

City of Lynn Haven, Florida

Financial Statements

September 30, 2009

City of Lynn Haven, Florida  
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September 30, 2009

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Commission  
City of Lynn Haven, 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 Lynn Haven, Florida (the City), as of and for the year ended September 30, 2009, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Lynn Haven, Florida, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2010, on our consideration of the City of Lynn Haven, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management's discussion and analysis information on pages 3 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City. The combining statements and the schedule of expenditures of federal awards have been subjected to the audit 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.

*Carri Riggs & Ingram, L.L.C.*

January 25, 2010

## Management's Discussion and Analysis

## Management's Discussion and Analysis

Management's discussion and analysis provide an easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City's financial statements.

### Financial Highlights

- Total assets of the City exceeded total liabilities by \$37,746,845 (net assets). Of this amount, \$2,413,675 is unrestricted net assets for governmental activities and \$11,238,352 is unrestricted net assets for business-type activities, while \$1,139,231 is restricted net assets for governmental activities and \$2,353,279 is a restricted net asset for business-type activities. Total net assets includes \$12,518,906 invested in capital assets (net of related debt) in the governmental activities and \$8,083,402 in the business-type activities.
- Total net assets increased by \$4,494,807. Of this amount, \$2,411,807 is attributable to governmental activities and \$2,083,000 is attributable to business-type activities.
- As of September 30, 2009, the general fund's unreserved fund balance was \$2,734,126 or 30% of total general fund expenditures.
- Governmental activities revenues increased to \$10,966,964 or 9%, while governmental activities expenditures decreased 3% to \$8,555,157. Business-type activities revenues increased to \$8,957,236 or 6%, while business-type activities expenditures decreased 6% to \$6,874,236.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to basic financial statements*. The *government-wide financial statements* present an overall picture of the City's financial position and results of operations. The *fund financial statements* present financial information for the City's major funds. The *notes to basic financial statements* provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide or fund financial statements.

### Government-wide Financial Statements

The *government-wide financial statements* include the *statement of net assets* and *statement of activities*. These statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of private-sector companies. Emphasis is placed on the net assets of governmental activities and business-type activities, as well as the change in net assets. Governmental activities are primarily supported by gross receipts taxes, utility taxes, franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of activities, such as water, sewer, storm water and sanitation charges.

The *statement of net assets* presents information on all assets and liabilities of the City, with the difference between the two reported as *net assets*. Assets, liabilities and net assets are reported separately for governmental activities and business-type activities. Increases or decreases in net assets over time may serve as a useful indicator of the City's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenditures of the City and the change in net assets for the fiscal year. All changes in the 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 expenditures are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, but unused vacation/sick leave).

Expenditures are reported by major function, along with program revenues relating to those functions, providing the net cost of all functions provided by the City. In order to better understand the City's operations, governmental activities expenditures include among others, general government services, public safety, highways and streets, and culture and recreation. Business-type activities expenses, which are financed by user fees and charges, include water, sewer, storm water, and sanitation services.

The government-wide financial statements include not only the City (known as the *primary government*), but also the following blended component unit: The City of Lynn Haven Redevelopment Agency. Financial information for this component unit is included in the City's financial information.

### ***Fund Financial Statements***

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses, or to comply with legal requirements. The three major categories of funds found in the City's *fund financial statements* include: governmental funds, proprietary funds, and fiduciary funds.

*Fund financial statements* provide financial information for the City's major funds and more detailed information about the City's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The fiduciary fund statement provides information concerning assets held in trust by the City for the benefit of parties outside the government.

*Fund financial statements* for all governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The City's general fund includes a statement of revenues, expenditures, and changes in fund balances-budget and actual. For the proprietary funds, a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows are presented. A statement of fiduciary net assets and a statement of changes in fiduciary net assets are presented for the City's fiduciary funds.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the City's overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and infrastructure are reported in the statement of net assets, as well as all liabilities, including outstanding principal on bonds, capital leases, and future employee benefits obligated but not yet paid by the City. The statement of activities includes depreciation on all long lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenditures. The *fund financial statements* provide a presentation of the City's major funds, along with a column for all nonmajor funds. In the case of governmental activities,

outlays for long lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

*Notes to basic financial statements* provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments of the City, and long-term debt are just a few of the items included in the notes to basic financial statements.

### Government wide financial analysis of the City

The following schedule provides a summary of the assets, liabilities and net assets of the City. At the end of the fiscal years 2009 and 2008, the City is able to report positive balances in all three categories of net assets, for the government as a whole, and for its governmental and business-type activities.

#### Net Assets

September 30,	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 4,062,802	\$ 2,738,952	\$14,184,677	\$13,973,725	\$18,247,479	\$16,712,677
Capital assets	16,115,898	15,313,428	30,387,462	29,495,806	46,503,360	44,809,234
<b>Total assets</b>	<b>20,178,700</b>	<b>18,052,380</b>	<b>44,572,139</b>	<b>43,469,531</b>	<b>64,750,839</b>	<b>61,521,911</b>
Current liabilities	206,793	242,983	832,023	708,289	1,038,816	951,272
Noncurrent liabilities	3,900,095	4,127,801	22,065,083	23,162,463	25,965,178	27,290,264
<b>Total liabilities</b>	<b>4,106,888</b>	<b>4,370,784</b>	<b>22,897,106</b>	<b>23,870,752</b>	<b>27,003,994</b>	<b>28,241,536</b>
Net assets invested in capital assets, net of related debt	12,518,906	11,452,680	8,083,402	7,298,899	20,602,308	18,751,579
Net assets – restricted	1,138,023	859,224	2,353,279	2,304,830	3,491,302	3,164,054
Net assets – unrestricted	2,414,883	1,369,692	11,238,352	9,995,050	13,653,235	11,364,742
<b>Total net assets</b>	<b>\$16,071,812</b>	<b>\$13,681,596</b>	<b>\$21,675,033</b>	<b>\$19,598,779</b>	<b>\$37,746,845</b>	<b>\$33,280,375</b>

Investment in capital assets (e.g., land, buildings, and equipment), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net assets (55%). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. It should be noted, that although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The *restricted net assets*, representing 9% of the City's net assets, are subject to external restrictions, and thus are limited as to how they may be used. The remaining balance of *unrestricted net assets* (\$13,653,235) may be used to help meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net assets.

## Changes in Net Assets

Year Ended September 30,	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Program revenues</b>						
Charges for services	\$1,380,186	\$ 938,460	\$8,797,580	\$8,431,873	\$10,177,766	\$ 9,370,333
Operating grants/contributions	780,248	189,369	-	-	780,248	189,369
Capital grants/contributions	351,063	405,611	-	-	351,063	405,611
<b>General revenues</b>						
Gross receipts taxes	5,259,324	5,140,959	-	-	5,259,324	5,140,959
Utility taxes/franchise fees	2,678,478	2,460,939	-	-	2,678,478	2,460,939
Property taxes, CRA	331,758	381,972	-	-	331,758	381,972
Other	185,907	536,291	159,656	55,644	345,563	591,935
<b>Total revenues</b>	<b>10,966,964</b>	<b>10,053,601</b>	<b>8,957,236</b>	<b>8,487,517</b>	<b>19,924,200</b>	<b>18,541,118</b>
<b>Expenses</b>						
General government	2,387,913	2,440,132	-	-	2,387,913	2,440,132
Public safety	3,667,314	3,829,819	-	-	3,667,314	3,829,819
Highways and streets	912,297	993,097	-	-	912,297	993,097
Culture/recreation	1,417,440	1,355,188	-	-	1,417,440	1,355,188
Interest on long-term debt	170,193	186,007	-	-	170,193	186,007
Water	-	-	1,840,106	1,862,884	1,840,106	1,862,884
Sewer	-	-	3,054,783	3,171,557	3,054,783	3,171,557
Sanitation	-	-	1,583,137	1,725,072	1,583,137	1,725,072
Storm water	-	-	396,210	530,773	396,210	530,773
<b>Total expenses</b>	<b>8,555,157</b>	<b>8,804,243</b>	<b>6,874,236</b>	<b>7,290,286</b>	<b>15,429,393</b>	<b>16,094,529</b>
<b>Increase in net assets</b>	<b>\$2,411,807</b>	<b>\$1,249,358</b>	<b>\$2,083,000</b>	<b>\$1,197,231</b>	<b>\$ 4,494,807</b>	<b>\$ 2,446,589</b>

Governmental activities revenues exceeded expenses by \$2,411,807, while business-type activities revenues exceeded expenses by \$2,083,000. Total revenues increased \$1,383,082 from the previous year. Revenues increased as a result of several factors. Grant and contribution revenues increased \$536,331, utility and franchise tax revenues increased \$217,539 and gross tax receipts increased by \$118,365. Charges for services increased \$807,433 due to the City's growth and usage and increased rates. Total expenses decreased \$665,136 from the previous year. General government expenditures decreased \$52,219. Public safety expenditures decreased by \$162,505 due to decreased capital expenditures. Utility expenses decreased \$416,050 mainly due to professional studies in prior year.

48% of the revenues for governmental activities were generated by gross receipts taxes, while most of the governmental resources were expended for public safety (43%), general government (28%), culture and recreation (17%), and highways and streets (11%) activities.

Charges for services provided 98% of the revenues for business-type activities, while the sewer fund consumed 44% of business-type activities expenses.

## Financial Analysis of the City's Funds

### Governmental Funds

#### General Fund

The main operating fund of the City is the general fund. As of September 30, 2009, total assets were \$2,931,980 and total liabilities were \$173,693. At the end of fiscal year 2009, unreserved fund balance of the general fund was \$2,734,126, while total fund balance equaled \$2,758,287.

The general fund's budget was amended during the year to reflect increases in revenue and the decreases in anticipated expenditures.

#### Other Governmental Funds

The *Community Redevelopment Fund* is used by the City to account for the revenues and expenses of the Lynn Haven Community Redevelopment Agency. The community redevelopment fund's budget was amended during the year to reflect increases in revenue and the corresponding increases in expenditures which resulted from the increase in available funds.

The *Debt Service Fund* is used by the City to account for principal and interest payments on general fund debt. The City does not adopt a budget for the debt service fund, instead debt service fund revenues and expenditures are budgeted indirectly as transfers to the debt service fund and interest expense in the general fund.

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. All proprietary funds are reported as major funds.

Unrestricted net assets of proprietary funds at the end of the year are presented below:

Fund	Unrestricted Net Assets	
	2009	2008
<i>September 30,</i>		
Water	\$ 7,279,005	\$ 6,322,843
Sewer	1,413,981	1,564,747
Sanitation	2,401,808	1,957,402
Storm water	143,558	150,058
Total	\$ 11,238,352	\$ 9,995,050

The *Proprietary Funds* are used to account for the operations of the City's utility systems. Refer to the statement of net assets – proprietary funds and the statement of revenues, expenses, and changes in net assets – proprietary funds for specific numerical data.

### Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2009, was \$46,503,360 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

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

- Completion of beneficial reuse along Highway 77 - \$400,355
- Completion of storm water drainage improvements - \$399,022
- Street paving - \$274,174
- Land purchases completed with FEMA, Repetitive Flood Grant Funds - \$487,161
- New roof for the building at 1111 Ohio Avenue - \$105,086
- Water plant rehabilitation construction in progress - \$1,160,831
- Other grant funded land purchases and construction projects in progress - \$407,479

**Capital Assets  
(net of depreciation)**

<i>September 30,</i>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Land	\$ 2,069,292	\$ 1,581,732	\$ 1,601,285	\$ 1,601,285	\$ 3,670,577	\$ 3,183,017
Construction in progress	407,229	48,582	2,473,678	1,200,624	2,880,907	1,249,206
Buildings	2,490,418	2,446,476	711,747	639,446	3,202,165	3,085,922
Improvements	10,506,210	10,441,051	24,692,020	24,991,074	35,198,230	35,432,125
Machinery and equipment	642,749	795,587	908,732	1,063,377	1,551,481	1,858,964
<b>Total</b>	<b>\$16,115,898</b>	<b>\$15,313,428</b>	<b>\$30,387,462</b>	<b>\$29,495,806</b>	<b>\$46,503,360</b>	<b>\$44,809,234</b>

Additional information on the City's capital assets can be found in Note 6 – Capital Assets, of the notes to the basic financial statements.

**Debt Management**

At the end of the current fiscal year, the City had total bond debt outstanding in the amount of \$24,685,000. This debt amount represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**Outstanding Bond Debt**

<i>September 30,</i>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Revenue bonds	\$ 3,013,270	\$ 3,157,080	\$ 21,671,730	\$ 22,772,920	\$ 24,685,000	\$ 25,930,000

Principal repayments during the year on revenue bonds totaled \$1,245,000.

More detail on the City's liabilities is presented in notes 8 and 9 of the notes to the basic financial statements.

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

The Panhandle region of Florida, of which Lynn Haven is a part, continues to experience a significant decline in property values. Those decreases coupled with state mandated ad valorem tax rate cuts in both 2007 and 2008 have had a significant adverse effect on the City's ability to fund long term projects. In addition, revenue shortfalls have forced manpower cuts which have negatively impacted the level of service the City has performed heretofore.

At September 30, 2009, unreserved fund balance in the general fund was \$2,734,126. Use of available fund balance will enable the City to perform its basic mission and to be prepared for emergencies should they arise. As part of the regular budget monitoring process, the finance department prepares a monthly financial report that the City Manager and City Commission can use to follow the actual performance of revenue and expenditure estimates. In addition, during the year an analysis of the budget estimates versus the actual results is done to assess the need for any supplemental appropriations. When necessary, the City Commission passes supplemental appropriations resolutions at year end.

## **Contacting the City's Finance Department**

This financial report is designed to provide a general overview of the City of Lynn Haven's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lynn Haven Finance Department, 825 Ohio Avenue, Lynn Haven, Florida 32444. You may visit the City's website at [www.cityoflynnhaven.com](http://www.cityoflynnhaven.com) or send email to [cityhall@cityoflynnhaven.com](mailto:cityhall@cityoflynnhaven.com).

City of Lynn Haven, Florida  
Statement of Net Assets  
September 30, 2009

<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,458,062	\$ 9,419,100	\$ 11,877,162
Accounts receivable (net of allowance for doubtful accounts)	113,971	422,116	536,087
Taxes receivable	55,334	-	55,334
Grants receivable	99,220	-	99,220
Due from other governments	255,202	-	255,202
Prepaid expenses	263,101	-	263,101
Inventory	15,751	67,407	83,158
Temporarily restricted assets			
Cash and cash equivalents	802,161	2,353,280	3,155,441
<b>Total current assets</b>	<b>4,062,802</b>	<b>12,261,903</b>	<b>16,324,705</b>
Noncurrent assets			
Deferred charges	-	1,922,774	1,922,774
Capital assets (net of accumulated depreciation)			
Nondepreciable	2,476,521	4,074,963	6,551,484
Depreciable (net)	13,639,377	26,312,499	39,951,876
<b>Total noncurrent assets</b>	<b>16,115,898</b>	<b>32,310,236</b>	<b>48,426,134</b>
<b>Total assets</b>	<b>20,178,700</b>	<b>44,572,139</b>	<b>64,750,839</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	24,406	287,582	311,988
Accrued expenses	95,161	26,588	121,749
Due to other governments	-	1,075	1,075
Accrued interest	31,892	308,700	340,592
Deferred revenue	55,334	208,078	263,412
<b>Total current liabilities</b>	<b>206,793</b>	<b>832,023</b>	<b>1,038,816</b>
Noncurrent liabilities			
Customer deposits	-	333,815	333,815
Due within one year			
Accrued compensated absences	42,257	8,335	50,592
Notes payable	46,580	-	46,580
Revenue bonds payable	145,940	1,149,060	1,295,000
Due in more than one year			
Accrued compensated absences	260,846	51,203	312,049
Notes payable	537,142	-	537,142
Revenue bonds payable	2,867,330	20,522,670	23,390,000
<b>Total noncurrent liabilities</b>	<b>3,900,095</b>	<b>22,065,083</b>	<b>25,965,178</b>
<b>Total liabilities</b>	<b>4,106,888</b>	<b>22,897,106</b>	<b>27,003,994</b>
<b>Net assets</b>			
Invested in capital assets (net of related debt)	12,518,906	8,083,402	20,602,308
Restricted			
Law enforcement education	8,410	-	8,410
Capital repair and replacement	-	1,046,155	1,046,155
Debt service	107,681	1,307,124	1,414,805
Community redevelopment	1,021,932	-	1,021,932
Unrestricted	2,414,883	11,238,352	13,653,235
<b>Total net assets</b>	<b>\$ 16,071,812</b>	<b>\$ 21,675,033</b>	<b>\$ 37,746,845</b>

See accompanying notes

City of Lynn Haven, Florida  
Statement of Activities  
Year Ended September 30, 2009

Functions / Programs	Net (Expenses) Revenues and Change in Net Assets						
	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>							
Governmental activities							
Legislative	\$ 65,381	\$ -	\$ -	\$ -	\$ (65,381)	\$ -	\$ (65,381)
Executive	326,891	-	-	-	(326,891)	-	(326,891)
Administration and finance	279,284	-	-	-	(279,284)	-	(279,284)
Professional services	275,750	-	-	-	(275,750)	-	(275,750)
Development and planning	501,620	224,867	-	-	(276,753)	-	(276,753)
Public works	278,249	-	-	-	(278,249)	-	(278,249)
Other general government	660,738	117,962	780,248	222,519	459,991	-	459,991
Law enforcement	2,421,936	524,659	-	14,085	(1,883,192)	-	(1,883,192)
Fire protection	1,245,378	314,290	-	-	(931,088)	-	(931,088)
Streets	624,717	59,461	-	-	(565,256)	-	(565,256)
Fleet management	287,580	-	-	-	(287,580)	-	(287,580)
Library	191,726	5,770	-	2,134	(183,822)	-	(183,822)
Leisure services	1,225,714	133,177	-	112,325	(980,212)	-	(980,212)
Interest on long-term debt	170,193	-	-	-	(170,193)	-	(170,193)
<b>Total governmental activities</b>	<b>8,555,157</b>	<b>1,380,186</b>	<b>780,248</b>	<b>351,063</b>	<b>(6,043,660)</b>	<b>-</b>	<b>(6,043,660)</b>
Business-type activities							
Water	1,840,106	3,175,340	-	-	-	1,335,234	1,335,234
Sewer	3,054,783	2,863,813	-	-	-	(190,970)	(190,970)
Sanitation	1,583,137	2,165,269	-	-	-	582,132	582,132
Storm water	396,210	593,158	-	-	-	196,948	196,948
<b>Total business-type activities</b>	<b>6,874,236</b>	<b>8,797,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,923,344</b>	<b>1,923,344</b>
<b>Total primary government</b>	<b>\$ 15,429,393</b>	<b>\$ 10,177,766</b>	<b>\$ 780,248</b>	<b>\$ 351,063</b>	<b>(6,043,660)</b>	<b>1,923,344</b>	<b>(4,120,316)</b>
General revenues							
Taxes							
Gross receipts					5,259,324	-	5,259,324
Utility taxes					1,474,597	-	1,474,597
Franchise fees					1,203,881	-	1,203,881
Property taxes					331,758	-	331,758
Rents					78,257	-	78,257
Miscellaneous					64,667	124,697	189,364
<b>Total general revenues</b>					<b>8,412,484</b>	<b>124,697</b>	<b>8,537,181</b>
Interest earnings					42,983	34,959	77,942
<b>Total general revenues and interest</b>					<b>8,455,467</b>	<b>159,656</b>	<b>8,615,123</b>
<b>Change in net assets</b>					<b>2,411,807</b>	<b>2,083,000</b>	<b>4,494,807</b>
Net assets - beginning					13,681,596	19,598,779	33,280,375
Prior period adjustment					(21,591)	(6,746)	(28,337)
<b>Net assets - beginning (restated)</b>					<b>13,660,005</b>	<b>19,592,033</b>	<b>33,252,038</b>
<b>Net assets - ending</b>					<b>\$ 16,071,812</b>	<b>\$ 21,675,033</b>	<b>\$ 37,746,845</b>

See accompanying notes

City of Lynn Haven, Florida  
Balance Sheet  
Governmental Funds  
September 30, 2009

	General Fund	Other Governmental Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,434,921	\$ 1,023,141	\$ 2,458,062
Accounts receivable (net of allowance for doubtful accounts)	113,971	-	113,971
Taxes receivable	55,334	-	55,334
Grants receivable	99,220	-	99,220
Prepaid expenses	263,101	-	263,101
Due from other governments	255,202	-	255,202
Inventory	15,751	-	15,751
Cash and cash equivalents - restricted	694,480	107,681	802,161
<b>Total assets</b>	<b>\$ 2,931,980</b>	<b>\$ 1,130,822</b>	<b>4,062,802</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 24,407	\$ -	24,407
Accrued expenses	93,952	1,209	95,161
Deferred revenue	55,334	-	55,334
<b>Total liabilities</b>	<b>173,693</b>	<b>1,209</b>	<b>174,902</b>
<b>Fund balances</b>			
Reserved for			
Inventory	15,751	-	15,751
Law enforcement education	8,410	-	8,410
Unreserved, reported in			
General fund	2,734,126	-	2,734,126
Community redevelopment fund	-	1,021,932	1,021,932
Debt service fund	-	107,681	107,681
<b>Total fund balances</b>	<b>2,758,287</b>	<b>1,129,613</b>	<b>3,887,900</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,931,980</b>	<b>\$ 1,130,822</b>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			16,115,898
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			(3,931,986)
<b>Net assets of governmental activities</b>			<b>\$ 16,071,812</b>

City of Lynn Haven, Florida  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended September 30, 2009

	General Fund	Other Governmental Funds	Total
<b>Revenues</b>			
Taxes			
Gross receipts	\$ 4,155,005	\$ -	\$ 4,155,005
Utility	1,018,185	-	1,018,185
Franchise fees	1,203,881	-	1,203,881
Property taxes	-	331,758	331,758
Intergovernmental	1,560,731	-	1,560,731
Licenses and permits	201,696	-	201,696
Fines and forfeitures	50,605	-	50,605
Charges for services	475,858	-	475,858
Contributions and donations	30,891	-	30,891
Grants	1,100,420	-	1,100,420
Interest	36,428	6,555	42,983
Other fees and miscellaneous	794,951	-	794,951
<b>Total revenues</b>	<b>10,628,651</b>	<b>338,313</b>	<b>10,966,964</b>
<b>Expenditures</b>			
Current			
Legislative	65,381	-	65,381
Executive	298,342	-	298,342
Administration and finance	283,461	-	283,461
Professional services	275,750	-	275,750
Development and planning	428,354	58,174	486,528
Public works	273,708	-	273,708
Other general government	1,540,798	-	1,540,798
Law enforcement	2,363,617	-	2,363,617
Fire protection	1,217,577	-	1,217,577
Streets	732,368	-	732,368
Fleet management	165,169	-	165,169
Library	189,429	-	189,429
Leisure services	1,259,256	-	1,259,256
Debt service			
Principal	-	265,716	265,716
Interest and fiscal charges	-	169,393	169,393
<b>Total expenditures</b>	<b>9,093,210</b>	<b>493,283</b>	<b>9,586,493</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,535,441</b>	<b>(154,970)</b>	<b>1,380,471</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	435,722	435,722
Transfers out	(435,722)	-	(435,722)
<b>Net other financing sources (uses)</b>	<b>(435,722)</b>	<b>435,722</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>1,099,719</b>	<b>280,752</b>	<b>1,380,471</b>
<b>Fund balances - beginning</b>	<b>1,680,159</b>	<b>848,861</b>	<b>2,529,020</b>
Prior period adjustment	(21,591)	-	(21,591)
<b>Fund balances - beginning (restated)</b>	<b>1,658,568</b>	<b>848,861</b>	<b>2,507,429</b>
<b>Fund balances - ending</b>	<b>\$ 2,758,287</b>	<b>\$ 1,129,613</b>	<b>\$ 3,887,900</b>

City of Lynn Haven, Florida  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended September 30, 2009

Amounts reported for governmental activities in the statement of activities (page 11) are different because:

Net changes in fund balances - total governmental funds (page 13)	\$ 1,380,471
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are 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.	802,470
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	263,756
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.	(34,890)
<b>Change in net assets of governmental activities (page 11)</b>	<b>\$ 2,411,807</b>

City of Lynn Haven, Florida  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
Gross receipts	\$ 4,087,940	\$ 4,155,005	\$ 4,155,005	\$ -
Utility taxes	977,109	1,018,185	1,018,185	-
Franchise fees	951,767	1,203,881	1,203,881	-
Intergovernmental	1,561,801	1,560,731	1,560,731	-
Licenses and permits	189,425	201,696	201,696	-
Fines and forfeitures	51,575	50,605	50,605	-
Charges for services	476,690	475,858	475,858	-
Contributions and donations	12,065	30,891	30,891	-
Grants	1,182,077	1,100,420	1,100,420	-
Interest	312,000	36,428	36,428	-
Other fees and miscellaneous	766,080	794,951	794,951	-
<b>Total revenues</b>	<b>10,568,529</b>	<b>10,628,651</b>	<b>10,628,651</b>	<b>-</b>
<b>Expenditures</b>				
Current				
Legislative	62,742	65,381	65,381	-
Executive	299,438	298,342	298,342	-
Administration and finance	272,115	283,461	283,461	-
Professional services	292,436	275,750	275,750	-
Development and planning	512,317	428,354	428,354	-
Public works	275,135	273,708	273,708	-
Other general government	1,678,520	1,540,798	1,540,798	-
Law enforcement	2,667,669	2,363,617	2,363,617	-
Fire protection	1,199,734	1,217,577	1,217,577	-
Streets	727,578	732,368	732,368	-
Fleet management	170,843	165,169	165,169	-
Library	190,738	189,429	189,429	-
Leisure services	1,346,152	1,259,256	1,259,256	-
<b>Total expenditures</b>	<b>9,695,417</b>	<b>9,093,210</b>	<b>9,093,210</b>	<b>-</b>
Excess of revenues over expenditures	873,112	1,535,441	1,535,441	-
<b>Other financing sources (uses)</b>				
Transfers out	(438,798)	(435,722)	(435,722)	-
<b>Total other financing sources (uses)</b>	<b>(438,798)</b>	<b>(435,722)</b>	<b>(435,722)</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>\$ 434,314</b>	<b>\$ 1,099,719</b>	<b>\$ 1,099,719</b>	<b>\$ -</b>

See accompanying notes

City of Lynn Haven, Florida  
Statement of Net Assets  
Proprietary Funds  
September 30, 2009

**Business-type Activities / Enterprise Funds**

	Water	Sewer	Sanitation	Storm water	Total
<b>Assets</b>					
<b>Current assets</b>					
Equity in pooled cash	\$ 6,583,209	\$ 356,132	\$ 2,339,589	\$ 140,170	\$ 9,419,100
Accounts receivable (net)	148,174	139,684	109,628	18,062	415,548
Assessments receivable	6,568	-	-	-	6,568
Inventory	67,407	-	-	-	67,407
Restricted assets - cash					
Investment savings	758,309	1,045,197	-	549,774	2,353,280
<b>Total current assets</b>	<b>7,563,667</b>	<b>1,541,013</b>	<b>2,449,217</b>	<b>708,006</b>	<b>12,261,903</b>
<b>Noncurrent assets</b>					
Deferred charges	543,544	1,379,230	-	-	1,922,774
<b>Capital assets</b>					
Land	220,302	1,367,983	-	13,000	1,601,285
Buildings	713,433	564,764	-	-	1,278,197
Vehicles	155,302	138,079	1,117,757	53,460	1,464,598
Improvements other than buildings	6,723,231	27,064,723	-	1,277,152	35,065,106
Furniture and equipment	301,913	328,039	631,457	273,934	1,535,343
Construction in progress	1,891,424	480,193	-	102,061	2,473,678
<b>Total capital assets</b>	<b>10,005,605</b>	<b>29,943,781</b>	<b>1,749,214</b>	<b>1,719,607</b>	<b>43,418,207</b>
Less accumulated depreciation	2,695,114	8,805,571	1,144,027	386,033	13,030,745
<b>Net capital assets</b>	<b>7,310,491</b>	<b>21,138,210</b>	<b>605,187</b>	<b>1,333,574</b>	<b>30,387,462</b>
<b>Total noncurrent assets</b>	<b>7,854,035</b>	<b>22,517,440</b>	<b>605,187</b>	<b>1,333,574</b>	<b>32,310,236</b>
<b>Total assets</b>	<b>15,417,702</b>	<b>24,058,453</b>	<b>3,054,404</b>	<b>2,041,580</b>	<b>44,572,139</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	240,771	15,989	24,968	5,854	287,582
Accrued expenses	8,882	7,685	6,575	3,446	26,588
Accrued interest	94,991	213,709	-	-	308,700
Due to other governments	1,075	-	-	-	1,075
Deferred revenue	-	208,078	-	-	208,078
<b>Total current liabilities</b>	<b>345,719</b>	<b>445,461</b>	<b>31,543</b>	<b>9,300</b>	<b>832,023</b>
<b>Noncurrent liabilities</b>					
Customer deposits	333,815	-	-	-	333,815
Due within one year					
Accrued compensated absences	3,177	2,185	2,221	752	8,335
Bonds payable	211,217	937,843	-	-	1,149,060
Due in more than one year					
Accrued compensated absences	19,517	13,419	13,645	4,622	51,203
Bonds payable	6,466,944	14,055,726	-	-	20,522,670
<b>Total noncurrent liabilities</b>	<b>7,034,670</b>	<b>15,009,173</b>	<b>15,866</b>	<b>5,374</b>	<b>22,065,083</b>
<b>Total liabilities</b>	<b>7,380,389</b>	<b>15,454,634</b>	<b>47,409</b>	<b>14,674</b>	<b>22,897,106</b>
<b>Net assets</b>					
Invested in capital assets (net of related debt)	-	6,144,641	605,187	1,333,574	8,083,402
Restricted					
Capital repair and replacement	478,925	17,456	-	549,774	1,046,155
Debt service	279,383	1,027,741	-	-	1,307,124
Unrestricted	7,279,005	1,413,981	2,401,808	143,558	11,238,352
<b>Total net assets</b>	<b>\$ 8,037,313</b>	<b>\$ 8,603,819</b>	<b>\$ 3,006,995</b>	<b>\$ 2,026,906</b>	<b>\$ 21,675,033</b>

See accompanying notes

City of Lynn Haven, Florida  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended September 30, 2009

<b>Business-type Activities / Enterprise Funds</b>					
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Storm water</b>	<b>Total</b>
<b>Operating revenues</b>					
Charges for services	\$ 2,756,805	\$ 2,468,823	\$ 2,165,269	\$ 354,822	\$ 7,745,719
Connection/reconnection fees	157,721	-	-	-	157,721
Delinquent penalties	128,479	-	-	-	128,479
Impact fees	97,815	386,371	-	238,336	722,522
Tap fees	34,520	8,619	-	-	43,139
<b>Total operating revenues</b>	<b>3,175,340</b>	<b>2,863,813</b>	<b>2,165,269</b>	<b>593,158</b>	<b>8,797,580</b>
<b>Operating expenses</b>					
Salaries	428,806	361,108	320,675	160,250	1,270,839
Payroll taxes	29,402	24,946	20,800	10,832	85,980
Pension benefit	80,784	67,256	51,893	29,644	229,577
Employee insurance	42,590	27,283	52,630	18,345	140,848
Workers' compensation insurance	10,386	7,136	26,659	9,118	53,299
<b>Total personnel expenses</b>	<b>591,968</b>	<b>487,729</b>	<b>472,657</b>	<b>228,189</b>	<b>1,780,543</b>
Utilities	121,759	339,995	3,369	197	465,320
Miscellaneous	1,635	1,097	-	600	3,332
Fuel and oil	16,266	16,371	46,354	12,784	91,775
Chlorine and chemicals	22,295	120,777	-	-	143,072
Depreciation	290,252	919,728	110,670	57,627	1,378,277
Repairs and maintenance	15,366	87,413	42,993	16,097	161,869
Professional services	30,107	6,278	35	44,665	81,085
Contractual services	274,340	240,881	605,617	-	1,120,838
Communications	5,561	1,460	789	-	7,810
Uniform rental	2,423	2,832	3,287	1,636	10,178
Dues and subscriptions	2,265	25	-	-	2,290
Training	1,249	1,086	-	-	2,335
Rentals and leases	3,926	7,788	-	4,254	15,968
Operating supplies	96,896	46,303	4,070	28,881	176,150
Office supplies	4,291	273	62	-	4,626
Tipping fees	-	-	285,082	-	285,082
Travel	11	-	-	-	11
Postage and courier	37,820	2,098	-	-	39,918
Insurance	-	4,535	-	-	4,535
Bad debts	11,317	9,991	8,152	1,280	30,740
<b>Total operating expenses</b>	<b>1,529,747</b>	<b>2,296,660</b>	<b>1,583,137</b>	<b>396,210</b>	<b>5,805,754</b>
<b>Operating income</b>	<b>1,645,593</b>	<b>567,153</b>	<b>582,132</b>	<b>196,948</b>	<b>2,991,826</b>
<b>Nonoperating revenues (expenses)</b>					
Miscellaneous	19,594	105,103	-	-	124,697
Interest revenue	20,507	3,592	4,623	6,237	34,959
Interest expense and amortization of fiscal costs	(310,359)	(758,123)	-	-	(1,068,482)
<b>Total nonoperating revenues (expenses)</b>	<b>(270,258)</b>	<b>(649,428)</b>	<b>4,623</b>	<b>6,237</b>	<b>(908,826)</b>
<b>Net income before transfers</b>	<b>1,375,335</b>	<b>(82,275)</b>	<b>586,755</b>	<b>203,185</b>	<b>2,083,000</b>
Transfers in (out)	(400,000)	400,000	(224,906)	224,906	-
<b>Changes in net assets</b>	<b>975,335</b>	<b>317,725</b>	<b>361,849</b>	<b>428,091</b>	<b>2,083,000</b>
<b>Total net assets - beginning</b>	<b>7,064,323</b>	<b>8,287,949</b>	<b>2,646,830</b>	<b>1,599,677</b>	<b>19,598,779</b>
Prior period adjustment	(2,345)	(1,855)	(1,684)	(862)	(6,746)
<b>Total net assets - beginning (restated)</b>	<b>7,061,978</b>	<b>8,286,094</b>	<b>2,645,146</b>	<b>1,598,815</b>	<b>19,592,033</b>
<b>Total net assets - ending</b>	<b>\$ 8,037,313</b>	<b>\$ 8,603,819</b>	<b>\$ 3,006,995</b>	<b>\$ 2,026,906</b>	<b>\$ 21,675,033</b>

See accompanying notes

City of Lynn Haven, Florida  
Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2009

<b>Business-type Activities / Enterprise Funds</b>					
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>	<b>Storm water</b>	<b>Total</b>
<b>Operating activities</b>					
Receipts from customers and users	\$ 3,151,288	\$ 2,764,079	\$ 2,153,247	\$ 592,943	\$ 8,661,557
Payments to suppliers and others	(433,808)	(784,211)	(1,005,090)	(103,547)	(2,326,656)
Payments for personal services	(591,968)	(487,729)	(472,657)	(228,189)	(1,780,543)
Net cash provided by operating activities	2,125,512	1,492,139	675,500	261,207	4,554,358
<b>Noncapital financing activities</b>					
Miscellaneous receipts	19,594	105,103	-	-	124,697
Payments (to)/from other funds	(400,000)	400,000	(224,906)	224,906	-
Payments from other governments	(862)	-	-	-	(862)
Net cash provided by (used for) noncapital financing activities	(381,268)	505,103	(224,906)	224,906	123,835
<b>Capital and related financing activities</b>					
Acquisition of capital assets	(1,295,412)	(462,973)	(26,429)	(485,119)	(2,269,933)
Principal paid on revenue bonds	(203,183)	(898,007)	-	-	(1,101,190)
Interest paid on revenue bonds	(312,763)	(769,537)	-	-	(1,082,300)
Net cash used for capital and related financing activities	(1,811,358)	(2,130,517)	(26,429)	(485,119)	(4,453,423)
<b>Investing activities</b>					
Interest received	20,507	3,592	4,623	6,237	34,959
Net cash provided by investing activities	20,507	3,592	4,623	6,237	34,959
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(46,607)</b>	<b>(129,683)</b>	<b>428,788</b>	<b>7,231</b>	<b>259,729</b>
<b>Cash and cash equivalents - beginning</b>	<b>7,388,125</b>	<b>1,531,012</b>	<b>1,910,801</b>	<b>682,713</b>	<b>11,512,651</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 7,341,518</b>	<b>\$ 1,401,329</b>	<b>\$ 2,339,589</b>	<b>\$ 689,944</b>	<b>\$ 11,772,380</b>
<b>Classified as cash</b>					
Unrestricted	\$ 6,583,209	\$ 356,132	\$ 2,339,589	\$ 140,170	\$ 9,419,100
Investment savings	758,309	1,045,197	-	549,774	2,353,280
<b>Cash and cash equivalents - ending</b>	<b>\$ 7,341,518</b>	<b>\$ 1,401,329</b>	<b>\$ 2,339,589</b>	<b>\$ 689,944</b>	<b>\$ 11,772,380</b>

(Continued)

City of Lynn Haven, Florida  
Statement of Cash Flows (Continued)  
Proprietary Funds  
Year Ended September 30, 2009

**Business-type Activities / Enterprise Funds**

	Water	Sewer	Sanitation	Storm water	Total
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 1,645,593	\$ 567,153	\$ 582,132	\$ 196,948	\$ 2,991,826
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	290,252	919,728	110,670	57,627	1,378,277
Prior period adjustment	(2,345)	(1,855)	(1,684)	(862)	(6,746)
Increase in accounts receivable	(33,467)	(19,734)	(12,022)	(215)	(65,438)
Increase in inventory	(18,834)	-	-	-	(18,834)
Decrease in deferred charges	24,349	108,700	-	-	133,049
Increase (decrease) in accounts payable	213,642	(4,126)	(6,681)	5,854	208,689
Increase (decrease) in accrued expenses	(3,093)	2,273	3,085	1,855	4,120
Decrease in deferred revenue	-	(80,000)	-	-	(80,000)
Increase in customer deposits	9,415	-	-	-	9,415
Net cash provided by operating activities	\$ 2,125,512	\$ 1,492,139	\$ 675,500	\$ 261,207	\$ 4,554,358

See accompanying notes

City of Lynn Haven, Florida  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2009

	<b>Pension Trust Funds</b>
<hr/>	
<b>Assets</b>	
Investment savings	\$ 13,709,671
<hr/>	
Total assets	13,709,671
<b>Liabilities</b>	
Total liabilities	-
<hr/>	
<b>Net assets</b>	
Held in trust for pension benefits	\$ 13,709,671
<hr/> <hr/>	

City of Lynn Haven, Florida  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended September 30, 2009

	<b>Pension Trust Funds</b>
<hr/>	
<b>Additions</b>	
Contributions	
Employer	\$ 914,780
Plan members	247,037
State	324,042
Settlements	912
<hr/>	
Total contributions	1,486,771
<hr/>	
Investment earnings	
Interest	44,332
Dividends	348,053
Net increase in fair value of investments	137,606
<hr/>	
Total investment earnings	529,991
<hr/>	
Less investment expenses	97,490
<hr/>	
Net investment earnings	432,501
<hr/>	
Total additions	1,919,272
<hr/>	
<b>Deductions</b>	
Benefits	162,052
Refunds of contributions	44,355
<hr/>	
Total deductions	206,407
<hr/>	
<b>Change in net assets</b>	1,712,865
<hr/>	
Net assets held in trust for pension benefits	
<hr/>	
<b>Net assets - beginning</b>	11,996,806
<hr/>	
<b>Net assets - ending</b>	\$ 13,709,671
<hr/> <hr/>	

See accompanying notes

Notes to Basic Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Lynn Haven (the City) have been prepared in conformity with United States generally accepted accounting principles (U.S. GAAP) as applied to governmental units promulgated by the Governmental Accounting Standards Board (GASB).

This summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

***Reporting Entity***

City of Lynn Haven, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, Ch. 27685, Sec. 5). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: law enforcement, fire, streets, sanitation, culture/recreation, public improvements, planning and zoning, general administrative services, and utilities operations.

***Component Unit – Lynn Haven CRA***

This report includes financial statements of the funds required to account for those financial activities which are related to the City and are controlled by or dependent upon the City's legislative body, the City Commission. The City has one component unit as defined by GASB Statement 14, *The Financial Reporting Entity* or in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553, which is required to be included in these financial statements. A component unit is an entity for which the City is considered to be financially accountable and is included in the City's reporting entity because of the significance of its operational or financial relationships with the City. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The Lynn Haven Community Redevelopment Agency (Agency) is operated by the City. The Agency was created on May 25, 2004, by City Resolution 2004-05-350 pursuant to Florida Statute 163.387. All of the City's commission members serve as board members of the Agency. The Agency is presented as a governmental fund type with fiscal a year end of September 30.

Due to the nature and significance of the Agency's relationship with the City, exclusion of the Agency's financial operations would render the City's financial statements incomplete or misleading. The Agency's governing body is the same as the governing body of the City and the Agency does provide services specifically to the Lynn Haven Redevelopment Area of the City. The Agency is disclosed using the blended presentation method. Complete financial statements for the Lynn Haven Community Redevelopment Agency may be obtained from the City of Lynn Haven Finance Department, 825 Ohio Avenue, Lynn Haven, Florida 32444.

Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Measurement Focus and Basis of Accounting***

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

***Government-wide Financial Statements***

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. 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. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. The City chooses to eliminate the indirect costs between governmental activities to avoid duplicating revenues and expenditures.

***Fund Financial Statements***

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated

Notes to Basic Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statement includes financial information for the agency funds. The agency funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or governments.

***Governmental Funds***

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of available spendable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an "other financing source" rather than as a fund liability.

***Proprietary Funds***

The City's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets. The City applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and

Notes to Basic Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounting Research Bulletins, issued on or before November 30, 1989, which do not contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than an "other financing" source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

***Fiduciary Funds***

Fiduciary funds are used to account for assets held by the City in a trustee capacity and include pension trust funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

***Basis of Presentation***

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The nonmajor governmental funds include community redevelopment and the debt service fund.

***Governmental Major Funds***

General Fund - The general fund is the general operating fund of the City. It is used to account for all activities of the general government except those required to be accounted for in another fund.

***Proprietary Major Funds***

Utility Funds - The utility funds are used to account for operations and activities related to the water, sewer, sanitation and storm water systems within the City.

***Noncurrent Governmental Assets/Liabilities***

GASB Statement 34 requires noncurrent governmental assets, such as land, buildings and equipment, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, to be reported in the governmental activities column in the government-wide statement of net assets.

***Budgets***

Annual budgets are legally adopted for all governmental funds, except those indicated in Note 3, and proprietary funds. Budgets are prepared and adopted on a basis of accounting consistent with U.S. generally accepted accounting principles, except as described in Note 3. All annual appropriations lapse at fiscal year end.

Notes to Basic Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Florida Statutes provide that it is unlawful to make expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

The City budgets expenditures at the department level. Only the City Commission can approve budget amendments that change the total approved budget appropriation of an individual department. The City manager can transfer appropriations within the departmental budget, but cannot change the total appropriation of an individual department without the approval of the City Commission.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Commission by resolution may make supplemental appropriations for the year up to the amount of such excess. During the current fiscal year, various supplemental appropriations were approved by the Commission.

Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column the effects of budget amendments have been applied to original budgetary data.

***Encumbrances***

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. However, all encumbrances lapse at year end and, accordingly, a reserve for encumbrances is not reported in the accompanying basic financial statements.

Encumbrances are reestablished at the beginning of the fiscal year if funds are appropriated in the annual budget. Encumbrances do not constitute expenditures or liabilities.

***Cash and Cash Equivalents***

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments as applicable.

For the purpose of the statements of cash flows in the proprietary fund types, the City considers cash, certificates of deposits with maturities of up to one year, and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City has adopted the reporting required by *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investments are recorded at fair value based on quoted market values as described in Note 4.

Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Accounts Receivable**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**Due to and Due from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Inventory**

Inventory in governmental funds consists of expendable supplies held for consumption stated on a first-in/first-out basis. It is reported at cost which is recorded as an expenditure at the time individual inventory items are purchased. Reported inventory in these funds is equally offset by a fund balance reserve which indicates inventory amounts do not constitute available spendable resources even though they are a component of net current assets. Inventory in proprietary funds is valued at the lower of cost (first-in, first-out) or market.

**Other Assets**

Other assets held are recorded and accounted for at cost.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend its useful life 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 are stated at cost, except for contributed assets, which are recorded at fair market value on the date received by the City. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are generally as follows:

Water distribution system	
Original system	50 Years
Additions	10-50 Years
Sewer system	
Original system	30 Years
Additions	20-50 Years
Machinery and equipment	5-10 Years

Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Long-term Obligations***

The City reports long-term debt of governmental funds at face value in the government-wide long-term liabilities. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide long-term liabilities.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

***Capitalization of Interest***

Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments in business-type activities. The City does not capitalize interest in governmental activities. During the year ended September 30, 2009, the City capitalized no interest.

***Unamortized Bond Costs***

Bond issuance costs and legal fees associated with the issuance of proprietary fund revenue bonds are amortized over the life of the bonds using the straight-line method.

Bond discounts associated with the issuance of proprietary fund revenue bonds are amortized over the life of the bonds using the straight-line method. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

***Deferred Revenues***

Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

***Restricted Assets***

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

***Property Taxes***

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. All property is assessed by the county according to its fair market value on January 1 of each year. Each assessment roll is submitted to the executive director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10

# City of Lynn Haven, Florida

## Notes to Basic Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

mils for general operations. The City's millage rate for the year ended September 30, 2009, was 3.0887 mils.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On, or prior to, June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

The City tax calendar is as follows: valuation date: January 1; levy date: November 1; due date; March 31, succeeding year; and lien date: April 1, succeeding year.

#### ***Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

#### ***Subsequent events***

The City evaluates subsequent events through the date the financial statements are issued.

### NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets:

The governmental funds 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, "capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this difference are as follows:

Cost of capital assets	\$	23,170,153
Less: accumulated depreciation		7,054,255
<hr/>		
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$	16,115,898
<hr/>		

Notes to Basic Financial Statements

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)**

Another element of that reconciliation states, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$	3,013,270
Notes payable		583,722
Compensated absences		303,103
Accrued interest		31,891
<hr/>		
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	\$	3,931,986

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$	1,395,110
Depreciation expense		(592,640)
<hr/>		
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	802,470

Another element of that reconciliation states, "the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Principal repayments		
Note payments	\$	119,946
Bond payments		143,810
<hr/>		
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at change in net assets of governmental activities	\$	263,756

Another element of that reconciliation states, "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Notes to Basic Financial Statements

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Compensated absences	\$	36,050
Accrued interest		(1,160)
<hr/>		
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at change in net assets of governmental activities	\$	34,890

**NOTE 3 – BUDGETS**

The City adopts budgets on a basis consistent with United States generally accepted accounting principles (U.S. GAAP) except as follows:

The City did not adopt a budget for the debt service fund. The debt service fund revenues and expenditures were budgeted indirectly as transfers to the debt service fund and interest expense in the general fund.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

***Deposits***

All cash resources of the City are placed in banks that qualify as public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the City's funds are entirely collateralized throughout the fiscal year.

In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

***Investments***

Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

The Local Government Surplus Funds Trust Fund; negotiable direct obligations, the principal and interest of which are unconditionally guaranteed by the United States Government at the then prevailing market price for such securities; interest-bearing time deposits or savings accounts in banks organized under the laws of Florida, in national banks organized under the laws of the United States and doing business and situated in Florida, in savings and loan associations which are under the State of Florida supervision, or in federal savings and loan associations located in Florida and organized under federal law and federal supervision, provided that any such deposits are secured by collateral as may be prescribed by law;

***Credit Risk***

The credit risk of certain investments, such as investment pools managed by other outside parties, cannot be categorized as to credit risk other than as noted below because the City investments are not evidenced by specific, identifiable investment securities.

Notes to Basic Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

**Interest Rate Risk**

At September 30, 2009, the City did not hold any investments other than those disclosed below that were considered to be an interest rate risk.

**Custodial Risk**

At September 30, 2009, the City did not hold any deposits or investments that were considered to be a custodial risk.

**Concentration of Credit Risk**

At September 30, 2009, the City did not hold any investments that were considered to be a concentration of credit risk.

At September 30, 2009, the City's cash and investments consisted of the following:

	Credit Rating	Current	0-5 Years	5-10 Years	Total Carrying Amount
Cash including money market fund	(1)	\$ 14,980,493	\$ -	\$ -	\$14,980,493
Local Govt Surplus Trust Fund Pool		52,110	-	-	52,110
<b>Totals</b>		<b>\$ 15,032,603</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$15,032,603</b>

(1) These funds are not rated. Investments in these funds are restricted to cash, short term obligations of the U.S. government and government backed securities.

**Local Government Surplus Trust Fund Pool**

The LGIP portion of the pool (\$2) is considered a SEC 2a7-like fund and the account balance is the fair value of the investment.

The Fund B portion (\$52,108) is accounted for as a fluctuating NAV pool.

Credit quality disclosure – LGIP is rated by Standard and Poors. The current rating is AAAM. Fund B is not rated by any nationally recognized statistical rating agency.

Interest rate risk – The weighted average days to maturity of the LGIP at September 30, 2009 was 33 days. The weighted average life of Fund B (based on expected future cash flows) at September 30, 2009 is estimated at 6.69 years. However because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

**City of Lynn Haven, Florida**

**Notes to Basic Financial Statements**

**NOTE 5 – ACCOUNTS RECEIVABLE**

At September 30, 2009, accounts receivable in the governmental funds is summarized as follows:

Total accounts receivable	\$	113,971
Less: allowance for doubtful accounts		-
<hr/>		
Net accounts receivable	\$	113,971

At September 30, 2009, accounts receivable in the proprietary funds is summarized as follows:

Accounts receivable	\$	415,548
Assessments receivable		6,568
Less: allowance for doubtful accounts		-
<hr/>		
Net accounts receivable	\$	422,116

**NOTE 6 – CAPITAL ASSETS**

Changes in capital assets of the governmental activities funds are summarized as follows:

	September 30, 2008	Increases	Decreases	September 30, 2009
<hr/>				
Capital assets, not being depreciated				
Land	\$ 1,581,731	\$ 487,561	\$ -	\$ 2,069,292
Construction in progress	48,583	407,478	(48,832)	407,229
<hr/>				
Total capital assets, not being depreciated	1,630,314	895,039	(48,832)	2,476,521
<hr/>				
Capital assets, being depreciated				
Buildings	3,268,804	110,952	-	3,379,756
Improvements	12,473,088	328,073	-	12,801,161
Machinery and equipment	4,438,524	109,877	(36,086)	4,512,315
<hr/>				
Total capital assets, being depreciated	20,180,416	548,902	(36,086)	20,693,232
<hr/>				
Less accumulated depreciation				
Buildings	(822,328)	(67,010)	-	(889,338)
Improvements	(2,032,037)	(262,914)	-	(2,294,951)
Machinery and equipment	(3,642,937)	(262,715)	36,086	(3,869,566)
<hr/>				
Total accumulated depreciation	(6,497,302)	(592,639)	36,086	(7,053,855)
<hr/>				
Capital assets, being depreciated (net of accumulated depreciation)	13,683,114	(43,737)	-	13,639,377
<hr/>				
Total governmental activities' capital assets (net of accumulated depreciation)	\$ 15,313,428	\$ 851,302	\$ (48,832)	\$ 16,115,898

**City of Lynn Haven, Florida**

**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2009:

	Water	Sewer	Sanitation	Storm water	Total
Land	\$ 220,302	\$ 1,367,983	\$ -	\$ 13,000	\$ 1,601,285
Buildings	713,433	564,764	-	-	1,278,197
Improvements	6,723,231	27,064,723	-	1,277,152	35,065,106
Machinery and equipment	301,913	328,039	631,457	273,934	1,535,343
Vehicles	155,302	138,079	1,117,757	53,460	1,464,598
Construction in progress	1,891,424	480,193	-	102,061	2,473,678
<b>Total</b>	<b>10,005,605</b>	<b>29,943,781</b>	<b>1,749,214</b>	<b>1,719,607</b>	<b>43,418,207</b>
Less accumulated depreciation					
Buildings	(177,870)	(388,580)	-	-	(566,450)
Improvements	(2,174,139)	(8,076,983)	-	(121,964)	(10,373,086)
Machinery and equipment	(129,952)	(126,799)	(578,822)	(44,413)	(879,986)
Vehicles	(213,153)	(213,209)	(565,205)	(219,656)	(1,211,223)
<b>Total accumulated Depreciation</b>	<b>(2,695,114)</b>	<b>(8,805,571)</b>	<b>(1,144,027)</b>	<b>(386,033)</b>	<b>(13,030,745)</b>
<b>Total business-type activities capital assets (net of accumulated depreciation)</b>	<b>\$ 7,310,491</b>	<b>\$21,138,210</b>	<b>\$ 605,187</b>	<b>\$ 1,333,574</b>	<b>\$ 30,387,462</b>

Changes in capital assets of the business-type activities funds are summarized as follows:

	September 30, 2008	Increases	Decreases	September 30, 2009
Capital assets, not being depreciated				
Land	\$ 1,601,285	\$ -	\$ -	\$ 1,601,285
Construction in progress	1,200,624	1,307,269	(34,215)	2,473,678
<b>Total capital assets, not being depreciated</b>	<b>2,801,909</b>	<b>1,307,269</b>	<b>(34,215)</b>	<b>4,074,963</b>
Capital assets, being depreciated				
Buildings	1,173,111	105,086	-	1,278,197
Improvements	34,233,213	831,893	-	35,065,106
Vehicles	1,462,602	12,536	(10,540)	1,464,598
Machinery and equipment	1,487,979	47,364	-	1,535,343
<b>Total capital assets, being depreciated</b>	<b>38,356,905</b>	<b>996,879</b>	<b>(10,540)</b>	<b>39,343,244</b>

**City of Lynn Haven, Florida**

**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

	September 30, 2008	Increases	Decreases	September 30, 2009
Less accumulated depreciation				
Buildings	\$ (533,665)	\$ (32,785)	\$ -	\$ (566,450)
Improvements	(9,242,139)	(1,130,947)	-	(10,373,086)
Vehicles	(773,935)	(116,591)	10,540	(879,986)
Machinery and equipment	(1,113,269)	(97,954)	-	(1,211,223)
<b>Total accumulated depreciation</b>	<b>(11,663,008)</b>	<b>(1,378,277)</b>	<b>10,540</b>	<b>(13,030,745)</b>
Capital assets, being depreciated (net of accumulated depreciation)	26,693,897	(381,398)	-	26,312,499
<b>Total business-type activities' capital assets (net of accumulated depreciation)</b>	<b>\$ 29,495,806</b>	<b>\$ 925,871</b>	<b>\$ (34,215)</b>	<b>\$ 30,387,462</b>

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

<b>Governmental activities</b>	
Executive	\$ 20,399
Administration and finance	1,612
Development and planning	18,704
Public works	6,326
Other general government	86,465
Law enforcement	68,618
Fire protection	24,868
Streets	166,318
Fleet management	121,006
Library	22,268
Leisure services	54,176
Community redevelopment	1,880
<b>Total depreciation expense – governmental activities</b>	<b>\$ 592,640</b>
<b>Business-type activities</b>	
Water	\$ 290,252
Sewer	919,728
Sanitation	110,670
Storm water	57,627
<b>Total depreciation expense – business-type activities</b>	<b>\$ 1,378,277</b>

Notes to Basic Financial Statements

**NOTE 7 – INTERFUND TRANSFERS**

Interfund transfers during the year ended September 30, 2009 were as follows:

Transfers out:	Transfers in: Debt service fund
General fund	\$ 435,722

The transfers to the debt service fund are for the purpose of paying principal, interest and fiscal charges of the governmental type funds.

**NOTE 8 – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES**

	Balance September 30, 2008	Additions	Deductions	Balance September 30, 2009	Due Within One Year
Revenue bonds payable	\$ 3,157,080	\$ -	\$ (143,810)	\$ 3,013,270	\$ 145,940
Notes payable	703,668	-	(119,946)	583,722	46,580
Accrued compensated absences	267,053	36,050	-	303,103	42,257
	\$ 4,127,801	\$ 36,050	\$ (263,756)	\$ 3,900,095	\$ 234,777

***Sales Tax Revenue Refunding Bonds, Series 1997***

On November 1, 1997, the City issued \$6,470,000 sales tax revenue refunding bonds, series 1997. The bonds were issued to (1) to refund the City's outstanding sales tax refunding revenue bonds, series 1988, outstanding in the aggregate principal amount of \$2,105,000, (2) to purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 1997 bonds, (3) to pay costs of certain street improvements, and (4) to pay related costs of issuance. The series 1997 bonds are payable solely from and secured by an irrevocable pledge of the City's half-cent sales tax revenues. The interest rates are from 4.7 to 5.125% and the bonds mature December 2014. Annual principal and interest payments on the bonds are 18 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,056,925. Principal and interest paid for the current year and total pledged revenues were \$202,512 and \$1,104,319, respectively.

\$ 396,180

During the year ended September 30, 1988, the City entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the City's obligation with respect to certain bond issues already outstanding. A certain amount of series 1997 refunding bonds have been used to refund the series 1988. These proceeds have been deposited into an irrevocable escrow account to provide payment of interest and principal on the issue being refunded. Refunded bonds are not included in the City's outstanding long-term debt since the City legally satisfied its obligation with respect thereto through consumption of the refunding transaction described herein.

Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)

**Gas Tax Revenue Refunding Bonds, Series 1998**

On March 15, 1998, the City issued \$1,280,000 gas tax revenue refunding bonds, series 1998. The bonds were issued to (1) finance the refunding of the City's \$1,171,000 original principal amount gas tax revenue bonds, series 1990, the proceeds of which financed the construction, paving or other improvements to certain roads within the City, (2) purchase for deposit into the reserve account a surety bond in an amount equal to the reserve requirement of the series 1998 bonds, and (3) pay certain costs of issuance of the series 1998 bonds, including the costs of municipal bond insurance.

The series 1998 bonds and the interest thereon are payable solely from and secured by a pledge of and first lien on (1) the City's portion of the six-cent local option fuel tax and (2) until applied in accordance with the provisions of the resolution, any interest income in the funds and accounts established by the resolution. The interest rates are from 4.0 to 5.125% and the bonds mature October 2018. Annual principal and interest payments on the bonds are 41 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$942,185. Principal and interest paid for the current year and total pledged revenues were \$103,330 and \$250,188, respectively.

\$ 715,000

A portion of the proceeds from the series 1998 bonds have been placed in an irrevocable escrow account and invested in U.S. treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the series 1990 gas tax revenue bonds. This refunded bond has not been included in the City's outstanding long-term debt since the City legally satisfied its obligation with respect thereto through consumption of the refunding transaction described herein.

**Sales Tax Revenue Refunding Bonds, Series 2005**

On June 1, 2005, the City issued \$4,565,000 sales tax revenue refunding bonds, series 2005. The bonds were issued to (1) to refund a portion of the City's outstanding \$6,470,000 sales tax revenue funding bonds, series 1997, (2) to purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 2005 bonds, (3) to pay related costs of issuance. The series 2005 bonds are payable solely from and secured by an irrevocable pledge of the City's half-cent sales tax revenues. The interest rates are from 3.0 to 4.2% and the bonds mature December 2027. Annual principal and interest payments on the bonds are 19 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$6,722,288. Principal and interest paid for the current year and total pledged revenues were \$208,450 and \$1,104,319, respectively.

1,902,090

Total revenue bonds payable at September 30, 2009

3,013,270

Less: revenue bonds – current portion

(145,940)

Revenue bonds – long-term at September 30, 2009

\$ 2,867,330

**City of Lynn Haven, Florida**

**Notes to Basic Financial Statements**

**NOTE 8 – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)**

Debt service requirements to maturity on revenue bonds payable at September 30, 2009 are as follows:

Year ending September 30,	Principal	Interest	Total
2010	\$ 145,940	\$ 132,181	\$ 278,121
2011	155,200	125,333	280,533
2012	157,330	118,228	275,558
2013	166,590	110,588	277,178
2014	177,980	102,652	280,632
2015-2019	902,410	392,214	1,294,624
2020-2024	668,820	205,847	874,667
2025-2028	639,000	55,817	694,817
<b>Total</b>	<b>\$ 3,013,270</b>	<b>\$ 1,242,860</b>	<b>\$ 4,256,130</b>

**Notes Payable**

In January 2005, the City borrowed \$800,000 to finance the purchase of a building and property. Monthly payments include interest at 71% of the banks prime lending rate and are due through June 2019.

	\$	583,722
Total notes payable at September 30, 2009		583,722
Less: current portion		46,580
Notes payable – long-term at September 30, 2009	\$	537,142

Debt service requirements to maturity on notes payable at September 30, 2009 are as follows:

Year ending September 30,	Principal	Interest	Total
2010	\$ 46,580	\$ 31,889	\$ 78,469
2011	49,295	29,173	78,468
2012	52,169	26,299	78,468
2013	55,211	23,258	78,469
2014	58,430	20,039	78,469
2015-2019	322,037	45,135	367,172
<b>Total</b>	<b>\$ 583,722</b>	<b>\$ 175,793</b>	<b>\$ 759,515</b>

	Balance September 30, 2008	Additions	Deductions	Balance September 30, 2009	Due Within One Year
Revenue bonds payable	\$ 22,772,920	\$ -	\$ (1,101,190)	\$ 21,671,730	\$ 1,149,060
Accrued compensated absences	65,143	-	(5,605)	59,538	8,335
	<b>\$ 22,838,063</b>	<b>\$ -</b>	<b>\$ (1,106,795)</b>	<b>\$ 21,731,268</b>	<b>\$ 1,157,395</b>

Notes to Basic Financial Statements

**NOTE 9 – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES**

***Capital Improvement Revenue Refunding Bonds, Series 1997***

On August 1, 1997, the City issued \$5,075,000 capital improvement revenue refunding bonds, series 1997. The bonds were issued to (1) refund the City's outstanding capital improvement revenue bonds, series 1989, outstanding in the amount of \$4,760,000, (2) to purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 1997 bonds, and (3) to pay related costs of issuance. The series 1997 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien on the series 1997 bonds on the pledged revenues is on a parity with the lien of the remaining bonds outstanding of the City's \$5,745,000 capital improvement revenue bonds, series 1996A. The interest rates are from 3.7 to 5.0% and the bonds mature December 2019. Annual principal and interest payments on the bonds are 13 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$4,155,830. Principal and interest paid for the current year and total pledged revenues were \$367,960 and \$2,766,922, respectively.

\$ 3,140,000

***Sales Tax Revenue Refunding Bonds, Series 1997***

On November 1, 1997, the City issued \$6,470,000 sales tax revenue refunding bonds, series 1997. The bonds were issued to (1) to refund the City's outstanding sales tax refunding revenue bonds, series 1988, outstanding in the aggregate principal amount of \$2,105,000, (2) to purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 1997 bonds, (3) to pay costs of certain street improvements, and (4) to pay related costs of issuance. The series 1997 bonds are payable solely from and secured by an irrevocable pledge of the City's half-cent sales tax revenues. The interest rates are from 4.7 to 5.125% and the bonds mature December 2014. Annual principal and interest payments on the bonds are 18 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,056,925. Principal and interest paid for the current year and total pledged revenues were \$202,512 and \$1,104,319, respectively.

533,820

During the year ended September 30, 1988, the City entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the City's obligation with respect to certain bond issues already outstanding. A certain amount of series 1997 refunding bonds have been used to refund the series 1988. These proceeds have been deposited into an irrevocable escrow account to provide payment of interest and principal on the issue being refunded. Refunded bonds are not included in the City's outstanding long-term debt since the City legally satisfied its obligation with respect thereto through consumption of the refunding transaction described herein.

Notes to Basic Financial Statements

**NOTE 9 – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)**

***Capital Improvement Revenue Bonds, Series 2000***

On April 1, 2000, the City issued \$9,275,000 capital improvement revenue bonds, series 2000. The bonds were issued to (1) acquire and construct improvements to the City's water and sewer system, (2) deposit funds into the debt service fund to capitalize a portion of the interest on the bonds, (3) purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the bonds, and (4) pay the related costs of issuance. The series 2000 bonds are secured by a pledge of the net revenues of the system, the sewer system development charges bond service component and the water system development charges bond service component. The lien on the series 2000 bonds on the pledged revenues will be on a parity with the lien of the remaining bonds outstanding of the City's \$5,745,000 capital improvement revenue bonds, series 1996A, and the City's \$5,075,000 capital improvement revenue refunding bonds, series 1997. The interest rates are from 4.8 to 5.5% and the bonds mature December 2032. Annual principal and interest payments on the bonds are 7 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$388,660. Principal and interest paid for the current year and total pledged revenues were \$189,708 and \$2,766,922, respectively.

\$ 370,000

***Capital Improvement Revenue Refunding Bonds, Series 2004***

On April 1, 2004, the City issued \$4,605,000 capital improvement revenue refunding bonds, series 2004. The bonds were issued to (1) refund all of the City's outstanding \$5,475,000 capital improvement revenue bonds, series 1996A, (2) purchase for deposit for the reserve account a surety bond in an amount equal to the reserve requirement on the series 2004 bonds and (3) pay related costs of issuance including the purchase of a municipal bond insurance policy. The series 2004 bonds are secured by a pledge of the net revenues of the system, the sewer system development charges bond service component and the water system development charges bond service component (collectively the "pledged revenues"). The lien on the series 2004 bond on the pledged revenues will be on a parity with the lien on the remaining bonds outstanding of the City's \$5,075,000 capital improvement revenue refunding bonds, series 1997 and the City's \$9,275,000 capital improvement revenue bonds, series 2000 (collectively, the Parity Obligations"). The interest rates are from 2.0 to 4.0% and the bonds mature December 2016. Annual principal and interest payments on the bonds are 16 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$3,642,563. Principal and interest paid for the current year and total pledged revenues were \$447,683 and \$2,766,922, respectively.

3,100,000

***Capital Improvement Revenue Refunding Bonds, Series 2005***

On March 18, 2005, the City issued \$12,415,000 capital improvement revenue refunding bonds, series 2005. The bonds were issued to (1) refund a portion of the City's outstanding \$9,275,000 capital improvement revenue bonds, series 2000, (2) to fund certain capital improvements to the system, (3) purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 2005 bonds, and (4) pay related costs of issuance. The series 2005 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien of the series

# City of Lynn Haven, Florida

## Notes to Basic Financial Statements

### NOTE 9 – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)

2005 bonds on the pledged revenues is on a parity with the lien of the City's outstanding \$5,075,000 capital improvement revenues bonds, series 1997, the City's unrefunded \$9,275,000 capital improvement revenue bonds, series 2000 and the City's outstanding \$4,605,000 capital improvement revenue refunding bonds, series 2004. The interest rates are from 3.0 to 5.0% and the bonds mature December 2032. Annual principal and interest payments on the bonds are 29 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$18,332,214. Principal and interest paid for the current year and total pledged revenues were \$790,404 and \$2,766,922, respectively.

\$ 11,965,000

#### **Sales Tax Revenue Refunding Bonds, Series 2005**

On June 1, 2005, the City issued \$4,565,000 sales tax revenue refunding bonds, series 2005. the bonds were issued to (1) to refund a portion of the City's outstanding \$6,470,000 sales tax revenue funding bonds, series 1997, (2) to purchase for deposit to the reserve account a surety bond in an amount equal to the reserve requirement on the series 2005 bonds, (3) to pay related costs of issuance. The series 2005 bonds are payable solely from and secured by an irrevocable pledge of the City's half-cent sales tax revenues. The interest rates are from 3.0 to 4.2% and the bonds mature December 2027. Annual principal and interest payments on the bonds are 19 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$6,722,288. Principal and interest paid for the current year and total pledged revenues were \$208,450 and \$1,104,319, respectively.

2,562,910

Total principal obligation at September 30, 2009 21,671,730

Less: principal obligation – current portion (1,149,060)

Principal obligation – long-term at September 30, 2009 \$ 20,522,670

Debt service requirements to maturity on revenue bonds payable at September 30, 2009 are as follows:

Year ending September 30,	Principal	Interest	Total
2010	\$ 1,149,060	\$ 911,619	\$ 2,060,679
2011	1,189,800	865,774	2,055,574
2012	1,232,670	815,432	2,048,102
2013	1,283,410	762,327	2,045,737
2014	1,342,020	706,810	2,048,830
2015-2019	6,657,590	2,667,999	9,325,589
2020-2024	3,456,180	1,523,242	4,979,422
2025-2029	3,136,000	849,064	3,985,064
2030-2033	2,225,000	210,538	2,435,538
<b>Total</b>	<b>\$ 21,671,730</b>	<b>\$ 9,312,805</b>	<b>\$ 30,984,535</b>

Notes to Basic Financial Statements

**NOTE 10 – NET ASSET RESTRICTIONS**

The government-wide statement of net assets reports \$3,491,302 of restricted net assets, of which \$2,077,705 is restricted by enabling legislation. The following is a description of reported net asset restrictions in governmental activities and business-type activities at September 30, 2009.

***Governmental Activities***

Restricted for law enforcement education - This restriction was created to restrict the use of all resources collected specifically for law enforcement purposes. Florida statutes restrict the use of these funds for education, training and capital purchase purposes.

Restricted for debt service - This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from the revenue accounts.

Restricted for community redevelopment – This restriction was created to restrict the use of funds provided for the City’s Community Redevelopment Agency. The funds are primarily provided from tax increment financing.

***Business-type Activities***

Restricted for capital repair and replacement - This restriction was established to record water, sewer and storm water impact fees collected in excess of qualified expenditures. An ordinance restricts the use of impact fees to certain capital expenditures, emergency repairs or other improvements to the water, sewer and storm water systems.

Restricted for debt service - This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from the revenue accounts of the appropriate enterprise funds.

***Summary***

Specific restrictions of net assets are summarized below as of September 30, 2009:

Governmental activities	
Law enforcement education	\$ 8,410
Debt service	107,681
Community redevelopment	1,021,932
<hr/>	
Total	\$ 1,138,023
<hr/>	
Business-type activities	
Capital repair and replacement	\$ 1,046,155
Debt service	1,307,124
<hr/>	
Total	\$ 2,353,279
<hr/>	

**Notes to Basic Financial Statements**

**NOTE 11 – FUND BALANCE RESERVATIONS**

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of fund balance set aside by the City for contingencies.

The following is a description of reported reserves in governmental activities at September 30, 2009:

***General Fund***

Reserved for inventory - This reserve was created to represent the portion of the fund balance that is not available for expenditures because the City expects to use these resources within the next budgetary period.

Reserved for law enforcement education - This reserve was created to reserve the use of all resources contributed specifically for law enforcement purposes. Florida statutes restrict the use of these funds for education and training purposes.

***Summary***

Specific reservations of fund balances are summarized below as of September 30, 2009:

General fund		
Reserved for inventory	\$	15,751
Reserved for law enforcement education		8,410
Total	\$	24,161

**NOTE 12 – RETIREMENT PLANS**

The City's pension plans are established by various City ordinances. According to these ordinances, the City maintains three separate single employer benefit pension plans which cover general employees, police officers and firefighters. The City's ordinances governing the firefighters' and police officers' plans were written in compliance with the provisions of Florida Statutes, Chapters 175 and 185, respectively.

***Plan Description and Administration***

The City's pension plans are single employer defined benefit pension plans administered by a board of trustees. The board of trustees consists of two City residents appointed by the Commission, two members of the plan elected by the plan membership, and one member elected by the other four members and appointed by the Commission.

Normal retirement for full-time general employees occurs at age 55 and completion of ten years of credited service. Members become vested 100% in their accrued benefit after ten years of credited service. Additional provisions for early retirement, delayed retirement, and disability benefits are

Notes to Basic Financial Statements

**NOTE 12 – RETIREMENT PLANS (CONTINUED)**

described in City Ordinance 492. Retirement benefits are paid monthly equal to 3.0% of average final compensation times credited service.

All City full-time police officers and firefighters are eligible to participate in the system. Members qualify for normal retirement when they have obtained ten years of credited service and have reached the age of 55 or 25 years of service at any age. Retirement benefit payment is based on average final compensation times credited service. Benefits fully vest after ten years of credited service. Vested employees may retire before qualifying for normal retirement and receive reduced retirement benefits. The system also provides disability and survivor benefits. Benefits are paid monthly equal to 3.5% of average final compensation times credited service.

***Funding Policy***

Eligibility consists of all members of the system at the adoption date of the plan, May 14, 1991, for general employees and August 14, 1973, for police officers and firefighters, and all new City employees as a condition of employment.

***Contribution Obligations***

Members contribute five percent of their pretax earnings which are deposited monthly to the trust. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over thirty years. The State of Florida contributes any monies received by reason of the laws of the State for the purpose of funding and paying for retirement benefits.

The City made annual required contributions of \$138,131 to the firefighters plan, \$179,787 to the police officers plan, and \$596,862 to the general employees plan during the year ended September 30, 2009. The annual covered payroll for the year was \$680,452 for the firefighters, \$1,007,880 for the police officers, and \$3,115,544 for the general employees.

Other donations, gifts and contributions from sources other than the City may be deposited to the fund. Such deposits, at the discretion of the board, may be accounted for separately and kept on a segregated bookkeeping basis. Funds arising from these sources may be used for additional benefits for members, as determined by the board.

***Financial Report***

A publicly available actuarial valuation on each plan that includes required financial information may be obtained by contacting the City of Lynn Haven, 825 Ohio Avenue, Lynn Haven, Florida 32444 or by calling (850) 265-2121.

City of Lynn Haven, Florida

Notes to Basic Financial Statements

NOTE 12 – RETIREMENT PLANS (CONTINUED)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
Police						
10/01/09	\$ 4,261,597	\$ 4,469,756	\$ 208,159	95.34%	\$ 1,007,880	20.65%
10/01/08	3,954,920	4,134,243	179,323	95.66%	959,234	18.69%
10/01/07	3,476,799	3,824,983	348,184	90.90%	1,040,239	33.47%
Firefighters						
10/01/09	2,915,936	2,939,176	23,240	99.21%	680,452	3.42%
10/01/08	2,636,204	2,635,569	(635)	100.02%	725,336	-.09%
10/01/07	2,350,056	2,365,203	15,147	99.36%	669,117	2.26%
General Employees						
10/01/09	7,860,208	11,113,243	3,253,035	70.73%	3,115,544	104.41%
10/01/08	7,121,683	9,897,681	2,775,999	71.95%	3,096,226	89.66%
10/01/07	6,187,875	8,903,680	2,715,805	69.50%	2,947,223	92.15%

Schedule of Contributions from Employer and Other Contributing Entities

Year Ended September 30,	Annual Required Contribution	City Contribution	State Contribution	Percentage Contributed
Police				
2009	\$ 263,348	\$ 179,787	\$ 90,227	102.53%
2008	302,820	221,877	90,227	103.07%
2007	241,037	156,014	85,688	100.28%
Firefighters				
2009	180,044	138,131	42,089	100.10%
2008	159,278	117,398	42,089	100.13%
2007	165,822	123,953	42,089	100.13%
General Employees				
2009	595,970	596,862	-	100.15%
2008	546,656	551,554	-	100.90%
2007	535,001	535,560	-	100.10%

City of Lynn Haven, Florida

Notes to Basic Financial Statements

NOTE 12 – RETIREMENT PLANS (CONTINUED)

*Three Year Trend Information*

The City’s annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the pension plans for the three preceding years were as follows:

	For the Fiscal Year	Annual Required Contribution	Percentage of Actuarial Determined Contribution	Net Pension Obligation
Police officers	9/30/09	\$ 263,348	100%	\$ (20,909)
	9/30/08	302,820	103%	(14,401)
	9/30/07	241,037	100%	(5,174)
Firefighters	9/30/09	180,044	100%	(710)
	9/30/08	159,278	100%	(540)
	9/30/07	165,822	100%	(334)
General employees	9/30/09	595,570	100%	(10,955)
	9/30/08	546,656	100%	(10,175)
	9/30/07	535,001	100%	(5,335)

**Components of Net Pension Obligation**

	Police	Firefighters	General Employees
Actuarially determined contribution (A)	\$ 173,121	\$ 137,955	\$ 595,970
Interest on NPO	(1,152)	(43)	(814)
Adjustment to (A)	1,310	49	926
Annual pension cost	173,279	137,961	596,082
Contributions made	179,787	138,131	596,862
Increase in NPO	(6,508)	(170)	(780)
NPO - beginning of year	(14,401)	(540)	(10,175)
NOP -end of year	\$ (20,909)	\$ (710)	\$ (10,955)

Notes to Basic Financial Statements

NOTE 12 – RETIREMENT PLANS (CONTINUED)

Annual Pension Costs and Related Information			
	Police	Firefighters	General Employees
Required contribution rates as of 09/30/09			
City	15.9%	19.7%	18.8%
Plan members	5.0%	5.0%	5.0%
Actuarially determined contribution	173,121	137,955	595,970
Contributions made	179,787	138,131	596,862
Actuarial valuation date	10/1/2007	10/1/2007	10/1/2007
Actuarial cost method	Frozen entry age	Frozen entry age	Entry age normal
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Remaining amortization period	20 years (as of 10/01/2009)	21 years (as of 10/01/2009)	25 years (as of 10/01/2009)
Asset valuation method	4 year smooth	4 year smooth	4 year smooth
Actuarial assumptions			
Investment rate of return	8.0%	8.0%	8.0%
Projected salary increase*	6.5%	6.5%	6.0%
* Includes inflation at	3.0%	3.0%	3.0%
Post retirement COLA	0.0%	0.0%	0.0%

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims in the past three years have not exceeded the coverage.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

An error in the salaries accrued at September 30, 2008 resulted in an understatement of salaries expense in the amount of \$28,337 for the year then ended. The statement of net assets shows a decrease in the beginning net assets in order to correct the prior year error as follows:

General	\$	21,591
Water		2,345
Sewer		1,855
Storm water		862
Sanitation		1,684
Total	\$	28,337

## Combining Statements

City of Lynn Haven, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2009

	Community Redevelopment	Debt Service	Other Governmental Funds Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,023,141	\$ 107,681	\$ 1,130,822
<b>Total assets</b>	<b>\$ 1,023,141</b>	<b>\$ 107,681</b>	<b>\$ 1,130,822</b>
<b>Liabilities and fund balances</b>			
Liabilities			
Accrued salaries	\$ 1,209	\$ -	\$ 1,209
<b>Total liabilities</b>	<b>1,209</b>	<b>-</b>	<b>1,209</b>
Fund balances			
Unreserved	1,021,932	107,681	1,129,613
<b>Total liabilities and fund balances</b>	<b>\$ 1,023,141</b>	<b>\$ 107,681</b>	<b>\$ 1,130,822</b>

City of Lynn Haven, Florida  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended September 30,2009

	<b>Community Redevelopment</b>	<b>Debt Service</b>	<b>Other Governmental Funds Total</b>
<b>Revenues</b>			
Taxes			
Property taxes	\$ 331,758	\$ -	\$ 331,758
Interest	5,740	815	6,555
<b>Total revenues</b>	<b>337,498</b>	<b>815</b>	<b>338,313</b>
<b>Expenditures</b>			
Current			
Development and planning	58,174	-	58,174
Debt service			
Principal	-	265,716	265,716
Interest and fiscal charges	-	169,393	169,393
<b>Total expenditures</b>	<b>58,174</b>	<b>435,109</b>	<b>493,283</b>
Excess (deficiency) of revenues over (under) expenditures	279,324	(434,294)	(154,970)
<b>Other financing sources (uses)</b>			
Transfers in	-	435,722	435,722
Net other financing sources (uses)	-	435,722	435,722
<b>Net changes in fund balances</b>	<b>279,324</b>	<b>1,428</b>	<b>280,752</b>
<b>Fund balances - beginning</b>	<b>742,608</b>	<b>106,253</b>	<b>848,861</b>
<b>Fund balances - ending</b>	<b>\$ 1,021,932</b>	<b>\$ 107,681</b>	<b>\$ 1,129,613</b>

City of Lynn Haven, Florida  
Combining Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2009

	<b>Firefighters Relief and Pension Trust Fund</b>	<b>Police Officers Pension Trust Fund</b>	<b>General Employees Pension Trust Fund</b>	<b>Total</b>
<b>Assets</b>				
Investment savings	\$ 2,662,696	\$ 3,965,629	\$ 7,081,346	\$ 13,709,671
Total assets	2,662,696	3,965,629	7,081,346	13,709,671
<b>Liabilities</b>				
Total liabilities	-	-	-	-
<b>Net assets</b>				
Held in trust for pension benefits	\$ 2,662,696	\$ 3,965,629	\$ 7,081,346	\$ 13,709,671

City of Lynn Haven, Florida  
Combining Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended September 30, 2009

	<b>Firefighters Relief and Pension Trust Fund</b>	<b>Police Officers Pension Trust Fund</b>	<b>General Employees Pension Trust Fund</b>	<b>Total</b>
<b>Additions</b>				
Contributions				
Employer	\$ 138,131	\$ 179,787	\$ 596,862	\$ 914,780
Plan members	35,807	50,632	160,598	247,037
State	123,823	200,219	-	324,042
Settlements	694	124	94	912
<b>Total contributions</b>	<b>298,455</b>	<b>430,762</b>	<b>757,554</b>	<b>1,486,771</b>
Investment income				
Net increase in fair value of investments	54,459	33,702	49,445	137,606
Interest	42,375	895	1,062	44,332
Dividends	30,467	113,204	204,382	348,053
	127,301	147,801	254,889	529,991
Less investment expenses				
Professional fees	28,089	24,640	28,768	81,497
Bank charges	8,112	3,796	4,085	15,993
<b>Net investment earnings</b>	<b>91,100</b>	<b>119,365</b>	<b>222,036</b>	<b>432,501</b>
<b>Total additions</b>	<b>389,555</b>	<b>550,127</b>	<b>979,590</b>	<b>1,919,272</b>
<b>Deductions</b>				
Benefits	10,941	31,240	119,871	162,052
Refunds of contributions	-	10,677	33,678	44,355
<b>Total deductions</b>	<b>10,941</b>	<b>41,917</b>	<b>153,549</b>	<b>206,407</b>
<b>Change in net assets</b>	<b>378,614</b>	<b>508,210</b>	<b>826,041</b>	<b>1,712,865</b>
Net assets held in trust for pension benefits				
<b>Net assets - beginning</b>	<b>2,284,082</b>	<b>3,457,419</b>	<b>6,255,305</b>	<b>11,996,806</b>
<b>Net assets - ending</b>	<b>\$ 2,662,696</b>	<b>\$ 3,965,629</b>	<b>\$ 7,081,346</b>	<b>\$ 13,709,671</b>

## Compliance Section

## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members  
of the City Commission  
City of Lynn Haven, Florida

We have audited the financial statements of the City of Lynn Haven, Florida, as of and for the fiscal year ended September 30, 2009, and have issued our report thereon dated January 25, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our independent auditor's report on internal control over financial reporting and compliance and other matters, independent auditor's report on compliance with requirements applicable to each major program and on internal control over compliance, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated January 25, 2010, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit 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 of Lynn Haven, Florida 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 laws, regulations, contracts, grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts, grant agreements, or abuse that have occurred, or are likely to have

occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, or instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

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. The City of Lynn Haven, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685, Sec. 5). There is one component unit of the reporting entity as defined in publications cited in Rule 10.553. The Lynn Haven Community Redevelopment Agency is operated by the City. The Agency was created on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government 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 of Lynn Haven, Florida did not meet any of the conditions described in Section 218.503(1), 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 of Lynn Haven, Florida for the fiscal year ended September 30, 2009, filed with the 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, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(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 the 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 City of Lynn Haven, Florida's management, the City Commission, certain regulatory agencies, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

January 25, 2010

**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 Lynn Haven, 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 Lynn Haven, Florida as of and for the year ended September 30, 2009, which collectively comprise the City of Lynn Haven, Florida's basic financial statements and have issued our report thereon dated January 25, 2010. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered City of Lynn Haven, Florida'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 of Lynn Haven, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Lynn Haven, Florida's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Lynn Haven, Florida's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lynn Haven, Florida's financial statements that is more than inconsequential will not be prevented or detected by the City of Lynn Haven, Florida's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lynn Haven, Florida's internal control.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lynn Haven, Florida'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*.

This report is intended solely for the information and use of management, the City Commission, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Caru, Riggs & Ingram, L.L.C.*

January 25, 2010

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and Members  
of the City Commission  
City of Lynn Haven, Florida

### Compliance

We have audited the compliance of the City of Lynn Haven, Florida with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Lynn Haven, Florida's major federal programs are identified in the summary of auditor's 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 federal programs is the responsibility of the City of Lynn Haven, Florida's management. Our responsibility is to express an opinion on the City of Lynn Haven, Florida'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lynn Haven, Florida'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 of Lynn Haven, Florida's compliance with those requirements.

In our opinion, the City of Lynn Haven, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

### Internal Control Over Compliance

The management of the City of Lynn Haven, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lynn Haven, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Lynn Haven, Florida's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a major federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a major federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 the Mayor, the City Commission, management, and appropriate federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Carver, Riggs & Ingram, L.L.C.*

January 25, 2010

City of Lynn Haven, Florida  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2009

Federal Awards Programs	CFDA No.	Contract/ Grant Number	Expenditures
U. S. Department of the Interior Passed through the U.S. Fish and Wildlife Conservation Commission			
Conservation Grants Private Stewardship for Imperiled Species	15.632	401814G073	\$ 6,028
Total U.S. Department of Interior			6,028
U.S. Department of Justice Passed through the State of Florida Department of Law Enforcement			
Edward Byrnes Memorial Justice Assistance Grant - 2009	16.738	2009-JAGD-BAY-2-T8-002	1,464
Edward Byrnes Memorial Justice Assistance Grant - 2009	16.738	2009-JAGC-BAY-1-T7-045	3,801
Edward Byrnes Memorial Justice Assistance Grant - 2008	16.738	2008-JAGC-BAY-1-Q9-038	6,833
Total U.S. Department of Justice			12,098
U.S. Department of Homeland Security Passed through the State of Florida Department of Community Affairs			
Repetitive Flood Claims	97.092	08-RF-24-01-13-02-138	216,674
Repetitive Flood Claims	97.092	09-RF-41-08-62-02-072	225,251
Repetitive Flood Claims	97.092	09-RF-41-01-13-02-071	284,412
Repetitive Flood Claims	97.092	09-RF-EO-01-13-02-076	180,000
Total U.S. Department of Homeland Security			906,337
Total expenditures of federal awards			\$ 924,463

Note:

(1) The schedule of expenditures of federal awards was prepared on the modified accrual basis of  
accrual basis of accounting.



City of Lynn Haven, Florida  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended September 30, 2009

**Section II - Financial Statement Findings**

There were no financial statement findings.

**Section III - Federal Awards/Financial Assistance Findings**

There were no findings.

**Section IV - Other Issues**

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to major federal programs.