions	-	-	571,527	113,645	-	-	3,666	-
Capital grants and contributions - parking fee	628,771	973,045	763,242	104,997	316,281	290,976	613,275	1,626,430
Total business type activities revenues	24,333,590	24,186,847	24,563,655	22,668,003	21,640,215	20,479,199	20,885,144	19,139,778
Total primary government program revenues	\$ 32,072,392	\$ 40,266,648	\$ 31,942,897	\$ 29,233,447	\$ 29,073,281	\$ 29,463,446	\$ 28,008,977	\$ 25,567,996
NET EXPENSE								
Governmental activities	(19,690,367)	(13,367,427)	(21,969,318)	(19,742,446)	(18,790,452)	(17,224,340)	(15,200,285)	(15,885,068)
Business type activities	438,787	(1,592,937)	(954,275)	(2,055,236)	(1,403,536)	(2,509,711)	(1,283,891)	(1,926,977)
Total primary government net (expense) / revenue	\$ (19,251,580)	\$ (14,960,364)	\$ (22,923,593)	\$ (21,797,682)	\$ (20,193,988)	\$ (19,734,051)	\$ (16,484,176)	\$ (17,812,045)

* GASB 34 implemented in Fiscal Year 2002

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

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:								
Taxes:								
Property taxes	\$ 7,277,630	\$ 8,364,594	\$ 9,212,358	\$ 9,982,922	\$ 8,844,774	\$ 7,662,303	\$ 7,063,015	\$ 6,016,687
Utility service taxes	4,807,075	4,713,985	4,248,062	4,273,255	4,253,827	4,095,884	4,134,755	4,306,796
Infrastructure sales surtax	2,720,927	4,727,908	3,708,123	3,188,280	3,603,251	3,509,710	3,163,833	2,995,546
Half cent sales tax	1,793,787	1,808,035	1,983,182	2,083,144	2,178,564	2,131,371	2,068,375	1,955,366
Franchise taxes	2,935,741	2,811,613	2,474,338	2,600,247	2,618,432	2,222,492	2,094,111	2,004,600
Other taxes	76,239	73,668	102,781	76,095	-	439,041	434,986	127,504
State revenue sharing	1,243,130	1,134,958	1,276,949	1,378,296	1,411,285	1,370,847	1,158,923	904,694
Grants and contributions not restricted to specific programs	1,639	-	-	-	-	21,397	20,833	36,586
Unrestricted investment earnings	146,429	(85,633)	340,398	664,200	825,776	302,899	303,299	235,644
Gain / (loss) on sale of capital assets	24,693	149,744	-	236,061	25,885	(54,221)	976	17,582
Transfers	(1,820,411)	(104,160)	(486,751)	(135,813)	(54,758)	(561,305)	(686,117)	(145,014)
Total governmental activities revenues	19,206,879	23,594,712	22,859,440	24,346,687	23,707,036	21,140,418	19,756,989	18,455,991
Business type activities:								
Unrestricted investment earnings	143,825	(43,434)	521,255	614,206	332,637	415,439	454,482	480,696
Loss on sale of capital assets	371	1,855	-	5,784	-	(25,215)	(2,787)	(86,543)
Transfers	1,820,411	104,160	486,751	135,813	54,758	561,305	686,117	145,014
Total business type activities	1,964,607	62,581	1,008,006	755,803	387,395	951,529	1,137,822	539,167
Total primary government revenues	\$ 21,171,486	\$ 23,657,293	\$ 23,867,446	\$ 25,102,490	\$ 24,094,431	\$ 22,091,947	\$ 20,894,811	\$ 18,995,158
CHANGE IN NET ASSETS								
Governmental activities	(483,488)	10,227,285	890,122	4,604,241	4,916,584	3,916,078	4,556,704	2,570,923
Business type activities	2,403,394	(1,530,356)	53,731	(1,299,433)	(1,016,141)	(1,558,182)	(146,069)	(1,387,810)
Total primary government	\$ 1,919,906	\$ 8,696,929	\$ 943,853	\$ 3,304,808	\$ 3,900,443	\$ 2,357,896	\$ 4,410,635	\$ 1,183,113

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>
2001	\$ 4,984,444	\$ 2,364,513	\$ 3,606,292	\$ 10,955,249
2002	5,416,600	1,905,024	4,178,073	11,499,697
2003	6,016,687	2,004,600	4,306,796	12,328,083
2004	7,063,015	2,094,111	4,134,755	13,291,881
2005	7,662,303	2,222,492	4,095,884	13,980,679
2006	8,844,774	2,618,432	4,253,827	15,717,033
2007	9,982,922	2,600,247	4,273,255	16,856,424
2008	9,212,358	2,474,338	4,248,062	15,934,758
2009	8,364,594	2,811,613	4,713,985	15,890,192
2010	7,277,630	2,935,741	4,807,075	15,020,446

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund:									
Reserved	\$ 1,071,515	\$ 571,254	\$ 1,542,808	\$ 1,547,748	\$ 1,172,899	\$ 1,186,618	\$ 1,391,468	\$ 1,358,170	\$ 1,044,435
Unreserved	7,658,106	7,768,905	6,392,564	7,039,453	7,382,400	6,657,589	7,058,463	6,903,068	7,872,962
Total general fund	<u>\$ 8,729,621</u>	<u>\$ 8,340,159</u>	<u>\$ 7,935,372</u>	<u>\$ 8,587,201</u>	<u>\$ 8,555,299</u>	<u>\$ 7,844,207</u>	<u>\$ 8,449,931</u>	<u>\$ 8,261,238</u>	<u>\$ 8,917,397</u>
All other governmental funds:									
Reserved, reported in:									
Special revenue funds	2,880,603	1,338,467	362,015	3,347,439	478,190	11,533,793	2,989,856	3,284,622	4,743,357
Unreserved, reported in:									
Special revenue funds	(334,381)	4,576,547	4,417,004	998,488	7,473,489	4,676,052	2,675,596	1,199,498	759,361
Capital projects funds	-	667,991	911,711	814,596	3,545,504	1,393,716	1,291,290	2,335,611	1,662,641
Total all other governmental funds	<u>\$ 2,546,222</u>	<u>\$ 6,583,005</u>	<u>\$ 5,690,730</u>	<u>\$ 5,160,523</u>	<u>\$ 11,497,183</u>	<u>\$ 17,603,561</u>	<u>\$ 6,956,742</u>	<u>\$ 6,819,731</u>	<u>\$ 7,165,359</u>

City of Dunedin, Florida
Change in Fund Balances - Governmental Funds
Last Nine Fiscal Years¹
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES									
Taxes	\$ 15,020,446	\$ 15,890,192	\$ 15,934,758	\$ 16,856,424	\$ 15,717,033	\$ 13,980,679	\$ 13,291,881	\$ 12,328,083	\$ 11,499,697
Licenses, fees and permits	732,845	445,622	491,412	561,566	840,240	962,809	639,369	555,621	542,938
Intergovernmental	8,251,620	18,955,257	8,971,822	8,026,149	8,824,756	10,444,576	9,028,401	7,888,959	7,557,007
Charges for services	5,369,511	5,679,455	5,558,004	5,236,041	5,066,509	4,825,858	5,021,375	4,482,710	3,205,305
Fines and forfeits	119,427	184,190	210,618	220,350	229,994	176,260	280,435	228,503	147,985
Interest earnings	122,088	(64,719)	338,180	729,396	1,069,178	419,102	283,811	284,889	754,730
Miscellaneous	735,251	556,292	880,385	726,037	889,520	1,563,088	1,101,400	1,095,500	750,774
Total revenues	30,351,188	41,646,289	32,385,179	32,355,963	32,637,230	32,372,372	29,646,672	26,864,265	24,458,436
EXPENDITURES									
General government	3,273,169	3,543,512	3,661,825	3,629,824	3,598,907	3,241,021	3,053,704	2,978,588	2,709,928
Public safety	11,781,242	11,876,309	11,653,936	11,395,437	10,741,490	10,533,630	9,601,978	8,829,569	8,101,083
Physical environment	-	-	825	869	650	834	23,346	3,640	9,534
Transportation	1,785,106	1,869,700	1,957,496	2,173,323	1,905,992	1,992,043	1,915,753	1,729,077	2,087,885
Economic development	466,280	394,828	323,734	87,537	58,935	88,207	91,417	34,411	19,552
Culture and recreation	7,934,753	8,126,402	8,670,406	9,028,183	8,020,637	7,781,134	7,089,003	6,513,513	5,927,263
Debt service:									
Principal	1,297,789	2,356,923	1,668,241	4,428,527	2,252,986	2,877,448	940,349	1,051,871	1,018,718
Interest	741,855	835,723	887,607	989,180	937,599	772,714	658,745	708,873	739,314
Total expenditures	27,280,194	29,003,397	28,824,070	31,732,880	27,517,196	27,287,031	23,374,295	21,849,542	20,613,277
Excess of revenues over expenditures	3,070,994	12,642,892	3,561,109	623,083	5,120,034	5,085,341	6,272,377	5,014,723	3,845,160
OTHER FINANCING SOURCES (USES)									
Capital outlay	(4,198,061)	(11,924,208)	(2,794,170)	(6,832,634)	(13,930,227)	(3,989,158)	(9,963,391)	(4,843,057)	(13,659,424)
Sale of capital assets	-	1,181,800	-	230,507	-	-	-	-	-
Aids and grants	(166,233)	(515,203)	(170,801)	(75,100)	(80,000)	(17,232)	(223,351)	(130,334)	(118,900)
Debt proceeds	-	-	-	-	3,900,000	9,784,806	4,900,000	-	1,193,904
Transfers in	2,405,836	3,870,555	5,028,788	2,500,023	2,292,929	1,434,793	1,941,309	3,655,949	7,388,270
Transfers out	(3,259,235)	(3,962,516)	(5,746,548)	(2,750,637)	(2,698,022)	(2,257,455)	(2,601,240)	(4,699,068)	(9,301,711)
Total other financing sources (uses)	(5,217,693)	(11,349,572)	(3,682,731)	(6,927,841)	(10,515,320)	4,955,754	(5,946,673)	(6,016,510)	(14,497,861)
Net change in fund balances	\$ (2,146,699)	\$ 1,293,320	\$ (121,622)	\$ (6,304,758)	\$ (5,395,286)	\$ 10,041,095	\$ 325,704	\$ (1,001,787)	\$ (10,652,701)
Debt service as a percentage of noncapital expenditures	5.0%	8.8%	6.1%	16.2%	8.9%	11.8%	4.2%	5.1%	5.2%

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

Fiscal Year	General Government	Public Safety	Physical Environment	Transportation	Economic Environment	Culture and Recreation	Capital Outlay	Debt Service	Transfers Out	Other	Total
2001	\$ 2,678,492	\$ 7,519,792	\$ -	\$ 1,380,579	\$ 16,552	\$ 5,566,053	\$ 5,304,436	\$ 1,191,106	\$ 5,234,139	\$ 130,817	\$ 29,021,966
2002	2,709,928	8,095,414	3,883	1,610,750	19,552	5,927,263	14,147,879	1,768,032	9,301,711	118,900	43,693,312
2003	2,978,588	8,829,569	3,640	1,729,077	34,411	6,513,513	4,843,057	1,760,744	4,699,068	130,334	31,522,001
2004	3,053,704	9,601,978	23,346	1,915,753	91,417	7,089,003	9,963,391	1,599,094	2,601,240	223,351	36,162,277
2005	3,241,021	10,533,630	834	1,992,043	88,207	7,781,134	3,989,158	3,650,162	2,257,455	17,232	33,550,876
2006	3,598,907	10,741,490	650	1,905,992	58,935	8,020,637	13,930,227	3,190,585	2,698,022	80,000	44,225,445
2007	3,629,824	11,395,437	869	2,173,323	87,537	9,028,183	6,832,634	5,417,707	2,750,637	75,100	41,391,251
2008	3,661,825	11,653,936	825	1,957,496	323,734	8,670,406	2,794,170	2,555,848	5,746,548	170,801	37,535,589
2009	3,543,512	11,876,309	-	1,869,700	394,828	8,126,402	11,924,208	3,192,646	3,962,516	515,203	45,405,324
2010	3,273,169	11,781,242	-	1,785,106	466,280	7,934,753	4,198,061	2,099,644	3,259,235	166,233	34,903,723

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 Property
Last Ten Fiscal Years

Fiscal Year	Real Property			Less:		Total Taxable Assessed Value	Total Taxable Rate ¹	Annual Percentage Change
	Residential	Commercial	Personal	Tax Exempt Property	Property			
2001	\$ 1,116,536,710	\$ -	\$ 123,146,410	\$ -	\$ -	\$ 1,239,683,120	4.1166	6.9%
2002	1,209,259,620	-	126,843,340	-	-	1,336,102,960	4.1166	7.8%
2003	1,336,079,740	-	126,792,910	-	-	1,462,872,650	4.1166	9.5%
2004	1,479,772,000	-	127,929,960	-	-	1,607,701,960	4.4253	9.9%
2005	1,632,193,900	-	127,960,240	-	-	1,760,154,140	4.4253	9.5%
2006	1,873,992,400	-	123,476,459	-	-	1,997,468,859	4.4253	13.5%
2007	2,242,890,164	-	102,039,260	-	-	2,344,929,424	4.0934	17.4%
2008	2,446,825,022	-	106,309,880	-	-	2,553,134,902	3.5597	8.9%
2009	2,203,132,958	-	92,534,883	-	-	2,295,667,841	3.5597	-2.1%
2010	1,936,899,887	-	86,727,617	-	-	2,023,627,504	3.5597	-20.7%

¹ Tax rates are expressed in rates per \$1,000.

Source: Pinellas County Property Appraiser

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

Fiscal Year	City	County	School	Transit District	EMS	Other	Total
2001	4.1166	6.0040	8.4330	0.6501	0.7470	1.6562	21.6069
2002	4.1166	6.1410	8.4870	0.6501	0.6600	1.6562	21.7109
2003	4.1166	6.1410	8.4490	0.6319	0.6600	1.6562	21.6547
2004	4.4253	6.1410	8.2430	0.6319	0.6600	1.6562	21.7574
2005	4.4253	6.1410	8.1220	0.6377	0.6600	1.6557	21.6417
2006	4.4253	6.1410	8.3900	0.6377	0.6600	1.6555	21.9095
2007	4.0934	5.4700	8.2100	0.6074	0.6300	1.6378	20.6486
2008	3.5597	4.8730	7.7310	0.5601	0.5832	0.3866	17.6936
2009	3.5597	4.8730	8.0610	0.5601	0.5832	1.5551 (1)	19.1921
2010	3.5597	4.8730	8.3460	0.5601	0.5832	1.5106 (1)	19.4326

(1) Other includes:

Pinellas County Planning Council	0.0125
Juvenile Welfare Board	0.7915
Southwest Florida Water Management District	0.3866
Anclore River Basin	0.3200
	<u>1.5106</u>

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

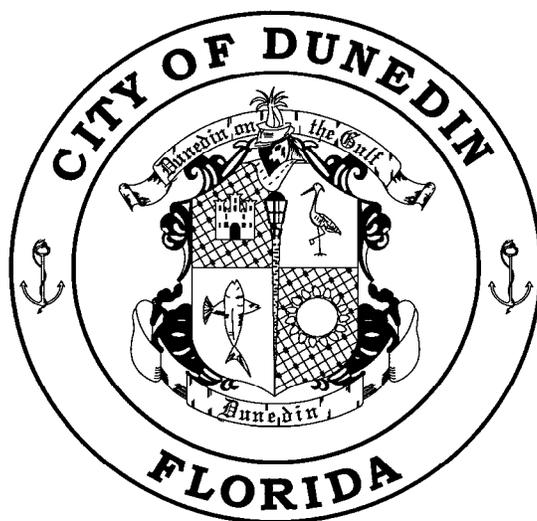
Taxpayer	September 30, 2009		September 30, 2006	
	Taxable Assessed Value	Percentage of Total Assessed Valuation	Taxable Assessed Value	Percentage of Total Assessed Valuation
MacAlpine Place Apt.	\$ 31,500,000	1.56%	\$ 30,600,000	1.55%
Pinellas Marina LLC	30,842,568	1.52%		
Chesapeake Apartments	14,560,000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

Source: Pinellas County Property Appraiser

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

Fiscal Year	Taxable Assessed Valuation	Millage Tax Rate	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2001	1,239,683,120	4.1166	5,103,280	4,979,917	97.6	4,527	4,984,444	97.7
2002	1,336,102,960	4.1166	5,500,201	5,404,247	98.3	12,353	5,416,600	98.5
2003	1,462,872,650	4.1166	6,022,062	5,775,310	95.9	18,885	5,794,195	96.2
2004	1,607,701,960	4.4253	7,114,563	6,758,409	95.0	19,296	6,777,705	95.3
2005	1,760,154,140	4.4253	7,789,210	7,294,487	93.7	21,835	7,316,322	93.9
2006	1,997,468,859	4.4253	8,839,399	8,327,443	94.2	28,254	8,355,697	94.5
2007	2,344,929,424	4.0934	9,598,734	9,016,741	93.9	11,716	9,028,457	94.1
2008	2,553,134,902	3.5597	9,088,394	8,075,170	88.9	439,190	8,514,360	93.7
2009	2,295,667,841	3.5597	9,222,316	7,161,307	77.7	593,641	7,754,948	84.1
2010	2,023,627,504	3.5597	7,203,507	6,576,138	91.3	414,522	6,784,052	94.2

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Debt Capacity

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

Fiscal Year	Governmental Activities			Business Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Special Assessment Bonds	Capital Leases		Sewer Bonds	Capital Leases				
2003	\$ 12,329,768	\$ 3,909,120		\$ 18,121,267	\$ -		\$ 34,360,155	2.86%	\$ 1,060
2004	16,651,043	2,891,746		16,690,824	-		36,233,613	2.94%	1,092
2005	24,151,757	1,651,020		14,727,981	-		40,530,758	3.25%	1,215
2006	22,968,165	911,361		14,005,615	-		37,885,141	3.57%	1,009
2007	21,411,326	1,387,855		28,252,680	-		51,051,861	4.88%	1,419
2008	19,730,418	1,312,117		26,843,018	-		47,885,553	5.09%	1,333
2009	17,373,495	1,953,199		24,693,131	-		44,019,825	4.20%	1,223
2010	16,075,200	1,657,493		23,665,140	-		41,397,833	4.40%	1,153

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

City of Dunedin, Florida
 Computation of Direct and Overlapping Bonded Debt
 General Obligation Bonds
 September 30, 2010

GOVERNMENTAL UNIT	NET DEBT OUTSTANDING	APPLICABLE TO CITY OF DUNEDIN	
		PERCENT ¹	AMOUNT
Pinellas County	\$ 22,696,083	3.130%	\$ 710,387
Pinellas County School Board	21,425,937	3.130%	670,632
Total overlapping debt			1,381,019
Total direct debt ²			-
Total direct and overlapping debt			\$ 1,381,019
Overall debt to F/Y 2010 taxable value			0.07%
Overall debt to per capita			\$ 38.45

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

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

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

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

Fiscal Year	Gross Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ³	Coverage Ratio
2001	\$ 12,754,343	\$ 8,599,158	\$ 4,155,185	\$ 2,536,574	1.64
2002	12,903,529	8,934,854	3,968,675	2,674,907	1.48
2003	13,727,330	10,875,971	2,851,359	2,490,469	1.14
2004	15,674,310	11,840,458	3,833,852	2,315,772	1.65
2005	15,078,269	11,728,757	3,349,512	1,924,713	1.74
2006	16,012,925	12,115,834	3,897,091	1,944,756	2.00
2007	16,828,565	12,821,283	4,007,282	1,949,609	2.06
2008	18,397,808	13,239,576	5,158,232	2,465,204	2.09
2009	17,227,189	13,989,999	3,237,190	2,583,954	1.25
2010	17,454,334	12,481,590	4,972,744	2,457,283	2.02

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

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

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

City of Dunedin, Florida
Schedule of Debt Service Ratio

Description	Actual September 30 2010	Budget September 30 2010	Proposed Budget September 30 2011
Total Governmental Revenues	\$ 30,351,188	\$ 30,599,801	\$ 32,059,236
Internal Service Revenues:			
Rental Income	-	24,517	25,632
Non-Operating: Investment earnings	66,840	100,500	68,500
Total Internal Services Revenues	66,840	125,017	94,132
Total Annual Revenues - September 30	<u>\$ 30,418,028</u>	<u>\$ 30,724,818</u>	<u>\$ 32,153,368</u>
Total Annual General Government Debt Service exclusive of Enterprise Funds, Internal Service Funds and Special Assessment Debt Service	<u>\$ 2,024,502</u>	<u>\$ 2,024,502</u>	<u>\$ 1,876,489</u>
Debt Service Ratio	<u>6.66%</u>	<u>6.59%</u>	<u>5.84%</u>
Total Capacity Debt Service (12.5%)	3,802,254	3,840,602	4,019,171
Less: Current Debt Service	2,024,502	2,024,502	1,876,489
Excess Debt Service Available	<u>1,777,752</u>	<u>1,816,100</u>	<u>2,142,682</u>
Excess Outstanding Debt Service Available			
10 Years	13,987,711	14,289,447	16,859,059
20 Years	22,896,345	23,390,253	27,596,425

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

Debt Description	September 30 2009	September 30 2010	Proposed Budget September 30 2011
Spring Training Facilities - Bank of America	\$ 1,075,185	\$ 1,075,184	\$ 915,186
Blue Jays - Spring Training Facilities	24,086	24,046	24,086
Palm Boulevard - Sunbank	111,890	111,776	111,717
Capital Improvement Bond - MLK / Shapiro property	585,805	91,521	107,000
Community Center	721,294	721,975	718,500
Total Annual General Government Debt Service	\$ 2,518,260	\$ 2,024,502	\$ 1,876,489

Demographic and Economic Information

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

Fiscal Year	Population ¹	Per Capita Income ²	Median Age ³	School Enrollment ⁴	Unemployment Rate / Percent ⁵
2001	36,574	31,658	43.0	4,967	3.4
2002	36,865	31,321	43.0	4,960	3.7
2003	37,081	32,408	43.9	5,019	3.4
2004	37,217	33,167	43.7	4,996	3.1
2005	37,426	33,316	44.0	5,014	2.9
2006	37,574	35,607	44.2	4,879	2.6
2007	37,662	38,085	43.0	5,376	4.0
2008	37,561	28,223	48.2	5,204	7.5
2009	35,988	29,093	47.6	5,876	10.6
2010	35,920	26,210	48.2	5,876	11.8

Data Source:

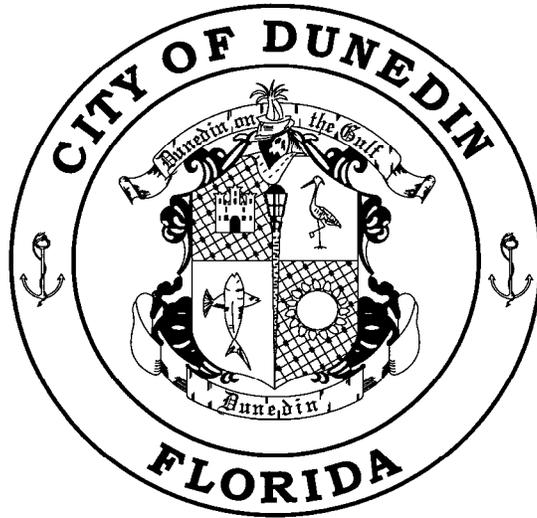
- 1 city-data.com/city/Dunedin-Florida.html
- 2 city-data.com/city/Dunedin-Florida.html
- 3 munineguide.com/states/florida/municipality/Dunedin.php
- 4 schools.fizber.com/florida/dunedin/
- 5 city-data.com/city/Dunedin-Florida.html; www.economagic.com

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

Taxpayer	September 30, 2010		September 30, 2006	
	Employees	Rank	Employees	Rank
Nielsen Media Research	674	1	1,296	1
Mease Hospital Dunedin	642	2	697	2
Pinellas School System	600	3	556	3
City of Dunedin	369	4	402	4
Mease Manor	290	5	306	5
Coca-Cola North America	168	6	220	6
TOTAL	<u>2,743</u>		<u>3,477</u>	

Source: Community Services Department

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Operating Information

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

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government	52,225	55,351	63,351	59,351	59,851	57,851	54,730	52,860	55,500	51,280
Public Safety										
Fire	22,000	22,000	22,000	23,000	20,500	20,500	19,500	19,500	19,500	20,000
Paramedics	33,000	33,000	33,000	33,000	36,000	36,000	36,000	36,000	36,000	36,000
Culture and recreation	82,000	89,000	97,570	96,965	92,965	92,840	91,000	90,670	91,000	87,700
Highways and streets										
Engineering	15,000	16,000	16,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Maintenance	9,000	11,000	12,000	16,833	16,833	16,833	16,830	16,830	16,830	16,330
Facilities	12,000	12,000	24,000	23,333	23,333	23,333	22,330	22,330	22,330	21,330
Fleet Services	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	9,000
Solid Waste	28,000	28,000	28,000	28,000	28,000	28,000	28,000	25,000	25,000	25,000
Water	29,000	30,000	30,000	30,000	30,000	30,000	31,000	32,000	32,000	31,000
Wastewater	47,000	47,000	50,000	50,000	50,000	51,000	51,000	50,000	47,000	47,560
Stormwater	10,000	10,000	10,000	10,333	10,333	10,333	10,333	8,330	8,330	9,330
TOTAL	347,725	361,851	394,421	394,315	391,315	390,190	384,223	377,020	376,990	369,530

Note: Last ten years available

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

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire										
Number of calls answered	110	111	704	108	108	175	185	178	195	235
EMS responses	4,973	4,895	5,372	5,472	5,472	4,804	4,667	4,664	4,418	4,635
Other calls	1,988	1,816	384	1,295	1,295	2,443	2,014	1,809	1,950	2,000
Inspections	1,596	1,484	1,376	1,007	1,007	977	489	3,900	3,900	3,900
Investigations	108	77	55	71	71	69	66	45	25	25
Highways and streets										
Streets paved (miles)	130	130	130	130	130	*	*	*	*	*
Streets unimproved (miles)	3	3	3	3	3	*	*	*	*	*
Street lights	3,568	3,568	3,568	3,568	3,540	3,463	3,463	3,373	3,373	1,764
Culture and recreation										
Recreation facilities - parks (acres)	322.0	322.0	322.0	322.0	322.0	322.0	322.0	322.0	294.0	294.0
Recreation facilities - beaches (acres)	36.6	36.6	36.6	36.6	36.6	*	*	*	*	*
Library materials	146,909	131,098	128,977	147,444	136,350	134,824	149,458	137,515	124,984	113,110
Library annual circulation	600,951	483,303	443,157	434,678	412,569	423,650	473,683	469,879	429,268	418,487
Library registered borrowers	29,735	27,477	32,858	29,994	17,302	26,612	46,996	45,909	43,644	33,965
Solid waste										
Customers serviced	14,492	14,596	14,546	14,496	14,390	14,116	13,250	12,750	12,750	12,000
Refuse / recycling collected (tons)	40,722	56,692	47,525	50,518	51,414	55,651	39,675	39,233	39,233	31,662
Water										
New connections - regular	10,894	11,536	11,394	11,363	11,363	11,231	11,151	11,320	11,320	11,739
New connections - reclaimed	3,395	3,343	3,323	3,383	3,233	3,233	3,185	2,871	2,583	2,412
Average daily consumption - regular (000's)	3,256,000	3,269,000	3,396,000	3,546,000	3,616,000	3,784,000	3,767,000	3,767,000	3,788,000	3,873,000
Average daily consumption - reclaimed (000's)	2,600,000	2,800,000	3,139,000	3,269,000	3,173,000	2,584,000	3,143,000	3,143,000	3,450,000	2,317,917
Operating wells		26	26	26	26	27	28	28	28	20
Sewer (wastewater)										
Miles of sanitary sewers	128	128	128	128	128	180	180	138	138	180
Lift stations	42	42	42	42	42	*	*	*	*	*
Average daily sewage treatment (000's)	4,596,000	4,613,000	4,382,000	4,382,000	4,900,000	4,966,000	4,966,000	4,966,000	4,966,000	5,144,000

* Information not available

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

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Culture and recreation										
Baseball fields	12	12	12	12	12	12	14	14	14	14
Baseball stadium / training facility (seating capacity)	5,509	5,509	5,509	5,509	5,500	*	*	*	*	*
Basketball - indoor courts	1	1	1	1	1	1				
Basketball - outdoor courts	5	5	5	5	5	5	5	5	5	5
Community center	1	1	1	1	1	*	*	*	*	*
Fishing areas	15	15	14	14	7	*	*	*	*	*
Golf courses	2	2	2	2	2	*	*	*	*	*
Library	2	2	2	1	1	*	*	*	*	*
Marina (slips)	194	194	194	194	194	*	*	*	*	*
Multi-purpose indoor court	1	1	1	1	1	*	*	*	*	*
Nature center	1	1	1	1	1	*	*	*	*	*
Parks	31	31	30	30	22	22	22	22	18	18
Picnic areas	15	15	15	15	7	*	*	*	*	*
Public boat ramps	1	1	1	1	1	*	*	*	*	*
Recreation centers	3	3	3	3	3	*	*	*	*	*
Senior center	1	1	1	1	1	*	*	*	*	*
Soccer / football fields	4	4	4	4	4	*	*	*	*	*
Softball fields	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	*	*	*	*	*
Utility playfields	4	4	4	4	4	*	*	*	*	*
Water										
Water mains (miles)	172	172	172	172	166	*	*	*	*	*
Water plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,220	1,220	1,220	1,206	1,185	*	*	*	*	*
Sewer (wastewater)										
Mains	150	150	150	149	165	*	*	*	*	*
Treatment plants	1	1	1	1	1	1	1	1	1	1
Storm sewers (miles)	128	128	128	100	128	180	180	138	138	180

* Information not available

CITY OF DUNEDIN, FLORIDA
SINGLE AUDIT AND OTHER AUDITOR REPORTS
YEAR ENDED SEPTEMBER 30, 2010

**CITY OF DUNEDIN, FLORIDA
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SEPTEMBER 30, 2010**

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dunedin, Florida (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 30, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as IC 2010-01, IC 2010-02, and IC 2010-03 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as IC 2010-04 in the accompany schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

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

We also noted other certain matters that we reported to management of the City in a separate letter dated March 30, 2011.

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

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

Larson Allen LLP
LarsonAllen LLP

Tampa, Florida
March 30, 2011

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

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

Compliance

We have audited the compliance of the City of Dunedin, Florida (the "City") with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of its major state projects for the year ended September 30, 2010. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2010.

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

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

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

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

Larson Allen LLP
LarsonAllen LLP

Tampa, Florida
March 30, 2011

CITY OF DUNEDIN, FLORIDA
 SCHEDULE OF EXPENDITURES OF
 STATE FINANCIAL ASSISTANCE
 YEAR ENDED SEPTEMBER 30, 2010

State Agency State Project	CSFA Number	Contract/Grant Number	Award Amount	Expenditures
<u>STATE FINANCIAL ASSISTANCE</u>				
<u>Executive Office of the Governor</u>				
<u>Direct Program</u>				
Economic Development Transportation Fund (Gateway Redevelopment Project)	31.002	OT09-010	1,300,000	424,109
<u>Department of Environmental Protection</u>				
<u>Direct Program</u>				
Florida Recreation Development Assistance Program (Community Center All Ability Playground)	37.017	AO8153	90,000	85,517
<u>Department of Environmental Protection</u>				
<u>Direct Program</u>				
Florida Coastal Management Program (Weaver Park)	11.419	CM019	50,000	47,144
<u>Department of Revenue</u>				
<u>Direct Program</u>				
Facilities for New Professional Sports, Retained Professional Sports, or Retained Spring Training Franchise (Toronto Blue Jays Stadium)	73.016	08-CT-C1-07-F7-J1-097	11,000,088	500,004
Total state financial assistance			\$	1,056,774

**CITY OF DUNEDIN, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2010**

NOTE I – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance presents the activity of all state financial assistance of the City and is presented on the accrual basis of accounting. The information presented is in accordance with the requirements of Chapter 10.550, Rules of the Auditor General of the State of Florida. A Schedule of Expenditures of Federal Awards was not included because, under the requirements of Office of Management and Budget (OMB) Circular A-133, such schedule is not required to be presented if annual expenditures of federal awards are under \$500,000. For the fiscal year ended September 30, 2010, the City had expended federal awards totaling \$166,059.

NOTE II – CONTINGENCIES

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

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

SECTION I – SUMMARY OF AUDITORS’ RESULTS:

<u>Financial Statements</u>	<u>Results</u>
Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered to be a material weakness(es)	Yes
Noncompliance material to financial statements noted?	No

State Financial Assistance

Internal control over major projects:

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

Identification of Major Projects

<u>State</u>	<u>Name of Program or Cluster</u>
CSFA 31.002	Economic Development Transportation Fund
CSFA 73.016	Facilities for New Professional Sports, Retained Professional

Dollar threshold used to distinguish between Type A and Auditee qualified as low-risk auditee?	\$300,000
	No

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

IC 2010-01

Criteria

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

Condition

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

- Significant estimates, such the self insurance claims liability, fair value of the interest rate swap, capitalized interest on construction expenditures within the proprietary funds, and the allowance for doubtful accounts relating to utility billings, had either not been evaluated or were inaccurately recorded as of September 30, 2010.
- Certain transactions relating to derived tax revenues and related receivables had been improperly recorded in prior years. An adjustment was made to increase beginning net assets and fund balance relating to understated receivables from the prior period.
- Various other account balances contained misstatements, including accrued interest payable on outstanding debt, classifications of reservations and designations within fund balance, intergovernmental receivables relating to the Communication Services Tax and One Cent Sales Tax, and non-recognition of a net pension asset relating to the firefighters' retirement fund.

Cause

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

Effect

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

Recommendation

We recommend that the City's internal controls be supplemented through additional steps to the periodic closing of its accounting records in order to document that express verification, review and necessary approvals be made prior to commencement of the external audit. Personnel with an adequate understanding of the accounts should be assigned verification and review responsibility, and

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2010**

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

Recommendation (Continued)

the responsibility for insuring the overall completeness and timeliness of the closing process should be expressly designated. Key steps in the closing process shall include ensuring that general ledger account balances are properly reconciled to supporting schedules, and all revenues and receivables as well as expenses and related liabilities are recorded in the proper period. By implementing these controls to enhance accountability and establish formality in the review process, such errors may be prevented in future periods.

Views of responsible officials and planned corrective actions

Management concurs with this finding. The recommended entries were made. Year-end closing procedures will be documented and management will review the implementation and ensure procedures, including ensuring that general ledger account balances are properly reconciled and all entries are recorded accurately, are followed during the closing process. Corrective actions will be implemented during the closing process for the fiscal year ended September 30, 2011.

IC 2010-02

Criteria

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

Condition

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

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

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS: IC 2010-02
(CONTINUED)**

Condition (Continued)

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials: Current Year Status

This finding, which was identified in the audit of the prior year ended September 30, 2009, remains outstanding. Certain corrective actions have been taken during the current fiscal year or subsequent to the year ended September 30, 2010. Specifically, the payroll entries made to the general ledger at the end of a pay period are now being reconciled to the payroll register beginning on the first pay period subsequent to September 30, 2010. The City's imprest account is now being reconciled on a monthly basis beginning in October 2010. The daily rental of boat slips and the daily issuance of licenses and permits and the corresponding reconciliations to the cash received for those activities will be addressed through the City's cash handling procedures, which are currently in the process of being drafted.

IC 2010-03

Criteria

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

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS: IC 2010-03
(CONTINUED)**

Condition

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

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials: Current Year Status

This finding, which was identified in the audit of the prior year ended September 30, 2009, remains outstanding. Certain corrective actions have been taken during the current fiscal year or subsequent to the year ended September 30, 2010. Specifically, during 2010 the City removed the Human Resources Director's administrative rights to manipulate pay rates and other related data as soon as management

**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2010**

**SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS: IC 2010-03
(CONTINUED)**

Views of Responsible Officials: Current Year Status (Continued)

was notified of the issue. An independent review and approval of changes to residential and commercial billing rates, as well as other pertinent billing information, began being performed consistently in June of 2010. In regards to approval of expenditures made with a purchasing card, a revised purchasing card policy has been drafted and is currently in the process of being reviewed. The revised policy will include change in the approval process. The department directors will not be authorized to approve their own expenditures. As soon as the revised policy is completed, a formal training of all personnel involved will be conducted.

IC 2010-04

Criteria

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

Condition

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

Cause

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

Effect

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

Views of Responsible Officials: Current Year Status

This finding, which was identified in the audit of the prior year ended September 30, 2009, remains outstanding. The City is currently in the process of examining each reclaimed account, calculating the balance due, and preparing an amortization schedule including interest to prepare for conversion of reclaimed customers to the location ID requirement. Employees dedicated to this project are approximately 37% complete with calculating balances, and 4% complete with setting up amortization schedules. Management is currently hiring key positions to facilitate the conversion process.

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**CITY OF DUNEDIN, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

None reported

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

IC 2009-05

Condition

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

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

Current Year Status:

Grant procedures and controls have been implemented to ensure appropriate record keeping and tracking of expenses. This enabled management to prepare an accurate Schedule of Expenditures of Federal Awards and State Financial Assistance for the fiscal year ended September 30, 2010.

Grant procedures and controls have been implemented and departmental personnel are being trained to ensure that compliance with applicable requirements is met for both new and existing federal and state grants.

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

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

We have audited the financial statements of the City of Dunedin, Florida (the "City"), as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated March 30, 2011.

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. We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 30, 2011, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Refer to the heading below under Appendix A - Prior Year Findings and Recommendations, which describes the corrective actions taken to address findings and recommendations made in the preceding annual financial report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City's policy complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. Refer to Appendix B – Current Year Findings and Recommendations.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note I to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(l), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2010 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the, management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

Larson Allen LLP
LarsonAllen LLP

Tampa, Florida
March 30, 2011

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

MLC 2009-01

Purchasing card usage

Upon performing a walkthrough of transactions involving purchasing card authorization, usage, and approval, we specifically analyzed the process to increase purchasing limits for card holders. We noted one instance in which an individual's credit limit was increased from \$2,500 total and \$500 per purchase to \$5,000 total and \$1,000 per purchase. The request was initiated via phone call from the departmental director to the purchasing manager, who is responsible for implementing such authorized requests.

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

Current Year Status

A revised purchasing card policy has been drafted and is currently in the process of being reviewed. The revised policy will include change in the approval process. The department directors will not be authorized to approve their own expenditures. As soon as the revised policy is completed, a formal training of all personnel involved will be conducted.

MLC 2009-02

Investment Policy

While the City's investment policy for fiscal 2009 is in compliance with F.S. 218.415, we noted instances where management did not comply with the City's investment policy. Noncompliance includes the lack of written investment procedures and internal controls, maintaining current information as required for authorized financial dealers, institutions and investment pools, and required quarterly reporting.

We recommend that management strictly adheres to the City's written investment policies, and management should closely monitor the City's investment activity to ensure compliance with the stated policies.

Current Year Status

The City is working through the implementation of the Adopted Investment Policy. Reporting programs have been implemented, and the procedures to implement the investment policy are being developed. When completed, the appropriate control documentation will be implemented.

APPENDIX A (CONTINUED)

MLC 2009-03

Cash Collection and Reconciliation – MLK Center and Highland Pool

Cash collected at the City's MLK Center and the Highland Pool is routed to the Community Center to be counted and reconciled at that location. This process is conducive for errors or potential improprieties to occur since cash is not reconciled at each respective location. As a more effective control policy, we recommend that both locations utilize the City's RecTrac software to process registration and sales transactions rather than performing a manual process. Use of this application will allow reconciliations to be performed on a more automated basis and will minimize the potential for errors.

Current Year Status

The revenue generating activity at the MLK Center and the Highland Pool and the corresponding reconciliations to the cash received for those activities will be addressed through the City's cash handling procedures, which are currently in the process of being drafted.

APPENDIX B – CURRENT YEAR FINDINGS AND RECOMMENDATIONS

MLC 2010-01

Cash Collection and Reconciliation – Public Library

Revenues for the public library consists primarily of late fees and other charges for lost and damaged library materials, as well as fees charged to non-residents for use of the public library. Payments are received at the front desk. The library currently does not have a method to record and track all fees earned and collected each day. Currently, only fees collected over \$5 are logged in a cash receipt book. We recommend that the library develop a reliable process to record all revenue transactions as they occur and perform a reconciliation between actual cash collected and revenue recorded on a daily basis.

Views of responsible officials and planned corrective actions

Management concurs with the finding. Written cash handling controls and procedures, as well as cash handling training, will be developed to reduce the risk of errors or potential impropriety. Finance staff has been working with the Library Department to count cash and the new Library Director has worked closely with the system Polaris to get reports needed to perform the daily reconciliation. Internal controls over cash at the library will be effective and efficient.

MLC 2010-02

Utility Billing Processes

The initial utility set-up process requires a new customer to complete and sign a *Utility Payment Responsibility* form that is required per City Ordinance 78-217. The form includes the customer's name and address, the requested service, proof of ownership relating to service address, and the customer's signature documenting their understanding of the responsibility to pay for utility bills. Out of a sample of forty new customers, seven did not have either responsibility forms filed or a note within the customer's file to indicate the reason. Also, some of the forms that were obtained and evaluated did not indicate whether the customer address was located within or outside of city limits. No verification was made by City staff to make this determination. This impacts the accuracy of charges to customer accounts, since customers outside of city limits are to be charged higher service rates.

We recommend that *Utility Payment Responsibility* forms be included within all utility customer files, even if the forms have not yet been signed by the customer. Prescribed monitoring procedures should be carried out to ensure all customers sign these forms and then be appropriately filed. Furthermore, we recommend that the City complete a location analysis for all customers and formally document whether each customer account is inside or outside of city limits. Then, management should review the results of this analysis to verify that customers are billed the proper rate depending on their location.

Views of responsible officials and planned corrective actions

Management concurs with the finding. Procedures are currently being drafted to ensure appropriate account set up and other billing functions. The City currently attempts to gain customer responsibility forms for all new accounts; however, this process does not always yield the desired results. The responsibility form process is currently being reviewed to determine the best strategy to ensure the City receives appropriate documentation.