

2. REPORTS TO BE RECEIVED FOR FILING:

- a. Division of Inspector General, Clerk of the Circuit Court and Comptroller, Report No. 2014-18 dated June 25, 2014 – Follow-Up Audit of Convention & Visitors Bureau – Operations/Controls.
- b. City of Dunedin Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2013 (CD).
- c. Eastlake Oaks Community Development District Proposed Operating Budget for Fiscal Year 2015, pursuant to Chapter 190.008(2)(b), Florida Statutes.
- d. Dock Fee Report for the month of May 2014.



CITY OF DUNEDIN

"Dedicated to Quality Service"

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March 28, 2014

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

Mayor, Commissioners and Citizens:

We hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Dunedin, Florida for the fiscal year ended September 30, 2013. This report fulfills the requirements set forth in Florida Statutes Chapter 218.39 and Rules of the Auditor General of the State of Florida, Chapter 10.550. This report presents a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP), and audited in accordance with Generally Accepted Auditing Standards by a firm of licensed certified public accountants.

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

The City's financial statements have been audited in accordance with Generally Accepted Auditing Standards by Moore Stephens Lovelace, P.A. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended September 30, 2013 are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the City of Dunedin's financial statements for the year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in

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

conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in June 1899, is located in the western part of the state, bordering the north side of Clearwater, Florida. The City currently occupies a land area of 10 square miles and serves a population of approximately 35,600. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The City Commission is required to hold two (2) public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., fire). Department Heads may make transfers of appropriations within a department and fund. Transfers of appropriations between funds, however, require the approval of the City Commission. Budget-to-Actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, Community Redevelopment Agency Fund, and the One Cent Sales Tax Fund, these comparisons are presented on pages 36 - 38 as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented on pages 103 - 111.

Local economy

Dunedin is a city located to the North and West of Tampa, Florida and directly to the North of Clearwater, Florida. The city mainly consists of residential land use (45 percent), with industrial and commercial land uses comprising only 5 percent of the City's land area. The economy of Dunedin is primarily dependent upon tourism, services and retirement living. Major employers include the

Pinellas County School System, Mease Dunedin Hospital (a medical complex), Publix, the City of Dunedin, Mease Manor (a retirement facility), the Pinellas County Sheriff, Achieva Credit Union, and Coca-Cola North America. The service industry (banking, retailing, personal services, etc.) has risen significantly to meet the demands of the area's population. Some local demographic data is presented below.

As of September 2013, the City's total labor force was 16,928 people and unemployment was at 6.2 percent, while unemployment for the State of Florida was 6.9 percent. As of 2013, the City's total population was 35,247. The median age was 53.3 years of age, and median household income was \$37,732, while the State median income is \$47,309 based on the most recent census data. Approximately 28 percent of Dunedin's residents were of retirement age (65 and over) in 2013. The local economy is also influenced during the winter months by a seasonal population of approximately 4,000 people.

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

Financial strategies that have helped the City through the economic downturn include reductions in operating costs via reorganizations and streamlining. Over the past six years, revenues collected by the City have declined. Ad valorem taxes collected for fiscal year 2007, when property values were at their peak, were \$9,028,457. For fiscal year 2013, ad valorem taxes collected were \$5,403,353, which is a 40.2% decline in this revenue source. Ad valorem taxes, in fiscal year 2013, represent approximately 24.1% of General Fund revenues. Sales tax revenues in the One Cent Sales Tax Fund have declined from \$3,186,280 in fiscal year 2007, to \$3,013,051 in fiscal year 2013, a decline of 5.4%. During this same period, General Fund operating costs have decreased from \$25,611,235 to \$22,943,175, or by 10.4%, and the General Fund fund balance, has decreased from \$8,587,201 to \$3,832,779, a decrease of 55.4%.

Due to its strong local economy, and sound fiscal policies, the City of Dunedin has maintained a credit rating of Aa2 from Moody's and AA- from Standard and Poor's.

Long-term financial planning and major initiatives

During November of 2012, three bond issues were refunded. Refunded issues were the Spring Training Facilities, Series 2001A, 2001B and 2001C Revenue Notes. More information on these transactions can be found in the Financial Statement notes, Note IV., B, Long-Term Debt.


Unassigned fund balance, in the General Fund at year end, was \$3,097,698 or 81.3% of fund balance, and 13.2% of the fiscal year 2014 operating budget. Total fund balance in the General Fund was \$3,809,624. The goal for unassigned fund balance at year end is to be 15% of the next year's operating budget.

The City approved a Strategic Plan in 2010, which is the cornerstone of the City's service and operations delivery. The City's first step in allocating available resources is gaining an understanding of the needs and desires of the residents of Dunedin, as well as the environmental factors that will affect the City's future. The City Commission established a vision for the level of service to be provided along with the resources to deliver them. This vision was attained through the Parks & Recreation Strategic Plan, the Community Visioning Process, the Inclusion Committee Report, the Stormwater Utility Master Plan, the Dunedin Comprehensive Plan and input from City Departments. These plans are updated on a regular basis so as to remain current and useful.

Acknowledgements

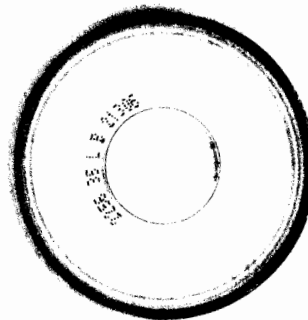
This report is the product of the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation with special thanks to Ms. Kathy Oster, Accounting Manager. We would also like to express our appreciation to the Mayor and the City Commission for their support, and the firm of Moore Stephens Lovelace P.A. who provided their expertise through this audit.

Respectfully submitted,


Robert DiSpirito
City Manager
Karen Feeney
Finance Director

DUNEDIN

Home of Honeymoon Island



City of Dunedin

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