



CITY OF LONGWOOD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**CITY OF LONGWOOD,
FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

Prepared by:

Department of Financial Services

CITY OF LONGWOOD, FLORIDA

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INTRODUCTORY SECTION



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CITY OF LONGWOOD

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May 24, 2016

Honorable Mayor,
Members of the City Commission and
Citizens of the City of Longwood, Florida:

Pursuant to City Charter, in accordance with State law and the Rules of the Florida Auditor General, all general purpose local governments are required to publish within twelve months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP), and that these statements be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Commensurate with these requirements, we are pleased to present for your review and consideration the City of Longwood, Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015.

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

McDermitt Davis & Company, LLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2015, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2015, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.



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The organization, form and content of this report, plus the accompanying financial statements and statistical tables, are formulated in accordance with the principles prescribed by the Governmental Accounting Standards Board, State of Florida, and the Government Finance Officers Association.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Longwood, a municipality incorporated under Florida law in 1923, is located in Central Florida and is part of the greater Orlando metropolitan area. The City encompasses six (6) square miles with an estimated population of 13,741. Longwood is one (1) of seven (7) municipal governments within Seminole County. The City provides a traditional mix of services, including police and fire protection; construction and maintenance of highways, streets and other infrastructure; and recreational programs and events. Water and wastewater service is also provided to certain areas within the City, and sanitation services are provided to residential customers.

The City of Longwood operates under the Commission-Manager form of government. Policy-making and legislative authority are vested in the City Commission, consisting of five (5) City Commissioners, one (1) of whom is selected by the Commission to serve as Mayor on an annual basis. The City Commission is responsible for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Commission is elected on a non-partisan basis by district and serves three-year (3) staggered terms. The City Manager is responsible for carrying out the policies established by the City Commission, overseeing the day-to-day operations of the City and appointing the executive staff.

The annual budget serves as the foundation for the City's financial planning and control. Executive staff is required to submit their budget requests to the City Manager, who then uses these requests as the starting point for developing a proposed budget. The City Manager is required by the City Charter to present the proposed budget to the City Commission prior to August 1. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30, the close of the City's fiscal year.



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The appropriated budget is prepared by fund, department and program. The City Manager may make transfers of appropriations between line items within a single program. Any other budget transfers or amendments must be adopted by ordinance or resolution by the City Commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on pages 24 – 25, as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated budgets, this comparison is presented in various sections, depending upon whether the fund is considered major or non-major.

Local Economy

In the 1950's, the City began transitioning from a “bedroom” community to a mixed retail and employment center with established neighborhoods. Today, with a population of 13,741, residents support employment centers in Seminole and Orange Counties. Although many City residents commute to Orlando and other nearby locations for employment, Longwood has a strong economic base of its own with 1,786 businesses that employ 15,470 individuals.

Top Longwood employers include South Seminole Hospital (964 employees), United Parcel Service (506 employees) and D & A Building Services (274 employees). The City's unemployment rate for 2015 is estimated at 4.1% which compares favorably to the State's rate of 5.5%. The median age in the city is 43.1 with more than 18.5% of the population holding a college degree. We believe the aforementioned statistics provide for a young, diverse and well educated workforce offering great opportunities for recruitment and training to those companies considering economic expansion within our community.

Long-term Financial Planning

Despite the formidable challenges that the economy faced during the recession, the City's financial condition is good. Total fund balance in the general fund represents twenty-nine (29) percent of general fund expenditures while unassigned fund balance represents nineteen (19) percent of that same amount, all of which fall within the Government Finance Officers Association best practice guidelines.



CITY OF LONGWOOD

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For future fiscal years, our continued focus will be on developing financial strategies for cost savings and improving operating efficiency while maintaining the existing level of services the City provides.

The City of Longwood updated and adopted a five year Capital Improvements Plan (CIP) on September 29, 2014 for fiscal years 2015-16 through 2019-20. The CIP is a multi-year prioritized schedule of improvements that lists each capital improvement by the year it is intended to be purchased or commenced; the amount to be spent each year; and the method of financing such improvement. Each year during the annual budget process the CIP is reviewed to ensure incorporation of all necessary capital improvements. It should be noted however, that the CIP is not a fixed document but a flexible, dynamic document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Major Initiatives

In an effort to promote SunRail and the alternative forms of transportation that will make SunRail a success, the City has been actively seeking to improve bicycle, pedestrian and transit options in the city. The City is actively seeking funding to implement a Bicycle and Pedestrian Master Plan and has passed a Complete Streets Policy aimed at making sure that the development and maintenance of all City and private roads consider including facilities that accommodate all modes of transportation.

In recognition of Longwood's desirability as a great place to start a business, the City Commission adopted a Microenterprise Revolving Loan Program. The City has partnered with Fairwinds Credit Union to assist with the administration of the program. The Program is designed to assist the development and sustainability of the micro-business by partnering with organizations providing training and business development while being a source for funds for businesses that may have a difficult time obtaining conventional financing. The Program has been designed to provide small businesses located within the City of Longwood a borrowing option. A micro-enterprise is defined as a company comprised of 5 full time employees or fewer including the owner. Loans range from \$500 to \$10,000 and the applicant's business must be licensed in the City of Longwood. When submitting an application the business owner must attach a detailed business plan and be willing to work with organizations such as the Small Business Development Center.

In an effort to compliment the City's successful energy efficiency rebate program (REEP), and expand the City's commitment to resource conservation, the City has established a rebate program to encourage residents and businesses to conserve water. The Water Conservation



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Rebate Program provides rebates of \$50 to \$150 for Longwood residents and businesses to install water conserving plumbing fixtures and irrigation controls.

The City has also approved a number of new development projects of note:

- **Weston Park Apartments.** Weston Park Apartments opened in late 2015 with 208 apartment units located immediately adjacent to the SunRail station. The project represents a more than \$20 million investment in the City of Longwood as was the result of a public-private partnership involving a cooperative effort between the City, developer, FDOT, and Seminole County. The project is at 40% occupancy.
- **Heritage Village Commons.** Heritage Village Commons opened in early 2016 with 123 senior apartment units near the City's SunRail station. The project is at 100% occupancy.
- **Grant Street Townhomes.** AVEX Homes is currently finishing the site work for Grant Street Townhomes, a 27-unit townhome subdivision near the intersection of SR 434 and Grant St. AVEX has met with staff and will be submitting a Phase 2, consisting of 33 townhomes.
- **Longwood Station.** Maronda Homes has completed the construction of 20 homes as part of the Longwood Station subdivision, an infill development project that benefits from its location near the SunRail station.

The Police Department maintains its Crisis Incident Stress Management team comprised of employees trained in critical incident stress intervention. These members have been assigned to the Seminole County Office of Emergency Management Peer Support / Crisis Incident Stress Management Team comprised of a multi-disciplinary representation. This team is not only available to the public safety departments within the city (Police and Fire), but is also available to each and every city employee both professionally and personally. This resource is available free of charge and will benefit all employees with their physical, mental and emotional health, as needed.

The Police Department with the Citizens on Patrol Program continue to coordinate the annual Longwood Christmas parade. The public and private partnerships developed within the City of Longwood has made this parade a success, and it has been well received by the citizens, businesses and faith-based organizations within Longwood. There were over 100 entries in the parade, and it was a successful endeavor bringing unity within our community. We are pleased to have the opportunity to continue this wonderful event on an annual basis.

Additionally, the Police Department with Citizens on Patrol continue to develop an Auxiliary Citizens on Patrol program to support the Citizens on Patrol with logistical support of police department operations as well as city-sponsored events and initiatives. The combined programs are nearly 40 members strong and are a wonderful representation of stakeholders within the



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Longwood community coming together and giving back volunteer time to the city in which they live, work, and play.

The Police Department will soon deploy an automated external defibrillator (A.E.D.) in every patrol vehicle. An A.E.D. is a portable electronic device which automatically diagnoses the life-threatening cardiac arrhythmias of ventricular fibrillation and ventricular tachycardia in a patient. It then is able to treat them through defibrillation which is the application of electrical therapy which stops the arrhythmia; allowing the heart to re-establish an effective rhythm. With basic audio and visual commands, AEDs are designed to be simple to use and will allow first responding officers an additional tool for basic life support. This was made possible due to the award of a grant secured from Firehouse Subs Public Safety Foundation.

The Longwood Fire Department has had several accomplishments over the past year. Reorganization of the Command Staff positions has permitted the creation of a Deputy Chief position. The primary responsibilities of the Deputy Chief will include training, standard of care, quality control, and EMS (Emergency Management System) reporting. Another accomplishment is the updating and revision of the C.E.M.P. (Comprehensive Emergency Management Plan). The C.E.M.P. outlines the procedures to take place within the city following the ICS (Incident Command System) model during times of disaster. And lastly we partnered with the Red Cross to install Smoke Alarms in our community. This was part of a nationwide Red Cross campaign to reduce the number of fire deaths and injuries in the U.S. by 25% within five years. With the assistance of the Red Cross and over 100 volunteers we were able to install 148 Smoke Alarms in about 4 hours helping to protect our citizens.

The Public Works Department completed a variety of citywide projects. The Public Utility Water Division finalized the water main replacement project on SR 434 between Rangeline Road and 1200 W SR 434. This project was done in conjunction with the SR 434 road widening. Additionally, the final construction of the Palmetto Avenue Sewer System project was completed providing the City with sewer availability to the homes located on Palmetto Avenue between Credo Street and Wayman Street as well as the lots on Palmetto between Grant Street and Credo Street that was not included in the Maronda Homes development. This also provided a significant cost savings to the City and future sewer connections as well as 19 new single family residential homes. Also completed is the Phase (I) portion of the Skylark Asbestos Cement Water Main Replacement project and Phase (II) of the project is in progress. In addition to the PVC water main replacement portion of this project, a new water main extension was constructed across US 17/92 at Raven Avenue and Shepard Road allowing access of the potable water distribution system extension within the City of Winter Springs Right of Way. The Water Meter Replacement Program continues with the replacement and assessments of residential water meters citywide. Construction of the electrical improvements at Water Treatment Plant #2 including Well 5B have been completed and the new emergency generator was installed. USSI, LLC has performed the work consisting of smoke testing the WW system and repaired defective



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areas identified using either plugs or sealing material. Finally, an upgrade to the Historic District lift stations was constructed to accommodate the additional flow from Florida Government Utility Authority and TOD (Transit Oriented Development).

The City's Public Works Street and Stormwater divisions have completed the installation of new drainage at Chelsea Road and Harbour Isle Drive including installation of new baffle boxes in the Devonshire Subdivision. Additionally the Pavement Management Program Assessment Study provides the City with necessary benefit and value allowing the City to better manage its roadway system. Roadway construction agreements are in place and ready for citywide roadway improvements. Church Avenue design was completed and construction bid process is in progress. Accommodating roadway improvements, multiple citywide sidewalks have been replaced and/or repaired as well. Other accomplishments include installation of a new sluice gate on Rangeline Road allowing for improved water level flow during rain events. Relocation of the drainage system at 800 and 804 Raven Avenue as part of the Skylark project, was successfully completed and no longer is water restriction an issue. Additionally, in part with the Weston Park development, construction of a new TOD Stormwater Pond was completed, aiding in an important role with keeping the City compliant with stormwater regulations established by the Environmental Protection Agency. Currently the City is in compliance with the NPDES MS4 permit for discharge of stormwater from Municipal Separate Storm Sewer Systems.

A major initiative for the Leisure Services Department continued to be working towards the conclusion of Reiter Park's development. In the 2015 fiscal year, we received approval from the City Commission to complete a final master plan for the park. Following this completed plan, we received a proposal from Dix Hite & Partners to develop construction drawings for the Reiter Park development and improvements as established in the approved Conceptual Master Plan. Leisure Services has applied for a third Land Water Conservation Fund (LWCF) Grant and is also collaborating with Habitat for Humanity to secure an Art Place grant that could bring in as much as \$250,000. To date, the City has been awarded 2 LWCF Grants, a Cultural Facilities Grant and a Recreation Trails Program Grant. These grants will assist in the completion of an amphitheater, bathrooms, trails, a splash pad, parking and more.

Another major initiative for the Leisure Services Department was to apply for and obtain two Florida Recreation Development Assistance Program (FRDAP) grants totaling \$100,000.00. We recently received notification from the state that the City will be receiving the full \$100,000.00 with no match needed! These funds will be used for necessary field renovations at Candyland Park as well as the replacement of all of our current scoreboards.



CITY OF LONGWOOD

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Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Longwood for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the nineteenth year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Accounting Principles Generally Accepted in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this Comprehensive Annual Financial Report on a timely basis was made possible through the efficient, dedicated and professional efforts of everyone in the Financial Services Department. The significant amount of year-end closing procedures required prior to the audit could not have been accomplished without much hard work and personal sacrifice. Appreciation must also be expressed to the City's auditors, McDirmit, Davis, & Company, LLC, whose suggestions and attention to detail enhanced the quality of this report.

Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year.

In closing, special thanks go to the Mayor and Commission for their unfailing support for maintaining the highest standards of professionalism in the management of Longwood's finances.

Respectfully submitted,

Jon C. Williams
City Manager

Lisa Snead,
Director of Financial Services



Government Finance Officers Association

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

Presented to

**City of Longwood
Florida**

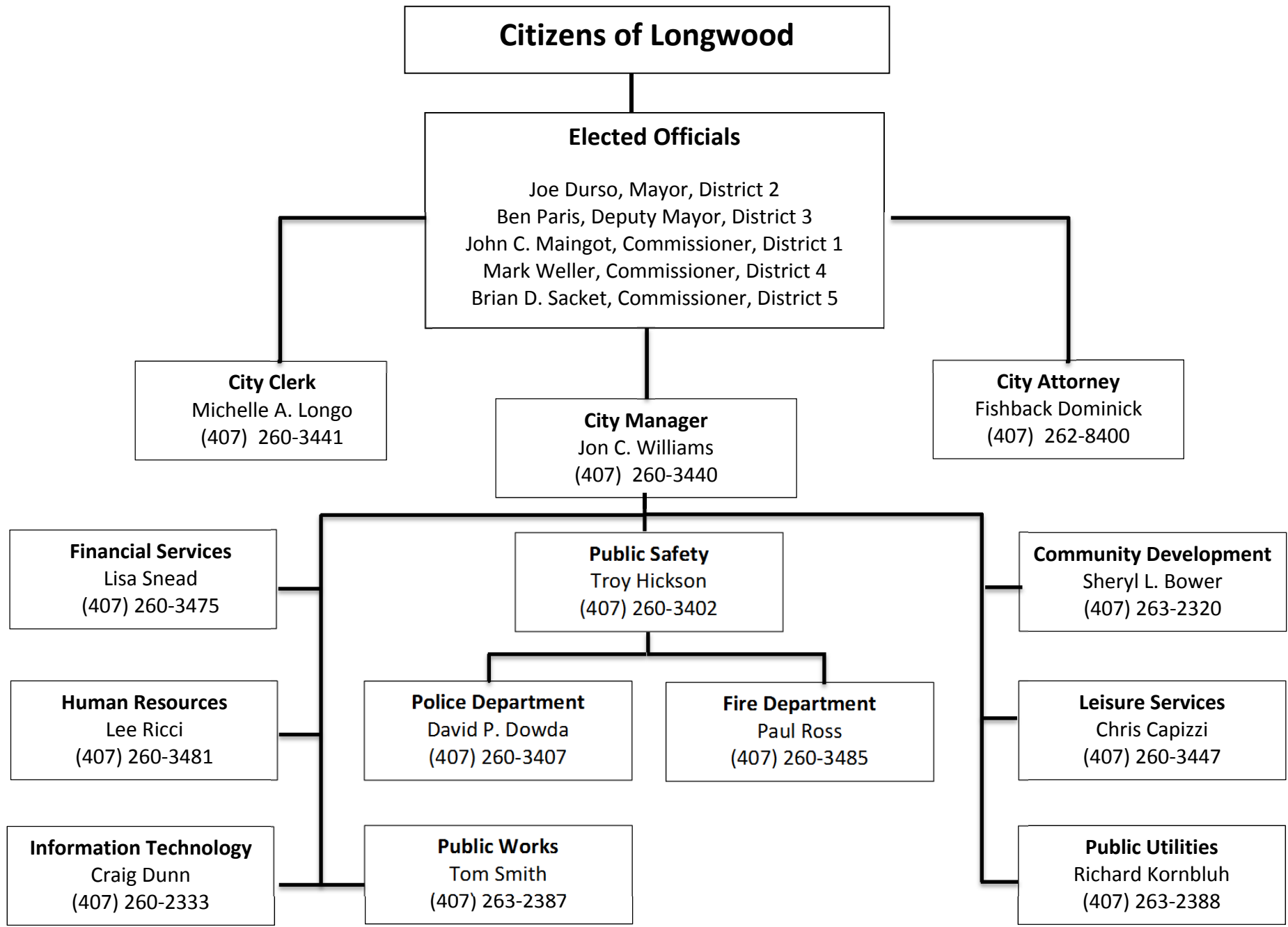
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF LONGWOOD, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2015**

MAYOR	Joe Durso
DEPUTY MAYOR	Ben Paris
COMMISSIONER	Brian D. Sackett
COMMISSIONER	John C. Maingot
COMMISSIONER	Mark Weller
CITY MANAGER	Jon C. Williams
CITY ATTORNEY	Daniel Langley
CITY CLERK	Michelle Longo
POLICE CHIEF	Troy K. Hickson
FIRE CHIEF	William M. Gulbrandsen
DIRECTOR OF FINANCIAL SERVICES	Lisa Snead
DIRECTOR OF COMMUNITY DEVELOPMENT	Sheryl L. Bower
DIRECTOR OF HUMAN RESOURCES	Lee Ricci
DIRECTOR OF LEISURE SERVICES	Chris Capizzi
DIRECTOR OF INFORMATION TECHNOLOGY	Craig Dunn
UTILITIES DIVISION MANAGER	Richard Kornbluh
STREETS AND FLEET DIVISION MANAGER	Tom Smith





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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Longwood, Florida* (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position, where applicable, cash flows, thereof and the respective budgetary comparison for the general fund, special assessment fund, and the grants fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS & COMPANY, LLC

934 North Magnolia Avenue, Suite 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit information on pages 3 through 15 and 73 through 77, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McDiernit Davis & Company, LLC

Orlando, Florida
May 24, 2016

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015**

The City of Longwood, Florida's (the City) management's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 16).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2015 by \$59,586,150 (net position). Of this amount, \$10,210,124 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As a result of the current year's activities, the City's total net position increased by \$923,667 or 1.5%. The implementation of GASB 68 required a restatement of net position to reflect past net pension liability. The net effect of this restatement is a decrease of net position of \$224,177.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$7,977,689, an increase of \$10,084. Approximately 32.4% of this total amount, \$2,586,541, is available for spending at the City's discretion (unassigned fund balance).
- At the close of the most recent fiscal year, unassigned fund balance for the general fund was \$2,767,326 or 19% of total general fund expenditures.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by \$476,010 or 4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the City's accountability.

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

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities and deferred inflows/outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or declining.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, physical environment, highway and streets, sanitation and parks and recreation. The business-type activities of the City include a Public Utilities system.

The government-wide financial statements include only the City itself (known as the primary government). There are no component units. The Public Utilities system functions as a department of the City, and therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements

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

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

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds (continued). Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for all governmental funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Public Facilities Improvement Fund, the Special Assessments Fund, the Grants Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report, immediately following the Notes to the Financial Statements.

The basic governmental fund financial statements can be found on pages 18-27 of this report.

Proprietary funds. The City maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Public Utilities system.

The basic proprietary fund financial statements can be found on pages 28-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-72 of this report.

Required Supplementary Information (RSI). RSI can be found on pages 73-77 of this report.

Other Information. The budget schedules for the two major capital projects funds are on pages 78-79 after the RSI. The combining statements referred to earlier in connection with nonmajor governmental funds are presented after this. Combining and individual nonmajor governmental fund statements and schedules can be found on pages 80-85 of this report.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$59,586,150 at the close of the most recent fiscal year.

Over half (\$49,185,474 or 82.5%) of the City's net position reflect its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position \$190,552 (or .3%) represents resources that are subject to external restrictions on how they may be used. Assets restricted include the Special Law Enforcement Trust Fund.

Unrestricted net position (\$10,210,124 or 17.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2015, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The following table reflects the condensed Statement of Net Position for the current and prior year. For more detail see the Statement of Net Position on page 16.

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**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Longwood, Florida
Statement of Net Position
As of September 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$13,706,636	\$ 9,677,082	\$ 3,668,220	\$ 2,811,549	\$17,374,856	\$12,488,631
Capital assets	36,361,851	35,965,478	14,402,126	14,756,347	50,763,977	50,721,825
Total assets	50,068,487	45,642,560	18,070,346	17,567,896	68,138,833	63,210,456
Deferred Outflows of Resources						
Deferred outflow of pension earnings	1,070,262	-	27,822	-	1,098,084	-
Liabilities:						
Current liabilities	2,160,245	1,195,750	198,901	186,150	2,359,146	1,381,900
Long-term liabilities	4,170,637	2,574,262	450,269	93,377	4,620,906	2,667,639
Other liabilities	-	-	286,498	274,258	286,498	274,258
Total liabilities	6,330,882	3,770,012	935,668	553,785	7,266,550	4,323,797
Deferred Inflows of Resources						
Deferred inflow of pension earnings	2,277,884	-	106,333	-	2,384,217	-
Net Position:						
Net investment in capital assets	34,957,346	34,533,655	14,228,128	14,756,347	49,185,474	49,290,002
Restricted for:						
Special law enforcement	190,552	205,725	-	-	190,552	205,725
Unrestricted	7,382,085	7,133,169	2,828,039	2,257,764	10,210,124	9,390,933
Total net position	\$42,529,983	\$41,872,549	\$17,056,167	\$17,014,111	\$59,586,150	\$58,886,660

Statement of Changes in Net Position. The table on page 9 reflects the Statement of Changes in Net Position for the current and prior year. For more detailed information see the Statement of Activities on page 17.

Note that the City's net position increased by \$699,490 or 1.2% in fiscal year 2015. The previous fiscal year, 2014, net position increased by \$449,673 or .8%.

Governmental activities increased net position by \$657,434 in fiscal year 2015 compared to an increase of \$441,781 in 2014. The increase in 2015 is due to more revenue, including charges for services and capital grants. Both revenue and expenses for governmental activities increased approximately 4% in 2015.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type activities increased net position by \$42,056 in fiscal year 2015 compared to a increase of \$7,891 in 2014. This is primarily the result of an increase in charges for services, as well as increase in capital grants and contributions. Revenue in business-type activities increased almost 22% while expenses only increased 8%. This revenue was earned water and sewer impact fees recognized from the agreement the City signed with Heritage Village at Longwood, LTD.

Following the Changes in Net Position table is a series of bar and pie charts that relay in pictorial form the revenues and expenses for each of the governmental and business-type activities as well as the revenue 'source' for each.

Additional information regarding the changes in fund balances of the governmental and business-type activities can be found in the section entitled **Financial Analysis of Government's Fund's** on page 12.

Note that the first graph depicts governmental program-specific revenues and expenses. For this graph the revenue does not include property taxes, franchise and utility taxes, communication services tax, intergovernmental revenue, investment earnings or miscellaneous revenue. This chart is intended to show the amount of program expenses funded by specific program revenues.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

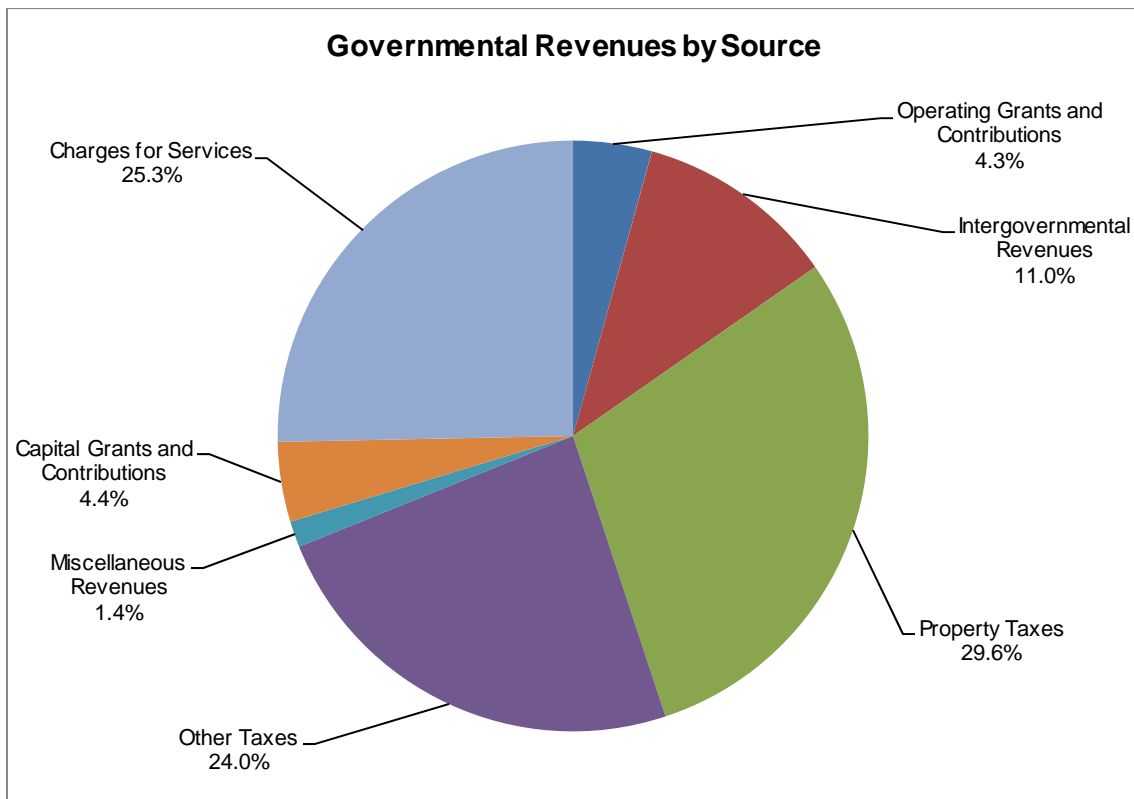
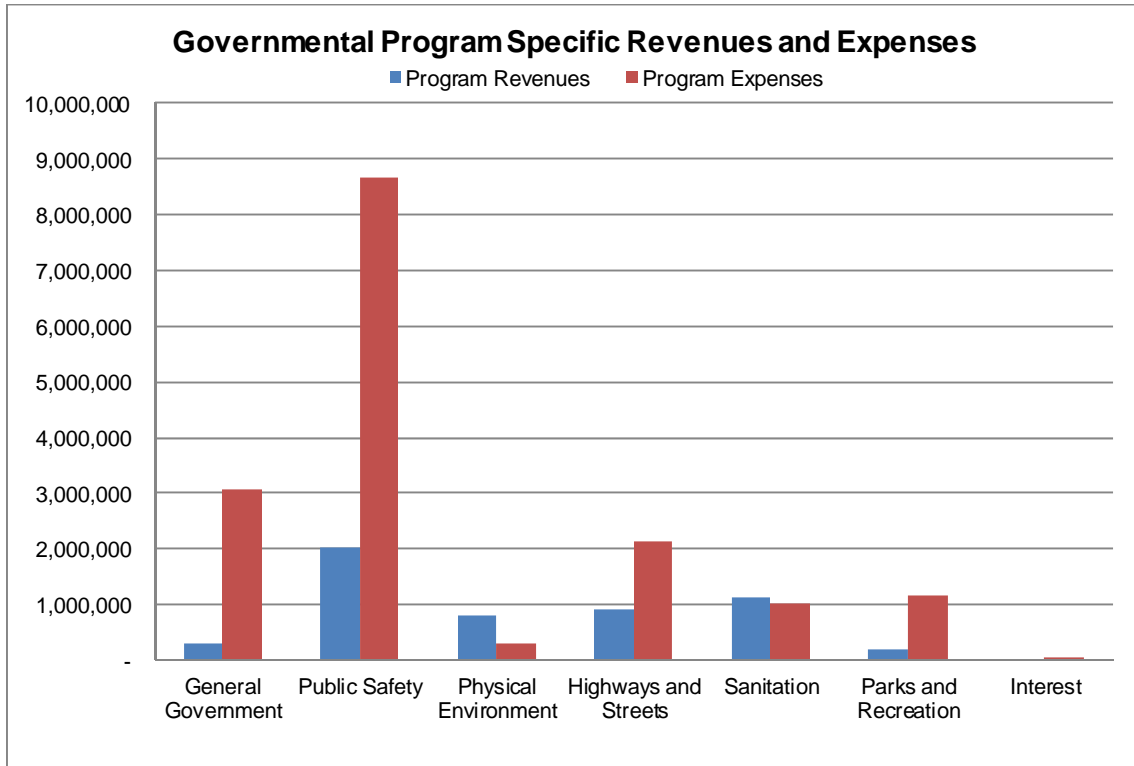
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Longwood, Florida
Changes in Net Position
For the Year Ended September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 3,969,948	\$ 3,692,902	\$ 3,685,025	\$ 3,313,553	\$ 7,654,973	\$ 7,006,455
Operating grants and contributions	675,715	1,003,003	-	-	675,715	1,003,003
Capital grants and contributions	686,452	31,832	547,800	185,000	1,234,252	216,832
General revenues:						
Property taxes	4,645,364	4,573,073	-	-	4,645,364	4,573,073
Other taxes	3,755,921	3,814,637	-	-	3,755,921	3,814,637
Other	1,948,275	1,958,131	48,354	22,104	1,996,629	1,980,235
Total revenues	<u>15,681,675</u>	<u>15,073,578</u>	<u>4,281,179</u>	<u>3,520,657</u>	<u>19,962,854</u>	<u>18,594,235</u>
Expenses:						
General government	3,066,343	3,008,997	-	-	3,066,343	3,008,997
Public safety	8,678,434	8,280,146	-	-	8,678,434	8,280,146
Physical environment	289,197	251,926	-	-	289,197	251,926
Highways and streets	2,137,821	2,231,005	-	-	2,137,821	2,231,005
Sanitation	1,027,109	1,023,932	-	-	1,027,109	1,023,932
Parks and recreation	1,159,170	847,663	-	-	1,159,170	847,663
Interest on long-term debt	34,691	50,841	-	-	34,691	50,841
Public utilities	-	-	2,646,422	2,450,052	2,646,422	2,450,052
Total expenses	<u>16,392,765</u>	<u>15,694,510</u>	<u>2,646,422</u>	<u>2,450,052</u>	<u>19,039,187</u>	<u>18,144,562</u>
Increase (Decrease) in Net Position Before Transfers						
	(711,090)	(620,932)	1,634,757	1,070,605	923,667	449,673
Transfers						
	1,328,314	1,062,714	(1,328,314)	(1,062,714)	-	-
Increase in Net Position						
	<u>617,224</u>	<u>441,782</u>	<u>306,443</u>	<u>7,891</u>	<u>923,667</u>	<u>449,673</u>
Net Position - October 1						
	41,872,549	41,430,767	17,014,111	17,006,220	58,886,660	58,436,987
Restatement of Net Position						
	40,210	-	(264,387)	-	(224,177)	-
Net Position - September 30						
	<u>\$42,529,983</u>	<u>\$41,872,549</u>	<u>\$17,056,167</u>	<u>\$17,014,111</u>	<u>\$59,586,150</u>	<u>\$58,886,660</u>

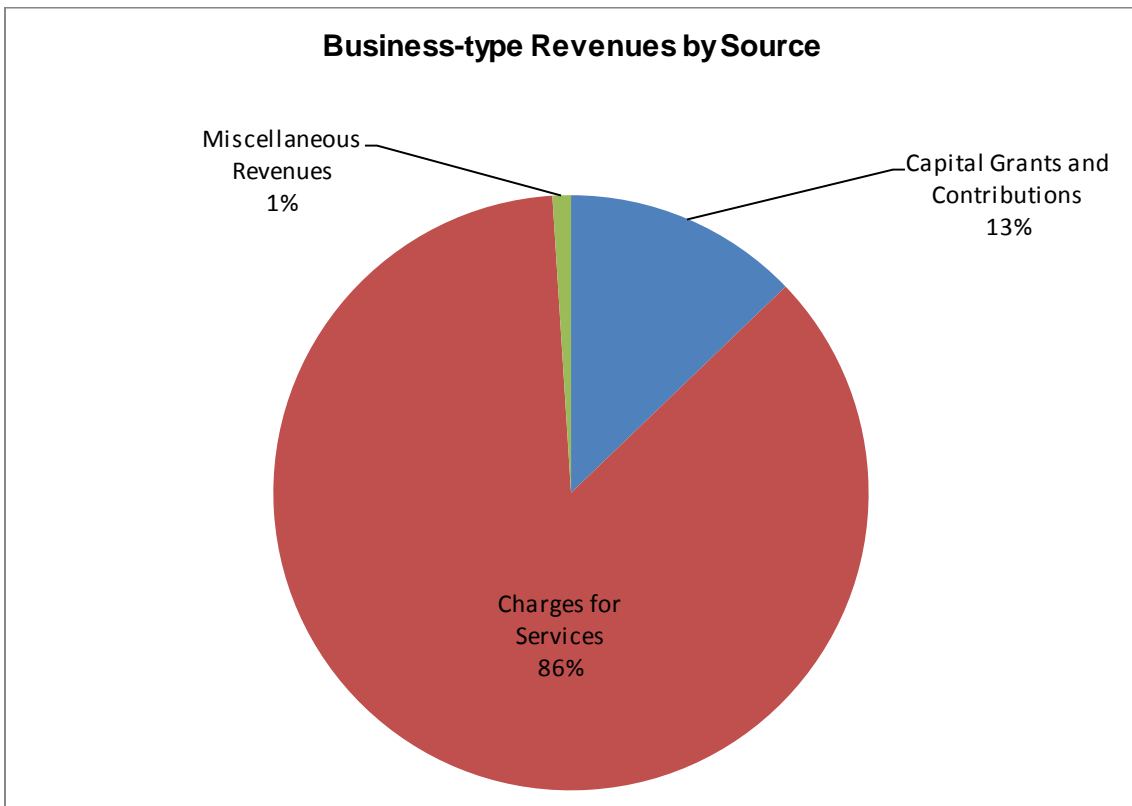
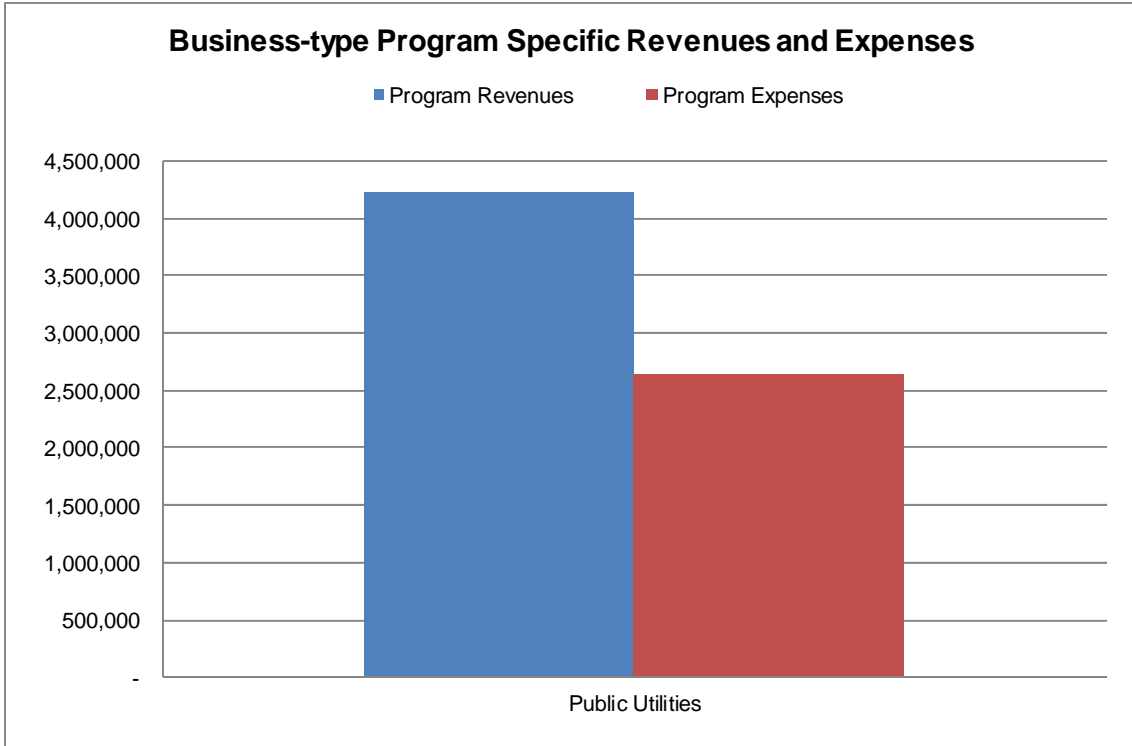
**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$7,977,689, an increase of \$10,084, from the prior year. Approximately 32.4% or \$2,586,541 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$5,391,148, is either nonspendable, as prepaids and advances, restricted for special revenue funds, committed to capital projects, or assigned to subsequent year expenditures.

The General Fund is the primary operating fund of the City. At September 30, 2015, the unassigned fund balance of the General Fund was \$2,767,326 while the total fund balance was \$4,277,523. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19% of total General Fund expenditures, while total fund balance represents 29% of that same amount. The fund balance of the General Fund decreased by \$438,564 due to the fact that revenues only increased 1% while expenditures increased 5%.

The Public Facilities Improvement Fund has a total fund balance of \$2,425,419. The fund realized an increase in total fund balance of \$855,274 in 2015 due to capital outlay being less than budgeted.

The Special Assessments Fund has a total deficit fund balance of \$(178,849) due to the long-term capital assessments receivable which were funded by advances from other governmental funds and will be collected over periods ranging from 10 to 13 years. There was a decrease in this deficit of \$22,700 due to collection of assessments.

The Capital Projects Fund has a total fund balance of \$277,639, of which all is committed for future acquisition of capital equipment. The fund realized a decrease in total fund balance of \$241,954 capital outlay being more than revenues and other financing resources.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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

At September 30, 2015, unrestricted net position of the Public Utilities Enterprise Fund amounted to \$2,828,041 and total net position increased \$306,443. This increase is due mainly to an increase in revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original General Fund budgeted expenditures and transfers out and the final amended General Fund budget amounted to \$360,114. The increase in appropriations are due to carryforward funds in the approximate amount of \$355,000 for the retroactive pay increase as well as capital outlay for various projects.

Actual expenditures were less than final appropriations by \$1,056,342, a variance of 7%, due to lower than anticipated legal, insurance and fuel costs. In addition savings were recognized on vehicle repair and maintenance costs by utilizing a new vendor. Funds budgeted for promotional activities in Community Development were not fully spent, and lastly project schedules for Leisure Services capital projects pushed the need for interfund transfers to grant funds, into the next year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$50,763,977 (net of accumulated depreciation), for an increase of \$42,152 over the prior year. This investment in capital assets includes land, buildings, improvements, infrastructure, vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year was .08% (a 1.1% increase for governmental activities, and a 2.4% decrease for business-type activities).

Major capital assets completed or acquired during the current fiscal year included the following:

- Purchase of vehicles and other equipment \$240,000
- New financial accounting software, total cost of \$149,366
- Vactor sewer truck, \$348,000
- Land acquisition, \$38,542
- Pedestrian Bike Master Plan, \$546,750
- Stormwater mapping project, \$832,591
- Water treatment plant #2 improvements, \$335,768

Major capital assets included in construction in progress:

- W. Church Ave. drainage & road resurfacing, \$76,663
- Stormwater Improvements, Skylark outfall, total costs of \$290,838
- Skylark watermain project, \$176,407

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital assets. (Continued)

Additional information on the City's capital assets can be found in Note 6 of this report.

**City of Longwood, Florida
Capital Assets (Net of Depreciation)
As of September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,504,969	\$ 5,503,094	\$ 50,600	\$ 50,600	\$ 5,555,569	\$ 5,553,694
Buildings	2,747,207	2,863,808	41,502	44,932	2,788,709	2,908,740
Improvements Other Than Buildings	5,628,316	4,156,398	11,019,965	10,867,580	16,648,281	15,023,978
Infrastructure	19,184,766	19,847,209	-	-	19,184,766	19,847,209
Vehicles and Equipment	2,814,295	2,679,649	293,913	328,750	3,108,208	3,008,399
Intangibles	-	-	2,173,195	2,291,017	2,173,195	2,291,017
Construction in Progress	482,298	915,320	822,951	1,173,468	1,305,249	2,088,788
Total capital assets, net	<u>\$36,361,851</u>	<u>\$35,965,478</u>	<u>\$14,402,126</u>	<u>\$14,756,347</u>	<u>\$50,763,977</u>	<u>\$50,721,825</u>

Noncurrent Liabilities. At September 30, 2015, the City had no general obligation or revenue bond debt outstanding.

Additional information on the City's noncurrent liabilities can be found in Note 9 of this report.

**City of Longwood, Florida
Noncurrent Liabilities
As of September 30,**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Capital Leases	\$ 1,404,505	\$ 1,431,821	\$ 174,000	\$ -	\$ 1,578,505	\$ 1,431,821
Net Pension liability	1,395,855	1,074,898	159,588	122,952	1,555,443	1,197,850
OPEB Liability	603,918	352,466	54,082	32,042	658,000	384,508
Compensated Absences	766,359	789,975	62,599	61,335	828,958	851,310
Total	<u>\$ 4,170,637</u>	<u>\$ 3,649,160</u>	<u>\$ 450,269</u>	<u>\$ 216,329</u>	<u>\$ 4,620,906</u>	<u>\$ 3,865,489</u>

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, fund balance in the General Fund decreased by \$438,564 to \$4,277,523. The City has appropriated \$1,379,197 of this amount for spending in the 2015/2016 fiscal year budget. It is intended that this use of available fund balance will reduce the need to raise taxes and minimize fee increases during the 2015/2016 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Services Director, 175 West Warren Avenue, Longwood, FL 32750. The Comprehensive Annual Financial Report is also available at the City's website located at www.longwoodfl.org.



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BASIC FINANCIAL STATEMENTS



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CITY OF LONGWOOD, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,617,849	\$ 2,157,773	\$ 6,775,622
Investments	4,532,084	-	4,532,084
Accounts Receivable, net of allowance	615,731	694,303	1,310,034
Due From Other Governmental Units	766,169	-	766,169
Prepays	2,000	-	2,000
Restricted Cash-customer Deposits	-	286,498	286,498
Impact Fees and Assessments Receivable	-	529,646	529,646
Net Pension Assets	3,172,803	-	3,172,803
Capital Assets:			
Not being depreciated	5,987,267	873,551	6,860,818
Being depreciated, net	30,374,584	13,528,575	43,903,159
Total assets	<u>50,068,487</u>	<u>18,070,346</u>	<u>68,138,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Pension Earnings	1,070,262	27,822	1,098,084
Total deferred outflows of resources	<u>1,070,262</u>	<u>27,822</u>	<u>1,098,084</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,881,594	198,901	2,080,495
Due to Other Governmental Units	12,490	-	12,490
Unearned Revenues	266,161	-	266,161
Customer Deposits	-	286,498	286,498
Noncurrent Liabilities:			
Due within one year	433,639	41,060	474,699
Due in more than one year	3,736,998	409,209	4,146,207
Total liabilities	<u>6,330,882</u>	<u>935,668</u>	<u>7,266,550</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Pension Earnings	2,277,884	106,333	2,384,217
Total deferred inflows of resources	<u>2,277,884</u>	<u>106,333</u>	<u>2,384,217</u>
NET POSITION			
Net Investment in Capital Assets	34,957,346	14,228,128	49,185,474
Restricted for:			
Special law enforcement	190,552	-	190,552
Unrestricted	7,382,085	2,828,039	10,210,124
Total net position	<u>\$ 42,529,983</u>	<u>\$ 17,056,167</u>	<u>\$ 59,586,150</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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**CITY OF LONGWOOD, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 3,066,343	\$ 140,816	\$ 6,160	\$ 148,500	\$ (2,770,867)	\$ -	\$ (2,770,867)
Public Safety	8,678,434	1,793,611	210,630	8,966	(6,665,227)	-	(6,665,227)
Physical Environment	289,197	717,939	80,187	500	509,429	-	509,429
Highways & Streets	2,137,821	-	378,738	528,486	(1,230,597)	-	(1,230,597)
Sanitation	1,027,109	1,113,133	-	-	86,024	-	86,024
Parks and Recreation	1,159,170	204,449	-	-	(954,721)	-	(954,721)
Interest on Long-term debt	34,691	-	-	-	(34,691)	-	(34,691)
Total governmental activities	16,392,765	3,969,948	675,715	686,452	(11,060,650)	-	(11,060,650)
Business-type activities:							
Public Utilities	2,646,422	3,685,025	-	547,800	-	1,586,403	1,586,403
Total business-type activities	2,646,422	3,685,025	-	547,800	-	1,586,403	1,586,403
Total primary government	\$ 19,039,187	\$ 7,654,973	\$ 675,715	\$ 1,234,252	(11,060,650)	1,586,403	(9,474,247)
General Revenues:							
Taxes:							
Property taxes					4,645,364	-	4,645,364
Franchise and utility taxes					2,970,734	-	2,970,734
Communications services tax					785,187	-	785,187
Unrestricted intergovernmental revenues					1,724,566	-	1,724,566
Unrestricted investment earnings					19,027	10,721	29,748
Miscellaneous					172,088	32,033	204,121
Gain on Sale of Capital Assets					32,594	5,600	38,194
Transfers					1,328,314	(1,328,314)	-
Total general revenues and transfers					11,677,874	(1,279,960)	10,397,914
Change in net position					617,224	306,443	923,667
Net Position - beginning, as restated					41,912,759	16,749,724	58,662,483
Net Position - ending	\$ 42,529,983	\$ 17,056,167	\$ 59,586,150		\$ 42,529,983	\$ 17,056,167	\$ 59,586,150

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 519,563	\$ 2,101,420	\$ 181,151	\$ -
Investments	4,532,084	-	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	156,318	278,691	117,208	-
Due From Other Funds	126,780	-	-	-
Due From Other Governmental Units	526,728	109,749	1,468	128,224
Prepays	-	-	-	-
Advances to Other Funds	140,000	215,000	-	-
Total assets	<u>\$ 6,001,473</u>	<u>\$ 2,704,860</u>	<u>\$ 299,827</u>	<u>\$ 128,224</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 874,753	\$ 750	\$ 6,468	\$ 3,380
Accrued liabilities	572,687	-	-	-
Due to other funds	-	-	-	124,844
Advances from other funds	-	-	355,000	-
Due to other governments	11,063	-	-	-
Unearned revenue	265,447	-	-	-
Total liabilities	<u>1,723,950</u>	<u>750</u>	<u>361,468</u>	<u>128,224</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	278,691	117,208	-
FUND BALANCES (DEFICITS)				
Nonspendable	140,000	-	-	-
Spendable:				
Restricted	-	-	-	-
Committed	-	2,425,419	-	-
Assigned	1,370,197	-	-	-
Unassigned	2,767,326	-	(178,849)	-
Total fund balances	<u>4,277,523</u>	<u>2,425,419</u>	<u>(178,849)</u>	<u>-</u>
Total Liabilities, deferred inflows and fund balances(deficits)	<u>\$ 6,001,473</u>	<u>\$ 2,704,860</u>	<u>\$ 299,827</u>	<u>\$ 128,224</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 508,084	\$ 1,307,631	\$ 4,617,849
-	-	4,532,084
-	63,514	615,731
-	-	126,780
-	-	766,169
-	2,000	2,000
-	-	355,000
<u>\$ 508,084</u>	<u>\$ 1,373,145</u>	<u>\$ 11,015,613</u>
\$ 230,445	\$ 180,370	\$ 1,296,166
-	12,741	585,428
-	1,936	126,780
-	-	355,000
-	1,427	12,490
-	714	266,161
<u>230,445</u>	<u>197,188</u>	<u>2,642,025</u>
-	-	395,899
-	2,000	142,000
-	930,129	930,129
277,639	245,764	2,948,822
-	-	1,370,197
-	(1,936)	2,586,541
<u>277,639</u>	<u>1,175,957</u>	<u>7,977,689</u>
<u>\$ 508,084</u>	<u>\$ 1,373,145</u>	<u>\$ 11,015,613</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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**CITY OF LONGWOOD, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total Fund Balance, Governmental Funds	\$	7,977,689
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		36,361,851
<p>Certain other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		395,899
<p>Deferred inflows and outflows of resources related to pension earnings are not recognized in governmental funds, however, they are recorded in net position under full accrual accounting.</p>		(1,207,622)
<p>Net pension assets are not current financial resources and therefore are not reported in the funds.</p>		3,172,803
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		(4,170,637)
<p>Net Position of Governmental Activities in the Statement of Net Position</p>	<u>\$</u>	<u>42,529,983</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF LONGWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
REVENUES				
Taxes:				
Property tax	\$ 4,645,364	\$ -	\$ -	\$ -
Franchise tax	1,537,082	-	-	-
Utility tax	1,433,652	-	-	-
Communications services tax	785,187	-	-	-
Local option gas tax	-	378,738	-	-
Licenses and Permits	208,499	-	-	-
Intergovernmental Revenue	1,799,921	528,486	-	374,256
Charges for Services	2,092,671	-	-	-
Fines and Forfeitures	181,148	-	-	-
Special Assessments	-	49,288	97,834	-
Investment Earnings	1,611	7,953	774	-
Miscellaneous Revenue	191,298	-	-	-
Total revenues	<u>12,876,433</u>	<u>964,465</u>	<u>98,608</u>	<u>374,256</u>
EXPENDITURES				
Current:				
General government	3,124,592	-	-	-
Public safety	7,523,790	-	-	325,334
Physical environment	-	-	75,908	-
Highways and streets	1,260,925	-	-	-
Sanitation	1,027,109	-	-	-
Parks and recreation	879,061	-	-	-
Debt Service:				
Principal	383,872	-	-	-
Interest and other charges	34,691	-	-	-
Capital Outlay	307,010	109,191	-	162,908
Total expenditures	<u>14,541,050</u>	<u>109,191</u>	<u>75,908</u>	<u>488,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,664,617)</u>	<u>855,274</u>	<u>22,700</u>	<u>(113,986)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,340,039	-	-	113,986
Transfers Out	(113,986)	-	-	-
Capital Lease	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,226,053</u>	<u>-</u>	<u>-</u>	<u>113,986</u>
Net Change in Fund Balances	(438,564)	855,274	22,700	-
Fund Balances - beginning	4,716,087	1,570,145	(201,549)	-
Fund Balances - ending	<u>\$ 4,277,523</u>	<u>\$ 2,425,419</u>	<u>\$ (178,849)</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,645,364
-	-	1,537,082
-	-	1,433,652
-	-	785,187
-	-	378,738
-	683,875	892,374
4,832	-	2,707,495
-	663,532	2,756,203
-	37,856	219,004
-	-	147,122
2,560	6,129	19,027
25,887	108,477	325,662
<u>33,279</u>	<u>1,499,869</u>	<u>15,846,910</u>
-	-	3,124,592
-	232,981	8,082,105
-	204,106	280,014
-	-	1,260,925
-	-	1,027,109
-	-	879,061
-	-	383,872
-	-	34,691
805,789	1,064,429	2,449,327
<u>805,789</u>	<u>1,501,516</u>	<u>17,521,696</u>
<u>(772,510)</u>	<u>(1,647)</u>	<u>(1,674,786)</u>
174,000	-	1,628,025
-	(185,725)	(299,711)
356,556	-	356,556
<u>530,556</u>	<u>(185,725)</u>	<u>1,684,870</u>
(241,954)	(187,372)	10,084
519,593	1,363,329	7,967,605
<u>\$ 277,639</u>	<u>\$ 1,175,957</u>	<u>\$ 7,977,689</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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CITY OF LONGWOOD, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances - total governmental funds: \$ 10,084

Governmental Funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	2,450,636	
Current Year Depreciation	<u>(2,006,857)</u>	443,779

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position (47,406)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position 529,116

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.

Other post employment benefits	(251,452)	
Compensated absences	<u>23,616</u>	(227,836)

The issuance of long-term debt such as capital leases, provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Capital Lease	(356,556)	
Principal Payments	<u>383,872</u>	27,316

Special assessment revenue reported in the funds in the current year must be eliminated from the statement of activities since revenue was recognized in the prior year. (117,829)

Change in Net Position of Governmental Activities \$ 617,224

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF LONGWOOD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 4,584,294	\$ 4,584,294	\$ 4,645,364	\$ 61,070
Franchise tax	1,642,000	1,642,000	1,537,082	(104,918)
Utility tax	1,454,500	1,454,500	1,433,652	(20,848)
Communications services tax	897,131	897,131	785,187	(111,944)
Licenses and Permits	229,500	189,500	208,499	18,999
Intergovernmental Revenue	1,458,028	1,458,028	1,493,207	35,179
Charges for Services	2,118,800	2,163,800	2,092,671	(71,129)
Fines and Forfeitures	133,100	133,100	181,148	48,048
Investment Earnings	7,000	7,000	1,611	(5,389)
Miscellaneous Revenue	151,000	151,000	191,298	40,298
Total revenues	12,675,353	12,680,353	12,569,719	(110,634)
EXPENDITURES				
Current:				
General government:				
City commission	38,212	38,820	37,579	1,241
City clerk	144,952	154,612	148,221	6,391
City manager	292,897	292,897	281,595	11,302
City attorney	150,000	149,392	123,308	26,084
Personnel	588,833	615,752	606,378	9,374
Purchasing	71,384	74,338	74,000	338
Finance	284,620	286,979	277,417	9,562
Utility billing	281,843	274,231	256,374	17,857
Community development	702,970	747,540	532,072	215,468
Other-unclassified	1,275,761	1,312,212	1,206,211	106,001
Total general government	3,831,472	3,946,773	3,543,155	403,618
Public safety:				
Police	4,085,705	4,067,554	3,653,941	413,613
Fire	3,603,888	3,629,757	3,563,135	66,622
Total public safety	7,689,593	7,697,311	7,217,076	480,235

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONTINUED)				
Highways and streets:				
Streets and fleet	\$ 1,296,625	\$ 1,301,814	\$ 1,260,925	\$ 40,889
Total highways and streets	<u>1,296,625</u>	<u>1,301,814</u>	<u>1,260,925</u>	<u>40,889</u>
Sanitation	<u>1,020,000</u>	<u>1,027,109</u>	<u>1,027,109</u>	<u>-</u>
Parks and recreation:				
Recreational programs	<u>973,223</u>	<u>1,006,468</u>	<u>879,061</u>	<u>127,407</u>
Total parks and recreation	<u>973,223</u>	<u>1,006,468</u>	<u>879,061</u>	<u>127,407</u>
Capital Outlay	<u>163,651</u>	<u>311,203</u>	<u>307,010</u>	<u>4,193</u>
Total expenditures	<u>14,974,564</u>	<u>15,290,678</u>	<u>14,234,336</u>	<u>1,056,342</u>
Excess (deficiency) of revenues over expenditures	(2,299,211)	(2,610,325)	(1,664,617)	945,708
OTHER FINANCING SOURCES (USES)				
Transfers In	1,340,039	1,340,039	1,340,039	-
Transfers Out	<u>(227,300)</u>	<u>(271,300)</u>	<u>(113,986)</u>	<u>157,314</u>
Total Other Financing Sources (Uses)	<u>1,112,739</u>	<u>1,068,739</u>	<u>1,226,053</u>	<u>157,314</u>
Net Change in Fund Balances	(1,186,472)	(1,541,586)	(438,564)	1,103,022
Fund Balance - beginning	<u>4,716,087</u>	<u>4,716,087</u>	<u>4,716,087</u>	<u>-</u>
Fund Balance - ending	<u>\$ 3,529,615</u>	<u>\$ 3,174,501</u>	<u>\$ 4,277,523</u>	<u>\$ 1,103,022</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
SPECIAL ASSESSMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Beautification Assessments	\$ 101,437	\$ 101,437	\$ 97,834	\$ (3,603)
Investment Earnings	150	150	774	624
Miscellaneous Revenue	-	-	-	-
Total revenues	101,587	101,587	98,608	(2,979)
EXPENDITURES				
Current:				
Physical environment:				
Streets and fleet	55,566	81,692	75,908	5,784
Capital Outlay	-	-	-	-
Total expenditures	55,566	81,692	75,908	5,784
Excess (Deficiency) of				
Revenues Over Expenditures	46,021	19,895	22,700	2,805
Fund Deficit - beginning	(201,549)	(201,549)	(201,549)	-
Fund Deficit - ending	\$ (155,528)	\$ (181,654)	\$ (178,849)	\$ 2,805

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 652,453	\$ 1,275,581	\$ 374,256	\$ (901,325)
Interest	295,000	-	-	-
Total revenues	947,453	1,275,581	374,256	(901,325)
EXPENDITURES				
Current:				
Public safety:				
Police	167,600	184,030	114,806	69,224
Fire	-	221,736	210,528	11,208
Total public safety	167,600	405,766	325,334	80,432
Capital Outlay	991,153	1,281,115	162,908	1,118,207
Total expenditures	1,158,753	1,686,881	488,242	1,198,639
Excess (Deficiency) of				
Revenues Over Expenditures	(211,300)	(411,300)	(113,986)	297,314
OTHER FINANCING SOURCES (USES)				
Transfers In	211,300	411,300	113,986	(297,314)
Total Other Financing Sources and Uses	211,300	411,300	113,986	(297,314)
Net Change in Fund Balances	-	-	-	-
Fund Balance - beginning	-	-	-	-
Fund Balance - ending	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015**

	Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,157,773
Accounts receivable, net	694,303
Restricted cash-customer deposits	286,498
Total current assets	3,138,574
Noncurrent assets:	
Impact fees and assessments receivable	529,646
Capital Assets:	
Not being depreciated	873,551
Being depreciated, net	13,528,575
Total noncurrent assets	14,931,772
Total assets	18,070,346
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pension earnings	27,822
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	198,901
Capital lease payable	34,800
Compensated absences	6,260
Customer deposits	286,498
Total current liabilities	526,459
Noncurrent liabilities:	
Compensated absences	56,339
Net pension liability	159,588
OPEB	54,082
Capital lease payable	139,200
Total noncurrent liabilities	409,209
Total liabilities	935,668
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pension earnings	106,333
NET POSITION	
Net investment in capital assets	14,228,126
Unrestricted	2,828,041
Total net position	\$ 17,056,167

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF LONGWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Public Utilities
Operating Revenues:	
Charges for sales and services	\$ 3,685,025
Miscellaneous	32,033
Total operating revenues	3,717,058
Operating Expenses:	
Personnel	712,465
Supplies and services	1,289,186
Amortization	117,822
Depreciation	525,058
Total operating expenses	2,644,531
Operating income	1,072,527
Nonoperating Revenues (Expenses):	
Investment earnings	10,721
Gain on disposal of capital assets	5,600
Interest expense	(1,891)
Total nonoperating expenses	14,430
Income before contributions and transfers	1,086,957
Capital Contributions - developer	547,800
Transfers Out	(1,328,314)
Change in Net Position	306,443
Net Position - beginning	17,014,111
Restatement for GASB 68	(264,387)
Net Position - beginning, as restated	16,749,724
Net Position - ending	\$ 17,056,167

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities Public Utilities
Cash Flows From Operating Activities:	
Receipts from customers	\$ 3,170,468
Payments to suppliers	(1,276,435)
Payments to employees	(715,449)
Net cash provided by operating activities	1,178,584
Cash Flows From Noncapital Financing Activities:	
Transfers to other funds	(1,328,314)
Net cash used in noncapital financing activities	(1,328,314)
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(288,659)
Proceeds from capital lease	174,000
Interest payments	(1,891)
Capital contributions from customers	547,800
Proceeds from sales of capital assets	5,600
Net cash provided(used) in capital and related financing activities	436,850
Cash Flows From Investing Activities:	
Investment income	10,721
Net cash provided by investing activities	10,721
Net Decrease in Cash and Cash Equivalents	297,841
Cash and Cash Equivalents - beginning of year	2,146,430
Cash and Cash Equivalents - end of year	\$ 2,444,271
Classified as:	
Cash and cash equivalents	\$ 2,157,773
Restricted cash - customer deposits	286,498
Total cash and cash equivalents	\$ 2,444,271
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,072,527
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	525,058
Amortization expense	117,822
(Increase) decrease in accounts receivable	(314,813)
(Increase) decrease in deferred outflows	(8,758)
Decrease (increase) in assessments receivable	(244,017)
Increase in accounts payable	12,751
Increase in accrued expenses	23,304
Increase in customer deposits	12,240
Increase(decrease) in deferred inflows	(54,166)
Increase(decrease) in net pension liability	36,636
Net cash provided by operating activities	\$ 1,178,584

The accompanying Notes to Financial Statements are an integral part of this statement.

**CITY OF LONGWOOD, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2015**

	Pension Fund
ASSETS	
Cash and Cash Equivalents	\$ 93,110
Receivables:	
Employer and employee	280,426
Total receivables	280,426
Investments, at fair value:	
U.S. Government obligations	4,632,230
Equities	6,913,429
Total Investments	11,545,659
Total assets	11,919,195
NET POSITION	
Held in trust for benefits and other purposes	\$ 11,919,195

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF LONGWOOD, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Pension Fund
ADDITIONS	
Contributions:	
City	\$ 226,409
State	306,715
Employee	34,303
Total contributions	567,427
Investment Earnings:	
Net decrease in the fair value of investments	(9,679)
Net investment earnings(loss)	(9,679)
Total additions	557,748
DEDUCTIONS	
Refunds of Contributions	37,140
Administrative Expenses	44,598
Total deductions	81,738
Change in net position	476,010
Net Position - beginning	11,443,185
Net Position - ending	\$ 11,919,195

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

Note 1 - Summary of Significant Accounting Policies:

The financial statements of the City of Longwood, Florida (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow.

A. Reporting Entity

The City is a political subdivision of the State of Florida located in Seminole County. The legislative branch of the City is composed of a five-member elected Commission (the City Commission). The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Manager.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The definition of the reporting entity is based primarily on the notion of financial accountability. 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. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations' resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this rule are charges between the City's public utilities function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Public Utilities Fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Governmental Funds

The General Fund is the City's primary operating fund, and is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by the General Fund.

The Public Facilities Improvement Fund is a capital projects fund used to account for the general government's construction activities, the majority of which involves paving dirt streets.

The Special Assessments Fund is a special revenue fund used to account for capital and maintenance special assessment revenue collected for neighborhood beautification programs.

The Grant Fund is a special revenue fund used to account for the City's grant revenues and expenditures.

The Capital Projects Fund is a capital projects fund used to account for the acquisition of capital equipment.

Nonmajor Governmental Fund Types

Special Revenue Funds account for specific revenue sources that are restricted by law or administrative action to expenditures for specific purposes. Nonmajor special revenue funds include the Police Education Fund, the Special Law Enforcement Trust Fund Stormwater Management Fund, and the Building Permits and Inspections Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major Proprietary Fund

The Public Utilities Enterprise Fund is used to account for operations of the City's water and wastewater systems, which are financed and operated in a manner similar to private business enterprises, where the costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

Fiduciary Fund

The Pension Fund accounts for contributions to the Florida Municipal Pension Trust Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity

1. 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 currently holds \$1,125 available for petty cash.

The City's investments consist of investments authorized per their investment policy adopted in accordance with Section 218.415, Florida Statutes. Investments are reported at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." The long-term portion of advances between funds, as reported in the fund financial statements have been classified as nonspendable unless the funds associated with repayment of the advances are otherwise restricted for specific purposes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 60 days comprise the accounts receivable allowance for uncollectibles.

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit cities to levy property taxes at a rate of up to ten (10) mills. The millage rate in effect for the City for the fiscal year ended September 30, 2015 was 5.50 mills.

The tax levy of the City is established by the City Commission prior to October 1 of each year and the Seminole County Property Appraiser incorporates the millage into the total tax levy, which includes the municipalities, independent districts and the County School Board tax requirements. All property is reassessed according to its fair market value on January 1 of each year. All taxes are due and payable on the levy date of November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% for payments received in the month of November, 3% for payments received in the month of December, 2% for payments received in the month of January and 1% for payments received in the month of February. The taxes paid in March are not subject to 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. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County.

3. Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both government-wide and fund financial statements. These are recorded as expenditures when consumed rather than when purchased.

4. Restricted Assets

The use of certain assets may be restricted by specific provisions of debt covenants, state regulations, and/or agreements with various parties. Resources for customer deposits within the Public Utilities Enterprise Fund are segregated and classified as restricted assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

5. Capital Assets

Property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The City defines capital assets, in accordance with Chapter 274.02, Florida Statutes, as assets with an initial, individual cost of more than \$750 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 the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There were no interest costs and no capitalized interest for 2015.

Sewer contract cost (purchases of capacity) is capitalized and amortized over the life of the agreement.

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

Buildings	20 - 40 years
Improvements Other Than Buildings	10 - 50 years
Infrastructure	20 - 50 years
Vehicles and Equipment	3 - 10 years

6. Compensated Absences

The City records the vested portion of accumulated unused compensated absences at year-end based on each employee's accumulated unused hours and rate of pay, including the City's share of Social Security and Medicare taxes and pension contribution. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental activities, compensated absences are generally liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

***D. Assets, Liabilities Deferred Outflows/Inflows and Net Position or Equity
(Continued)***

7. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund financial statements and in the applicable governmental or business-type activities column in the government-wide financial statements. Such obligations are recognized as a liability in the governmental funds financial statements only when due.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, which is the deferred outflows of pension earnings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also has deferred inflows of pension earnings reported in the enterprise and government-wide statement of net position.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities Deferred Outflows/Inflows and Net Position or Equity (Continued)

10. Net Position / Fund Balances

The fund government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position.

Net Investment in Capital Assets - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

Restricted Net Position - this category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - this category represents net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

In the governmental fund financial statements, financial reserves are now classified by components of fund balance per GASB Statement No. 54. Classifications of fund balance are established by City Commissioners and the senior management team and may be classified as committed or assigned. These tentative plans for expenditures can be increased, reduced, or eliminated by similar actions. The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used. See "Note 12 - Fund Balances" for additional information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued):

D. Assets, Liabilities Deferred Outflows/Inflows and Net Position or Equity (Continued)

11. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

12. New GASB Statements Implemented

In fiscal year 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements replace the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, and Statement No. 50, Pension Disclosures, as they related to pension plans that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. GASB Statement No. 71 addresses the issue of the transition provisions in Statement No. 68. Beginning net position of governmental activities, business-type activities, and the Public Utilities proprietary fund have been restated as discussed below.

	Governmental Activities	Business-type Activities	Public Utilities Fund
	<u> </u>	<u> </u>	<u> </u>
Net Position, October 1, 2014, previously stated	\$ 41,872,549	\$ 17,014,111	\$ 17,014,111
Restatement of Net Position Due to Implementation of GASB 68	<u>40,210</u>	<u>(264,387)</u>	<u>(264,387)</u>
Net Position, October 1, 2014, as restated	<u>\$ 41,912,759</u>	<u>\$ 16,749,724</u>	<u>\$ 16,749,724</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements:

A. *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position*

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

B. *Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities*

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

Note 3 - Stewardship, Compliance and Accountability:

A. *Budgetary Information*

Annual appropriations budgets are adopted for all funds except the Pension Trust Fund. Budgets for the governmental funds are adopted on a basis consistent with GAAP, except that on-behalf payments received from the state are not budgeted in the General Fund. The budget for the Public Utilities Enterprise Fund is prepared on the modified accrual basis of accounting, which is not the same basis of accounting that is used to account for the actual results of operations.

GAAP require on-behalf payments to be reported as revenue and expenditure in the General Fund before being reported as contribution in the Police and Firefighters Pension Plan.

	General Fund	
	Intergovernmental Revenue	Expenditures Public Safety
GAAP Basis	\$ 1,799,921	\$ 7,523,790
Nonbudgeted On-behalf Payments	(306,714)	(306,714)
Budgetary Basis	<u>\$ 1,493,207</u>	<u>\$ 7,217,076</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 3 - Stewardship, Compliance and Accountability (Continued):

A. Budgetary Information (Continued)

Budgetary Process and Compliance

1. On or before August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public Hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is enacted through the passage of an ordinance.
4. The City Commission may make supplemental appropriations in excess of those estimated for the year up to the amount of available revenues. During fiscal year 2015 the City made several amendments to the budget.
5. The City cannot legally exceed the budget; however, at any time during the year, the City Commission may, by ordinance, transfer part or all of any unencumbered appropriation balance among programs within a department and/or transfer part or all of any unencumbered appropriation balance from one department to another. The legal level of budgetary control is at the program level, since the City Manager may transfer funds between line items within a program.
6. Unexpended and unencumbered appropriations lapse at year-end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

B. Deficit Fund Equity

The Special Assessments Special Revenue Fund has a deficit fund balance of \$178,849 and the Police Education Special Revenue Fund has a deficit fund balance of \$1,936 at September 30, 2015

C. Appropriations in Excess of Funds Available

Appropriations for the Special Assessments Special Revenue Fund were in excess of anticipated revenue and available fund balance. The Special Assessments Special Revenue Fund was established for the purpose of accounting for Neighborhood Beautification Capital Projects Assessments. The assessments are created to be repaid over a ten - thirteen year period. The City Commission elected to provide funding for these projects by using General Fund reserves (in lieu of issuing debt instruments) with the expectation that the transfers would be returned as collected up to the end of the term of the assessments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 4 - Deposits and Investments:

A. Deposits

At September 30, 2015, the carrying amount of the City's deposits was \$7,062,120 and the bank balance was \$7,374,024. Fiduciary fund cash of \$93,110 is held by the Florida Municipal Investment Trust Fund, not in the City's bank.

The City's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for each banking relationship. Remaining balances are collateralized pursuant to Chapter 280, Florida Statutes. Under this chapter all depositories holding public funds collateralize deposits in excess of FDIC insurance with the State Treasurer. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for the loss.

The City's pooled cash account is held pursuant to a banking services agreement. Interest earned on the pooled cash is allocated monthly among the funds based on the percentage of each fund's cash balances to the total.

B. Investments

Instead of establishing a written investment policy, the City elected to limit investment to the four categories indicated in Florida Statutes, Chapter 218.415, which are as follows:

1. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Chapter 163.01, Florida Statutes;
2. Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
3. Interest-bearing time deposits or savings accounts in state-certified qualified public depositories, as defined in Chapter 280.02, Florida Statutes;
4. Direct obligations of the U.S. Treasury.

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2015, all of the City's bank deposits were in qualified public depositories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 4 - Deposits and Investments (Continued):

B. Investments (Continued)

The City follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value to be presented as a component of investment income. Investments are presented at fair value, which is based on available market values. The State Board of Administration (SBA) Local Government Investment Pool (LGIP), operated by the Florida State Board of Administration, is a “2a-7-like” pool in accordance with GASB 31; therefore, it is not presented at fair value but at its actual pooled share price which approximates fair value. The LGIP is not a registrant with the SEC; however, the State of Florida does provide regulatory oversight.

Investments held by the City at September 30, 2015 are detailed below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity</u>
LGIP:			
Florida Prime	\$ 4,532,084	AAAm	29 days

Investments: Pension Fund

The City adopted an investment policy for the Florida Municipal Pension Trust Fund. The authorized investments include: repurchase agreement, direct obligations of U. S. Treasury, investments purchased by the SBA, commercial paper, bankers’ acceptances, certificates of deposit, SEC registered money market funds, obligations of the agencies or instrumentalities of the Federal Government, corporate fixed income securities, Guaranteed Investment Contracts, equity assets, and Florida Municipal Investment Trust Portfolios.

The investments held by the City’s Florida Municipal Pension Trust Fund at September 30, 2015 are detailed below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity</u>	<u>Credit Rating</u>
Pension Fund:			
U.S. government obligations	\$ 4,632,230	5.98 years	AA / V4
Equities	<u>6,913,429</u>	N/A	Not rated
Total investments	11,545,659		
Cash and cash equivalents	<u>93,110</u>		
Total cash and investments	<u>\$ 11,638,769</u>		

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 4 - Deposits and Investments (Continued):

Interest Rate Risk. The Policy does not specifically address interest rate risk, except to say the manager of the pension trust funds shall apply the prudent person rule.

Credit Risk. The City's investment policy limits credit risk by restricting investments to those authorized above.

Custodial Credit Risk. Custodial risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At September 30, 2015, none of the Trust investments listed are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk. The City's Trust investment policy requires diversification, and places limits on the percentage of funds that may be invested with an individual issuer and type of investment. The policy established the following limitation on portfolio composition - "a maximum of 70% of portfolio investment in equity securities". At September 30, 2015, there were no security investments in the Trust that were over their respective limitations.

Note 5 - Receivables:

Receivables as of yearend for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts Receivable	Allowance for Uncollectible Accounts	Accounts Receivable, net
Governmental Funds:			
General fund	\$ 165,627	\$ (9,309)	\$ 156,318
Public facilities improvement fund	278,691	-	278,691
Special assessments fund	117,208	-	117,208
Stormwater management fund	99,112	(35,598)	63,514
	<u>660,638</u>	<u>(44,907)</u>	<u>615,731</u>
Proprietary Fund:			
Public utilities	731,642	(37,339)	694,303
	<u>\$ 1,392,280</u>	<u>\$ (82,246)</u>	<u>\$ 1,310,034</u>

\$278,691 included in accounts receivable above in the Public Facilities Improvement Special Revenue Fund is not considered to be available to liquidate liabilities of the current period. In addition, \$117,208 included in accounts receivable above in the Special Assessments Special Revenue Fund is not considered to be available to liquidate liabilities of the current period. These receivables totaling \$395,899 are reported as deferred inflows of resources in the governmental funds balance sheet.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 5 - Receivables (Continued):

In the Public Utilities Proprietary Fund, the amount of \$331,642 is the current gross accounts receivable before deduction for allowance for uncollectible accounts at September 30, 2015. The remaining balance of \$400,000 is the current portion of the note receivable discussed below.

On December 29, 2014, the City of Longwood signed an agreement with a developer, Heritage Village at Longwood, LTD., whereby the developer agreed to pay the City \$703,950 for impact and utility connection fees. The maturity date for the amount of \$400,000 is the first anniversary of the building permit date of March 17, 2015, and the remaining amount of \$303,950 is due on the second anniversary of the building permit date. This amount of \$303,950 is reported on the financial statements as a noncurrent asset along with other long-term assessments receivable of \$225,696. No interest shall accrue on this note receivable unless the developer defaults under the terms of the Promissory Note.

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CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,503,094	\$ 38,542	\$ (36,667)	\$ 5,504,969
Construction in progress	915,320	1,263,726	(1,696,748)	482,298
Total capital assets, not being depreciated	6,418,414	1,302,268	(1,733,415)	5,987,267
Capital assets, being depreciated:				
Buildings	4,950,584	-	-	4,950,584
Improvements other than buildings	5,801,203	1,692,030	-	7,493,233
Infrastructure	31,355,834	17,097	-	31,372,931
Vehicles and equipment	7,646,853	1,135,989	(148,402)	8,634,440
Total capital assets, being depreciated	49,754,474	2,845,116	(148,402)	52,451,188
Less accumulated depreciation for:				
Buildings	(2,086,776)	(116,601)	-	(2,203,377)
Improvements other than buildings	(1,644,805)	(220,112)	-	(1,864,917)
Infrastructure	(11,508,625)	(679,540)	-	(12,188,165)
Vehicles and equipment	(4,967,204)	(990,604)	137,663	(5,820,145)
Total accumulated depreciation	(20,207,410)	(2,006,857)	137,663	(22,076,604)
Total capital assets, being depreciated, net	29,547,064	838,259	(10,739)	30,374,584
Governmental Activities Capital Assets, net	<u>\$ 35,965,478</u>	<u>\$ 2,140,527</u>	<u>\$ (1,744,154)</u>	<u>\$ 36,361,851</u>

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CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 6 - Capital Assets (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 50,600	\$ -	\$ -	\$ 50,600
Construction in progress	1,173,468	246,024	(596,541)	822,951
Total capital assets, not being depreciated	<u>1,224,068</u>	<u>246,024</u>	<u>(596,541)</u>	<u>873,551</u>
Capital assets, being depreciated:				
Buildings	114,235	-	-	114,235
Improvements other than buildings	25,453,114	596,541	-	26,049,655
Vehicles and equipment	1,413,073	42,635	(48,705)	1,407,003
Intangibles	4,712,862	-	-	4,712,862
Total capital assets, being depreciated	<u>31,693,284</u>	<u>639,176</u>	<u>(48,705)</u>	<u>32,283,755</u>
Less accumulated depreciation for:				
Buildings	(69,303)	(3,430)	-	(72,733)
Improvements other than buildings	(14,585,533)	(444,157)	-	(15,029,690)
Vehicles and equipment	(1,084,324)	(77,471)	48,705	(1,113,090)
Intangibles	<u>(2,421,845)</u>	<u>(117,822)</u>	<u>-</u>	<u>(2,539,667)</u>
Total accumulated depreciation	<u>(18,161,005)</u>	<u>(642,880)</u>	<u>48,705</u>	<u>(18,755,180)</u>
Total capital assets, being depreciated, net	<u>13,532,279</u>	<u>(3,704)</u>	<u>-</u>	<u>13,528,575</u>
Business-type Activities Capital Assets, net	<u>\$14,756,347</u>	<u>\$ 242,320</u>	<u>\$ (596,541)</u>	<u>\$14,402,126</u>

Depreciation expense was charged to programs of the City as follows:

Governmental Activities:	
General government	\$ 170,452
Public safety	733,157
Highways and streets	858,530
Parks and recreation	244,718
Total depreciation expense - governmental activities	<u>\$ 2,006,857</u>
Business-type Activities:	
Public utilities	<u>\$ 642,880</u>

Intangibles represent Wholesale Sewer Capacity rights which are acquired from Seminole County as new connections occur and these rights are amortized over the expected life of the intangible asset (term of contracts). During 2015, no additional units were acquired, and amortization was recorded in the amount of \$117,822, resulting in unamortized sewer capacity balance of \$2,173,195 at September 30, 2015.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 7 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances at September 30, 2015 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Assessments Fund	\$ 140,000
Public Facilities Improvement Fund	Special Assessments Fund	215,000
General Fund	Grant Fund	124,844
General Fund	Nonmajor governmental	1,936

The outstanding balances payable by the Special Assessments Fund resulted from advances made that are expected to be collected and repaid as collected in future years. The \$124,844 payable by the Grant Fund will be paid as soon as the City receives grant reimbursement.

The composition of interfund transfers for the year ended September 30, 2015 is:

	Transfers In			Total
	General Fund	Grant Fund	Capital Projects Fund	
Transfer Out:				
General Fund	\$ -	\$ 113,986	\$ -	\$ 113,986
Nonmajor Govern- mental Funds	185,725	-	-	185,725
Public Utilities Fund	1,154,314	-	174,000	1,328,314
Total	\$ 1,340,039	\$ 113,986	\$ 174,000	\$ 1,628,025

The transfers in to the General Fund are to cover cost of General Fund services provided, such as utility billing, finance, personnel, purchasing, computer services, City Manager, City Clerk, and other city-wide services. The transfer out of General Fund to the grant fund was to cover matching requirements on several grants. The transfer to the capital projects fund was to set aside funds for future capital equipment purchases.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 8 - Leases:

As lessee:

The City has entered into lease agreements as lessee for financing the acquisition of a storage area network, sewer cleaner truck, fire rescue equipment, police vehicles, radios, and equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date. The aggregate cost and accumulated depreciation of assets acquired through capital leases are:

	Governmental Activities	Business-type Activities
Asset:		
Vehicles and equipment	\$ 3,285,689	\$ -
Less: accumulated depreciation	(1,865,865)	-
	<u>\$ 1,419,824</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2015 were as follows:

Fiscal year ending September 30,	Governmental Activities	Business-type Activities
2016	\$ 384,509	\$ 37,860
2017	286,210	37,457
2018	283,977	36,697
2019	283,101	35,939
2020	164,039	35,181
2021	91,949	-
Total minimum lease payments	1,493,785	183,134
Less: amount representing interest	(89,280)	(9,134)
Present value of minimum lease payments	<u>\$ 1,404,505</u>	<u>\$ 174,000</u>

As lessor:

As of September 30, 2015, the City leases certain property pursuant to operating lease agreements which expire in 2056. For the year ended September 30, 2015 rental income totaled \$59,566. Minimum future rentals in years subsequent to September 30, 2015 are:

Fiscal year ending September 30,	Amount
2016	\$ 28,452
2017	17,478
2018	16,998
2019	14,598
2020	14,598
2021 - 2056	525,528
	<u>\$ 617,652</u>

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 9 - Noncurrent Liabilities:

A summary of noncurrent liability activity for the year ended September 30, 2015 follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 1,431,821	\$ 356,556	\$ (383,872)	\$ 1,404,505	\$ 357,003
Net pension liability -					
FRS & HIS	1,074,898	320,957		1,395,855	-
OPEB liability	352,466	251,452	-	603,918	-
Compensated absences	789,975	418,362	(441,978)	766,359	76,636
	<u>\$ 3,649,160</u>	<u>\$ 1,347,327</u>	<u>\$ (825,850)</u>	<u>\$ 4,170,637</u>	<u>\$ 433,639</u>
Business-type Activities:					
Capital leases payable	\$ -	\$ 174,000	\$ -	\$ 174,000	\$ 34,800
Net pension liability -					
FRS & HIS	122,952	36,636		159,588	-
OPEB liability	32,042	22,040	-	54,082	-
Compensated absences	61,335	27,129	(25,865)	62,599	6,260
	<u>\$ 216,329</u>	<u>\$ 259,805</u>	<u>\$ (25,865)</u>	<u>\$ 450,269</u>	<u>\$ 41,060</u>

Long-term liabilities of governmental activities are generally liquidated by the General Fund. The City has a commitment from a financial institution for a line of credit up to \$7,650,000. This line of credit can be used for financing for municipal improvements and/or capital purchases and each draw requires approval by Commissioners. The entire commitment of \$7,650,000 is available at September 30, 2015. See Note 15 Subsequent Events for discussion of changes made in November 2015.

Note 10 - Employee Retirement Systems and Pension Plans:

Florida Retirement System

City employees hired before December 31, 1995, participate in the Florida Retirement System (FRS), a cost-sharing multiple employer public employee retirement system administered by the State of Florida Department of Management Services, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions.

Early retirement benefits may also be provided; however there is a reduction in benefits for each year prior to normal retirement. Generally, membership was compulsory for all full-time and part-time employees. There is a 3% requirement for employees to contribute to FRS effective July 1, 2011.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

The 2007 Florida Legislature continued the uniform contribution rate system under which participating employers make uniform contributions to support the FRS Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.405, Florida Statutes, FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS defined benefit pension plan. Employers contribute based upon blended rates determined as a percentage of the total payroll for each class or subclass of FRS membership, regardless of which retirement plan individuals elect.

The State of Florida issues a report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement System, Tallahassee, Florida 32399-1560.

Funding Policy:

The FRS has ten (10) classes of membership. Only two (2) classes are applicable to the City's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2015 are as follows:

Regular Class - Members not qualifying for other classes (10.26% [includes 3% employee contribution] from July 1, 2015 through September 30, 2015 and 10.37% [includes 3% employee contribution] from October 1, 2014 through June 30, 2015.)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (25.04% [includes 3% employee contribution] from July 1, 2015 through September 30, 2015 and 22.82% [includes 3% employee contribution] from October 1, 2014 through June 30, 2015.)

Pension Plan (FRS)

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employees Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

Pension Plan (FRS)

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular-7.37% and 7.26%; Special Risk-19.82% and 22.04%; and DROP participants-12.28% and 18.75%.

These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$245,042 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$1,065,428 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .00825 percent, which was an increase (decrease) of (.0021) percent from its proportionate share measured as of June 30, 2014.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employees Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

Pension Plan (FRS)

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$154,427. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 112,478	\$ 25,269
Change of Assumptions	70,716	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	254,406
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	611,178
Pension Plan Contributions Subsequent to the Measurement Date	44,056	-
	\$ 227,250	\$ 890,853

The deferred outflows of resources related to the Pension Plan, totaling \$44,056 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2016	\$ (214,178)
2017	(214,178)
2018	(214,178)
2019	(4,284)
2020	(51,418)
Thereafter	(9,423)
	\$ (707,659)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):***Florida Retirement System (Continued)*****Pension Plan (FRS)**

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad US Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

(1) As outlined in the Pension Plan's investment policy

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

Pension Plan (FRS)

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	Discount Rate Minus 1% 6.65%	Current Discount Rate 7.65%	Discount Rate Plus 1% 8.65%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 2,760,765	\$ 1,065,428	\$ (345,371)

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2015, the City reported a payable in the amount of \$15,815 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

HIS Plan

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$23,013 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the City reported a liability of \$490,015 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The City's proportionate share of the net pension liability was based on the City's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the City's proportionate share was .0048 percent, which was an increase (decrease) of (.0012) percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$29,412. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	Deferred Outflow of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 38,817	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		265
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	145,259
Pension Plan Contributions Subsequent to the Measurement Date	5,098	-
	<u>\$ 43,915</u>	<u>\$ 145,524</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

HIS Plan

The deferred outflows of resources related to the HIS Plan, totaling \$5,098 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2016	\$ (18,295)
2017	(18,295)
2018	(18,295)
2019	(18,349)
2020	(18,375)
Thereafter	(15,098)
	<u>\$ (106,707)</u>

Actuarial Assumptions - The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	4.29 % net of pension plan investment expense

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

HIS Plan

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.80%) or one percentage point higher (4.80%) than the current rate:

	Discount Rate Minus 1% 2.80%	Current Discount Rate 3.80%	Discount Rate Plus 1% 4.80%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 558,349	\$ 490,015	\$ 433,034

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Special Risk Class, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and City Elected Officers class 11.34%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Retirement System (Continued)

Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

There was no pension expense for the City's Investment Plan for the fiscal year ended September 30, 2015, since none of the employees participating in the Florida Retirement System elected the Investment Plan.

Florida Municipal Pension Trust Fund (MPF)

Employees hired after January 1, 1996 participate in one of two public employee retirement systems established under City ordinances. The first is a defined benefit plan for police and firefighters which is included as part of the City's reporting entity in a Pension Trust Fund. The second is a defined contribution plan for all other employees of the City. The second plan is discussed later under the sub-heading General Employee 401 (a) Pension Plan and it is not included as a Pension Trust Fund.

Each plan is independently governed by separate boards of trustees and the City Commission may amend plan provisions by resolution. Assets may not be transferred between plans, or used for any purpose other than to benefit each plan's participants as defined in their authorizing ordinances. The Police and Firefighters Pension board contracts with the Florida Municipal Pension Trust Fund (FMPTF), a private, not-for-profit corporation established by the Florida League of Cities (FLC) for FLC members who wish to use its services. The FMPTF acts as a common investment and administrative agent for its members, contracting with a bank custodian, investment manager and actuary to provide a commingled investment fund and plan valuation services.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Municipal Pension Trust Fund (Continued)

Stand-alone audited financial statements of the FMPTF are maintained on file at the FLC offices in Tallahassee, Florida, and are available upon request to the Pension Services Division.

Plan descriptions and contribution information

Membership of the Police and Firefighters Pension Plan consisted of the following at September 30, 2015:

	Police and Firefighters' Pension Trust
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	1
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	35
Active Plan Members	67
	<hr style="border-top: 1px solid black;"/>
	103
	<hr style="border-top: 3px double black;"/>

Plan Descriptions - The Police and Firefighters Pension Plan (Police and Fire Plan) is a local law, single employer, defined benefit pension plan as defined under Florida Statutes, Chapters 175 and 185, which covers all sworn police officers and firefighters hired after January 1, 1996. Employees are eligible to participate in the plan immediately upon employment with the City, and they are vested in the plan after ten years of service. Benefits are available after normal retirement at age 55 with 5 years of service, or at any age with 25 years of service. The normal retirement benefit is the number of years of credited service multiplied by 3% and multiplied by average final monthly compensation.

Benefits Provided - In addition to retirement benefits described above, all participants are also eligible for service incurred disability benefits, as well as non-service incurred disability benefits. The participant is eligible immediately if disability was incurred during the course of his or her employment, however the participant must have earned at least 10 years of credited service if disability was incurred other than during the course of employment with the City. The Plan also has a pre-retirement death benefit. In the case of the death of a vested participant prior to retirement, the beneficiary will receive the participant's monthly accrued benefit payable at normal retirement age for 10 years certain plus an immediate \$50,000 lump sum payment. In the case of the death of a non-vested participant prior to retirement, the beneficiary will receive the participant's accumulated contributions plus an immediate \$50,000 lump sum payment.

Contributions - Employees must make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. City and State contributions are the remaining amount necessary to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII of Chapter 112, Florida Statutes. The actuarially determined employer/state contribution for the year ended September 30, 2015 was 16.75% of covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Municipal Pension Trust Fund (Continued)

Significant Accounting Policies - Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value.

Net Pension Liability - The City's net pension liability was measured as of September 30, 2015, and the pension liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015. The components of the net pension liability of the sponsor on September 30, 2015 were as follows:

Total Pension Liability	\$ 6,795,670
Less Fiduciary Net Position	<u>(9,968,473)</u>
Net Pension Liability (Asset)	<u>\$ (3,172,803)</u>
Plan Fiduciary Net Position as a Percentage of Total Liability	Pension 146.69%

The above plan fiduciary net position, or market value, does not agree to the Statement of Fiduciary Net Position on page 31 because the actuary is not including The DRAGO (Defined Retirement Accumulation Group Obligation) balance of \$1,950,722. This balance is Chapter 175/185 contributions received in excess of the "base amount" which are deposited into the DRAGO Fund.

Actuarial Assumptions - The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.6%
Salary Increase	4%
Discount Rate	9.08%
Investment Rate of Return	9.08%

Mortality rates were based on the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected. Assumed disability is based on gender and age and ranges from .067% for males and .040% for females at age 25 to 1.00% for males and 5.41% for females at age 55.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Municipal Pension Trust Fund (Continued)

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Long-Term Real Return
Core Bonds	16.00%	2.48% per annum
Multi-sector	24.00%	2.20% per annum
U.S. Large Cap Equity	39.00%	7.14% per annum
U.S. Small Cap Equity	11.00%	8.45% per annum
Non-U.S. Equity	10.00%	8.43% per annum
Total or Weighted Arithmetic Average	100.00%	5.48% per annum

Discount rate - The discount rate used to measure the total pension liability at September 30, 2015 was 9.08%, which increased from 8.07% at September 30, 2014. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Municipal Pension Trust Fund (Continued)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2014	\$ 7,254,926	\$ (9,647,643)	\$ (2,392,717)
Changes for a Year:			
Service Cost	362,084	-	362,084
Expected interest growth	685,935	(896,353)	(210,418)
Unexpected investment income	-	1,033,649	1,033,649
Demographic experience	(395,734)	-	(395,734)
Assumption changes	(1,074,401)	-	(1,074,401)
Contributions-employer & state	-	(505,560)	(505,560)
Contributions-employee	-	(34,304)	(34,304)
Benefit payments and refunds	(37,140)	37,140	-
Administrative Expense	-	44,598	44,598
Balances at September 30, 2015	<u>\$ 6,795,670</u>	<u>\$ (9,968,473)</u>	<u>\$ (3,172,803)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City, calculated using the discount rate of 9.08%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one (1) percentage point lower (8.08%) or one (1) percentage point higher (10.08%) than the current rate adopted by the Plan's board.

	Discount Rate Minus 1% 8.08%	Current Discount Rate 9.08%	Discount Rate Plus 1% 10.08%
Police and Firefighters':			
Net Pension Liability (Asset)	\$ (2,110,144)	\$ (3,172,803)	\$ (4,047,029)

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

Florida Municipal Pension Trust Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2015 the City recognized pension expense of \$205,269. On September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Balance, September 30, 2014	\$ -	\$ 41,126
Changes:		
Amortization Payments	(206,730)	(163,421)
Net Difference Between Projected and Actual		
Earnings on MPF Pension Plan Investments	1,033,649	-
Demographic Gain/Loss	-	395,734
Assumption Changes	-	1,074,401
Total change	826,919	1,306,714
Balance, September 30, 2015	\$ 826,919	\$ 1,347,840

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	MPF
2016	\$ 43,309
2017	43,309
2018	43,311
2019	53,590
2020	(153,139)
Thereafter	(551,301)
	\$ (520,921)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 10 - Employee Retirement Systems and Pension Plans (Continued):

General Employee 401(a) Pension Plan

The City maintains a single-employer defined contribution pension plan for all General Employees hired after December 1, 2001. All full-time general employees hired after January 1, 1996 were brought into the plan through the transfer of assets from the Florida Municipal Pension Trust Fund. This is a tax-qualified plan pursuant to section 401(a) of the Internal Revenue Code (IRC). This plan was established by the Longwood City Commission through Resolution 01-1038.

The plan, administered by a third party and sponsored by the Florida League of Cities provides for the employer to contribute 10% of earnings. Employees are not required to contribute to this plan; however, each employee directs the investment of his or her account. Employees are eligible to participate immediately upon employment, and the vesting schedule provides for employees to be fully vested after five years of service. No retirement age has been designated by the employer. The plan permits distributions of the vested amount for retirement, death, disability, hardship or direct rollover to another eligible retirement plan. For the year ended September 30, 2015, employer contributions required and made totaled \$206,371. This includes the liability of \$14,445 due to the Florida League of Cities at September 30, 2015.

At September 30, 2015. There were 61 active employees participating in the plan. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to reduce funding requirements in future years. For the year ended September 30, 2015, forfeitures reduced the City's pension expense by \$44,978. The plan does not issue a separate financial report.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the Plan) administered by four separate companies created in accordance with IRC Section 457(b). The Plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or other unforeseen non-reimbursed emergency. Because all assets of the plan must be held in trust for the exclusive benefit of plan participants and their beneficiaries, these plans are not accounted for in the City's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 11 - Other Post Employment Benefits (OPEB):

In accordance with Florida Statutes Section 112.0801, the City makes available, through the City's current provider, continued group health insurance to all eligible retirees and dependents, provided certain service and normal age requirements have been met. This benefit has no cost to the City, other than the implicit cost of including retirees in the group calculation. All premiums are paid by the retiree. The City has nine (9) retirees currently receiving benefits. The City has chosen pay-as-you-go funding, but is recording the liability in the government wide financial statements. This plan, which is a single-employer plan, does not issue stand-alone financial statements. In addition, the plan does not issue a separate audited GAAP-basis postemployment benefit plan report.

The latest actuarial report for the OPEB plan was prepared at September 30, 2015. The unfunded actuarial accrued liability (UAAL) for benefits was \$2,291,000. The covered payroll was \$5,784,000 and the ratio of UAAL to covered payroll was 39.6%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2015 is as follows:

Annual Required Contribution	\$ 381,000
Interest on Net OPEB Obligation	15,000
Adjustment to Annual Required Contribution	<u>(32,507)</u>
Annual OPEB Cost	363,493
Employer Contributions	<u>(90,000)</u>
Increase in Net OPEB Obligation	273,493
Net OPEB Obligation (Beginning of Year)	<u>384,507</u>
Net OPEB Obligation (End of Year)	<u><u>\$ 658,000</u></u>

Three year trend information:

<u>Fiscal year ending</u>	<u>Annual OPEB Cost</u>	<u>Actual contributed</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2013	83,500	50,500	60.5%	350,708
09/30/2014	86,800	53,000	61.1%	384,508
09/30/2015	363,493	90,000	24.8%	658,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 11 - Other Post Employment Benefits (OPEB) (Continued):

Summary of actuarial methods and assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial cost method - The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement.

Mortality rates - RP-2000 Mortality Table projected to 2015 by the IRS Scale AA.

Investment return (discount rate) - 4.0% per annum (includes inflation at 2.75%).

Healthcare cost trend rate - The cost of covered medical services has been assumed to increase 8.00% in fiscal year ended 2016. This rate decreases at a rate of 0.5% per year until an ultimate rate of 5.00% is reached.

Disability - Sex-distinct disability rates set forth in the Wyatt 1985 Disability Study; Class 4 rates were used for police officers and firefighters; Class 1 rates used for all others.

Per Capita Annual Medical Claim Cost - The assumed per capita annual medical claim cost for a 60-year old participant during the period October 1, 2015 through September 30, 2016 is \$10,575. The cost of medical services has been assumed to increase with age at the rate of 3.00% per annum.

Marriage - 50% of employees who elect medical coverage are assumed to elect coverage for their spouses, with husbands 3 years older than wives.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 11 - Other Post Employment Benefits (OPEB) (Continued):

Summary of actuarial methods and assumptions (continued)

Future participation rates - 50% of eligible employees are assumed to elect medical coverage under the PPO upon retirement or disability; medical coverage continued until age 65.

Retirement - Retirement was assumed to occur at the earliest of the following ages: (1) For police officers and firefighters, age 55 with at least 5 years of service, or any age with at least 25 years of service and (2) for all other employees, age 62 with at least 6 years of service, or any age with at least 30 years of service.

Note 12 - Fund Balances:

In accordance with GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the classifications described below.

Nonspendable Fund Balance - amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed Fund Balance - amounts that can be used only for specific purposes determined by formal action of Commissioners, the City's highest level of decision making authority, with formal action occurring prior to year end. The formal action required is adoption of an ordinance. Commitments may be modified or rescinded by Commissioners adopting another ordinance.

Assigned Fund Balance - includes spendable fund balance amounts intended by management to be used for a specific purpose, as discussed in Note 1. The Commission has by resolution authorized the Financial Services Director to assign fund balance for encumbrances and also for appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's budget.

Unassigned Fund Balance - this is the residual classification for the general fund only. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund, except the General Fund, if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 12 - Fund Balances (Continued):

At September 30, 2015, the City's governmental fund balances were classified as follows:

	General Fund	Public Facilities Improvement Fund	Special Assessments Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Advances	140,000	-	-	-	-	140,000
Restricted for:						
Public safety - Special law enforcement	-	-	-	-	190,552	190,552
Building permits and inspection	-	-	-	-	739,577	739,577
Committed to:						
Stormwater projects	-	-	-	-	245,764	245,764
Public facility improvement	-	2,425,419	-	-	-	2,425,419
Capital projects	-	-	-	277,639	-	277,639
Assigned to:						
Next year's budget	1,370,197	-	-	-	-	1,370,197
Unassigned	2,767,326	-	(178,849)	-	(1,936)	2,586,541
Total fund balance	<u>\$4,277,523</u>	<u>\$2,425,419</u>	<u>\$ (178,849)</u>	<u>\$ 277,639</u>	<u>\$ 1,175,957</u>	<u>\$ 7,977,689</u>

Note 13 - Risk Management:

During the ordinary course of its operations, the City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees and natural disasters. The City does not retain risk. Commercial insurance coverage is maintained in amounts management feels is adequate to protect and safeguard the assets of the City. In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City. The amount of insurance settlements has not exceeded insurance coverage for any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2015

Note 14 - Commitments and Contingencies:

A. Grants

The City participates in several programs that are fully or partially funded by grants received from state, county or federal governmental agency sources. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency.

If expenditures are disallowed due to non-compliance with grant program regulations, the City may be required to reimburse the grantor. As of September 30, 2015 the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

B. Litigation

During the ordinary course of its operations, the City is a party to various claims, legal actions, and complaints. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management and legal counsel, these matters are not anticipated to have a material financial impact on the City.

C. Construction Commitments

At September 30, 2015, the City had entered into contracts for construction in the amount of \$764,762.

Note 15 - Subsequent Events:

The City has evaluated subsequent events through the date of the independent auditor's report, the date the financial statements were available to be issued. In November 2015, there was a revision made to the commitment for a line of credit discussed in Note 9. Effective November 5, 2015, the bank requires the City of Longwood to maintain a 1:1 debt service coverage ratio. This financing is secured by a valid and enforceable covenant to budget and appropriate from legally available non-ad valorem revenues of the City.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Other Post Employment Benefit Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
9/30/2009	\$ -	\$ 1,428,000	\$1,428,000	0.0%	\$6,394,400	22.3%
9/30/2012	-	858,800	858,800	0.0%	6,240,100	13.8%
10/1/2015	-	2,291,000	2,291,000	0.0%	5,784,000	39.6%

Schedule of Contributions from Employers
and Other Contributing Entities

City of Longwood, Florida Retiree Continuation Insurance Plan (OPEB)

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contributed	Percentage of ARC Contributed	Net OPEB Obligation
09/30/2010	\$ 140,700	\$ 46,100	32.8%	\$ 192,700
09/30/2011	140,700	46,100	32.8%	291,208
09/30/2012	79,900	53,900	67.5%	317,708
09/30/2013	82,900	50,500	60.9%	350,708
09/30/2014	86,000	53,000	61.6%	384,508
09/30/2015	381,000	90,000	23.6%	658,000

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Police and Firefighters' Pension Plan
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
 Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 474,397	\$ 362,084
Expected Interest Growth	544,108	685,935
Differences Between Expected and Actual Experience	-	-
Demographic Experience	-	(395,734)
Changes of Assumptions	-	(1,074,401)
Benefit Payments	(61,875)	(37,140)
Net Change in Total Pension Liability	956,630	(459,256)
Total Pension Liability-beginning	6,298,296	7,254,926
Total Pension Liability-ending (a)	<u>\$ 7,254,926</u>	<u>\$ 6,795,670</u>
 Plan Fiduciary Net Position		
Contributions-employer	\$ 203,639	\$ 226,409
Contributions-state	306,831	279,151
Contributions-employee	30,855	34,304
Net Investment Income	750,974	(137,296)
Benefit Payments	(26,611)	(37,140)
Administrative Expense	(67,488)	(44,598)
Net Change in Plan Fiduciary Net Position	1,198,200	320,830
 Plan Fiduciary Net Position- beginning	8,449,443	9,647,643
Plan Fiduciary Net Position- ending (b)	<u>\$ 9,647,643</u>	<u>\$ 9,968,473</u>
 Net Pension Liability(Asset) - ending (a) - (b)	<u>\$ (2,392,717)</u>	<u>\$ (3,172,803)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	132.98%	146.69%
 Covered-employee Payroll	\$ 2,821,105	\$ 2,805,739
 Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

* Prior years' data is unavailable.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Police and Firefighters' Pension Plan

Schedule of Contributions

Last 10 Fiscal Years*

	<u>2014</u>	<u>2015</u>
Reconciliation of Plan Fiduciary Net Position to the Statement of Net Position for the Fiduciary Fund:		
Plan Fiduciary Net Position per RSI, end of year	\$ 9,647,643	\$ 9,968,473
Add DRAGO** account balance	1,823,105	1,950,722
Fiduciary Fund Net Position, end of year	<u>\$ 11,470,748</u>	<u>\$ 11,919,195</u>
Schedule of Contributions		
Actuarially Determined Contribution	\$ 493,914	\$ 471,925
Contributions in Relation to Actuarially Determined Contribution	493,914	471,925
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 2,821,105	\$ 2,805,739
Contributions as a Percentage of Covered Employee Payroll	17.51%	16.82%

Notes to Schedule

Valuation Date 10/1/2013 10/1/2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	3%
Salary Increases	4%, including inflation
Investment Rate of Return	7%
Retirement Age	Earlier of 1) attainment of age 55 with at least 5 years of credited service, or 2) completion of 25 years of credited service
Mortality	Assumed life expectancies were adjusted as a result of adoption of RP-2000 Mortality Table, as published by the IRS

Schedule of Investment Returns

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	8.45%	0.00%

* Prior years' data is unavailable.

** DRAGO is the Defined Retirement Accumulation Group Obligation. DRAGO Fund assets are commingled with pension fund assets, but are not included in Net Pension Liability.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Schedule of City's Proportionate Share of Net Pension Liability
Florida Retirement System
Last 10 Fiscal Years*

	2015	2014
City's Proportion of the Net Pension Liability	0.00825%	0.01037%
City's Proportionate Share of the Net Pension Liability	\$ 1,065,428	\$ 632,976
City's Covered-employee Payroll	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	76.32%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.00%	96.09%

* Not available

Schedule of City's Proportionate Share of Net Pension Liability
HIS
Last 10 Fiscal Years*

	2015	2014
City's Proportion of the Net Pension Liability	0.00480%	0.00604%
City's Proportionate Share of the Net Pension Liability	\$ 490,015	\$ 564,874
City's Covered-employee Payroll	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	35.10%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.50%	0.99%

* Not available

* only two years of data available

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2015

Schedule of City's Contributions
Florida Retirement System
Last 10 Fiscal Years*

	<u>2015</u>
Contractually Required Contribution	\$ 213,505
Contributions in Relation to the Contractually Required Contributions	<u>213,505</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
City's Covered Payroll	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	15.29%

Schedule of City's Contributions
HIS
Last 10 Fiscal Years*

	<u>2015</u>
Contractually Required Contribution	\$ 18,367
Contributions in Relation to the Contractually Required Contributions	<u>18,367</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
City's Covered Payroll	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	1.32%

* only one year of data available



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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

PUBLIC FACILITIES IMPROVEMENT FUND - This fund is used to account for the paving of all soil-based streets, install sidewalks and improve the City roadway system. Funding is derived from property taxes, assessments, and the Local Option Gas Tax.

CAPITAL PROJECTS FUND - This fund is used to account for the acquisition of capital equipment. Funding is derived from capital leases and proceeds of sales of capital assets.

**CITY OF LONGWOOD, FLORIDA
PUBLIC FACILITIES IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Taxes:				
Local option gas tax	\$ 375,429	\$ 375,429	\$ 378,738	\$ 3,309
Intergovernmental Revenue	567,000	567,000	528,486	(38,514)
Special Assessments	50,125	50,125	49,288	(837)
Investment Earnings	1,750	1,750	7,953	6,203
Total revenues	<u>994,304</u>	<u>994,304</u>	<u>964,465</u>	<u>(29,839)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Public facilities improvements	750,000	755,500	109,191	646,309
Total expenditures	<u>750,000</u>	<u>755,500</u>	<u>109,191</u>	<u>646,309</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>244,304</u>	<u>238,804</u>	<u>855,274</u>	<u>616,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(140,000)</u>	<u>(140,000)</u>	-	140,000
Total other financing sources and uses	<u>(140,000)</u>	<u>(140,000)</u>	-	140,000
Net Change in Fund Balances	104,304	98,804	855,274	756,470
Fund Balances - beginning	1,570,145	1,570,145	1,570,145	-
Fund Balances - ending	<u>\$ 1,674,449</u>	<u>\$ 1,668,949</u>	<u>\$ 2,425,419</u>	<u>\$ 756,470</u>

**CITY OF LONGWOOD, FLORIDA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 4,832	\$ 4,832
Investment Earnings	-	-	2,560	2,560
Miscellaneous revenue	-	-	25,887	25,887
Total revenues	-	-	33,279	33,279
EXPENDITURES				
Capital Outlay	711,550	885,550	805,789	79,761
Total expenditures	711,550	885,550	805,789	79,761
Excess (Deficiency) of Revenues Over Expenditures	(711,550)	(885,550)	(772,510)	113,040
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	174,000	164,000
Capital Lease	461,550	610,411	356,556	(253,855)
Sale of Capital Assets	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	491,550	640,411	530,556	(109,855)
Net Change in Fund Balances	(220,000)	(245,139)	(241,954)	3,185
Fund Balances - beginning	519,593	519,593	519,593	-
Fund Balances - ending	\$ 299,593	\$ 274,454	\$ 277,639	\$ 3,185

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

BUILDING AND INSPECTIONS SERVICES FUND - This fund was established to separately account for the revenues and expenditures of the Building Division. One of the goals of the fund is to ensure that the fees collected would entirely cover the costs of providing the service.

POLICE EDUCATION FUND - This fund is used to account for revenues received pursuant to Florida Statutes which impose a \$2.00 court cost against persons convicted for violations of state penal or criminal statutes or a municipal or county ordinance where said offense occurred within the City of Longwood. Funds must be used to educate and train law enforcement personnel.

SPECIAL LAW ENFORCEMENT TRUST FUND - This fund is used to account for property confiscated in police enforcement activities pursuant to Florida Statutes (Florida Contraband Forfeiture Act). Funds must be used for police operations.

STORMWATER FUND - This fund is used to account for stormwater expenditures for drainage and stormwater projects. Funding is derived from stormwater utility fees.

**CITY OF LONGWOOD, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 756,420	\$ -	\$ 190,692	\$ 360,519	\$ 1,307,631
Accounts Receivable, net	-	-	-	63,514	63,514
Prepays	-	-	-	2,000	2,000
Total assets	<u>\$ 756,420</u>	<u>\$ -</u>	<u>\$ 190,692</u>	<u>\$ 426,033</u>	<u>\$ 1,373,145</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 1,961	\$ -	\$ 140	\$ 178,269	\$ 180,370
Accrued expenditures	12,741	-	-	-	12,741
Due to other funds	-	1,936	-	-	1,936
Due to other governments	1,427	-	-	-	1,427
Unearned revenue	714	-	-	-	714
Total liabilities	<u>16,843</u>	<u>1,936</u>	<u>140</u>	<u>178,269</u>	<u>197,188</u>
FUND BALANCES					
Nonspendable	-	-	-	2,000	2,000
Spendable:					
Restricted	739,577	-	190,552	-	930,129
Committed	-	-	-	245,764	245,764
Unassigned	-	(1,936)	-	-	(1,936)
Total fund balances	<u>739,577</u>	<u>(1,936)</u>	<u>190,552</u>	<u>247,764</u>	<u>1,175,957</u>
Total Liabilities, deferred inflows and fund balances	<u>\$ 756,420</u>	<u>\$ -</u>	<u>\$ 190,692</u>	<u>\$ 426,033</u>	<u>\$ 1,373,145</u>

CITY OF LONGWOOD, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Building Permits and Inspections</u>	<u>Police Education Fund</u>	<u>Special Law Enforcement Trust Fund</u>	<u>Stormwater Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Licenses and Permits	\$ 683,875	\$ -	\$ -	\$ -	\$ 683,875
Charges for Services	-	-	-	663,532	663,532
Fines and Forfeitures	-	7,069	30,787	-	37,856
Investment Earnings	2,384	-	925	2,820	6,129
Miscellaneous	28,477	-	-	80,000	108,477
Total revenues	<u>714,736</u>	<u>7,069</u>	<u>31,712</u>	<u>746,352</u>	<u>1,499,869</u>
EXPENDITURES					
Current:					
Public safety	209,041	9,005	14,935	-	232,981
Physical environment	-	-	-	204,106	204,106
Capital Outlay	-	-	31,950	1,032,479	1,064,429
Total expenditures	<u>209,041</u>	<u>9,005</u>	<u>46,885</u>	<u>1,236,585</u>	<u>1,501,516</u>
Excess (Deficiency) of Revenues Over Expenditures	505,695	(1,936)	(15,173)	(490,233)	(1,647)
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(22,708)</u>	-	-	<u>(163,017)</u>	<u>(185,725)</u>
Total other financing sources (uses)	<u>(22,708)</u>	-	-	<u>(163,017)</u>	<u>(185,725)</u>
Net Change in Fund Balances	482,987	(1,936)	(15,173)	(653,250)	(187,372)
Fund Balances - beginning	256,590	-	205,725	901,014	1,363,329
Fund Balances - ending	<u>\$ 739,577</u>	<u>\$ (1,936)</u>	<u>\$ 190,552</u>	<u>\$ 247,764</u>	<u>\$ 1,175,957</u>

**CITY OF LONGWOOD, FLORIDA
BUILDING PERMITS AND INSPECTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 308,200	\$ 308,200	\$ 683,875	\$ 375,675
Investment Earnings	50	50	2,384	2,334
Miscellaneous	100	100	28,477	28,377
Total revenues	<u>308,350</u>	<u>308,350</u>	<u>714,736</u>	<u>406,386</u>
EXPENDITURES				
Building inspections	431,505	524,232	209,041	315,191
Total public safety	<u>431,505</u>	<u>524,232</u>	<u>209,041</u>	<u>315,191</u>
Total expenditures	<u>431,505</u>	<u>524,232</u>	<u>209,041</u>	<u>315,191</u>
Excess (deficiency) of revenues over expenditures	<u>(123,155)</u>	<u>(215,882)</u>	<u>505,695</u>	<u>721,577</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(32,708)	(32,708)	(22,708)	10,000
Total other financing sources(uses)	<u>(32,708)</u>	<u>(32,708)</u>	<u>(22,708)</u>	<u>10,000</u>
Net change in fund balances	(155,863)	(248,590)	482,987	731,577
Fund Balances - beginning	256,590	256,590	256,590	-
Fund Balances - ending	<u>\$ 100,727</u>	<u>\$ 8,000</u>	<u>\$ 739,577</u>	<u>\$ 731,577</u>

**CITY OF LONGWOOD, FLORIDA
POLICE EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 14,995	\$ 14,995	\$ 7,069	\$ (7,926)
Investment Earnings	5	5	-	(5)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>7,069</u>	<u>(7,931)</u>
EXPENDITURES				
Current:				
Public safety	15,000	15,000	9,005	5,995
Total public safety	<u>15,000</u>	<u>15,000</u>	<u>9,005</u>	<u>5,995</u>
Excess (Deficiency) of				
Revenues Over Expenditures	-	-	(1,936)	(1,936)
Fund Balances - beginning	-	-	-	-
Fund Balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,936)</u>	<u>\$ (1,936)</u>

**CITY OF LONGWOOD
SPECIAL LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Fines and Forfeitures	\$ 90,000	\$ 90,000	\$ 30,787	\$ (59,213)
Investment Earnings	150	150	925	775
Total revenues	<u>90,150</u>	<u>90,150</u>	<u>31,712</u>	<u>(58,438)</u>
EXPENDITURES				
Current:				
Public safety	<u>26,250</u>	<u>18,300</u>	<u>14,935</u>	<u>3,365</u>
Total public safety	<u>26,250</u>	<u>18,300</u>	<u>14,935</u>	<u>3,365</u>
Capital Outlay	<u>24,000</u>	<u>31,950</u>	<u>31,950</u>	<u>-</u>
Total expenditures	<u>50,250</u>	<u>50,250</u>	<u>46,885</u>	<u>3,365</u>
Excess (Deficiency) of				
Revenues Over Expenditures	39,900	39,900	(15,173)	(55,073)
Fund Balances - beginning	<u>205,725</u>	<u>205,725</u>	<u>205,725</u>	<u>-</u>
Fund Balances - ending	<u>\$ 245,625</u>	<u>\$ 245,625</u>	<u>\$ 190,552</u>	<u>\$ (55,073)</u>

**CITY OF LONGWOOD
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 665,100	\$ 665,100	\$ 663,532	\$ (1,568)
Investment Earnings	1,500	1,500	2,820	1,320
Miscellaneous	-	-	80,000	80,000
Total revenues	666,600	666,600	746,352	79,752
EXPENDITURES				
Current:				
Physical environment	349,824	258,456	204,106	54,350
Capital Outlay	1,015,000	1,145,702	1,032,479	113,223
Total expenditures	1,364,824	1,404,158	1,236,585	167,573
Excess (Deficiency) of				
Revenues Over Expenditures	(698,224)	(737,558)	(490,233)	247,325
OTHER FINANCING SOURCES (USES)				
Transfers Out	(163,017)	(163,017)	(163,017)	-
Total other financing sources and uses	(163,017)	(163,017)	(163,017)	-
Net change in fund balances	(861,241)	(900,575)	(653,250)	247,325
Fund Balances - beginning	901,014	901,014	901,014	-
Fund Balances - ending	\$ 39,773	\$ 439	\$ 247,764	\$ 247,325



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STATISTICAL SECTION

Statistical Section

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

Contents	Page
Financial Trends	86
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	92
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	96
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. The City of Longwood has no general obligation bonds outstanding.	
Demographic and Economic Information	98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	100
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

The City of Longwood, Florida
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 24,295	\$ 26,966	\$ 28,830	\$ 30,685	\$ 29,623	\$ 32,831	\$ 33,426	\$ 34,732	\$ 34,534	\$ 34,957
Restricted	-	-	-	-	1,325	146	124	126	206	191
Unrestricted	<u>11,290</u>	<u>10,709</u>	<u>9,841</u>	<u>7,828</u>	<u>8,328</u>	<u>8,748</u>	<u>7,706</u>	<u>6,573</u>	<u>7,133</u>	<u>7382</u>
Total Governmental Activities Net Position	<u>35,585</u>	<u>37,675</u>	<u>38,671</u>	<u>38,513</u>	<u>39,276</u>	<u>41,725</u>	<u>41,256</u>	<u>41,431</u>	<u>41,873</u>	<u>42,530</u>
Business-type Activities										
Net Investment in Capital Assets	12,072	14,868	14,409	14,583	14,545	14,073	14,044	14,037	14,756	14,228
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>4,548</u>	<u>1,810</u>	<u>1,912</u>	<u>1,543</u>	<u>1,474</u>	<u>2,314</u>	<u>2,986</u>	<u>2,969</u>	<u>2,258</u>	<u>2,828</u>
Total Business-type Activities Net Position	<u>16,620</u>	<u>16,678</u>	<u>16,321</u>	<u>16,126</u>	<u>16,019</u>	<u>16,387</u>	<u>17,030</u>	<u>17,006</u>	<u>17,014</u>	<u>17,056</u>
Primary Government										
Net Investment in Capital Assets	36,367	41,834	43,239	45,268	44,168	46,904	47,470	48,769	49,290	49,185
Restricted	-	-	-	-	1,325	146	124	126	206	191
Unrestricted	<u>15,838</u>	<u>12,519</u>	<u>11,753</u>	<u>9,371</u>	<u>9,802</u>	<u>11,062</u>	<u>10,692</u>	<u>9,542</u>	<u>9,391</u>	<u>10,210</u>
Total Primary Government Net Position	<u>\$ 52,205</u>	<u>\$ 54,353</u>	<u>\$ 54,992</u>	<u>\$ 54,639</u>	<u>\$ 55,295</u>	<u>\$ 58,112</u>	<u>\$ 58,286</u>	<u>\$ 58,437</u>	<u>\$ 58,887</u>	<u>\$ 59,586</u>

City of Longwood, Florida
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:										
General government	\$ 2,801	\$ 3,081	\$ 3,176	\$ 3,354	\$ 2,846	\$ 2,818	\$ 2,568	\$ 2,872	\$ 3,009	\$ 3,066
Public safety	7,171	8,890	8,913	8,825	8,263	7,973	6,667	7,705	8,280	8,679
Physical environment	902	1,593	358	450	178	128	1,530	800	252	289
Highways and streets	2,118	1,929	2,348	2,314	2,365	2,339	2,285	2,289	2,231	2,138
Sanitation	841	877	885	984	1,009	1,007	1,008	1,005	1,024	1,027
Parks and recreation	1,018	1,861	1,250	1,301	980	1,080	1,122	868	847	1,159
Interest & other fiscal charges on long-term debt	-	-	61	53	44	41	61	66	51	35
Total Governmental Activities Expenses	<u>14,851</u>	<u>18,231</u>	<u>16,991</u>	<u>17,281</u>	<u>15,685</u>	<u>15,386</u>	<u>15,241</u>	<u>15,605</u>	<u>15,694</u>	<u>16,393</u>
Business-type Activities:										
Public Utilities	2,436	2,500	2,528	2,519	2,265	2,217	2,217	2,182	2,450	2,646
Total Primary Government Expense	<u>\$ 17,287</u>	<u>\$ 20,731</u>	<u>\$ 19,519</u>	<u>\$ 19,800</u>	<u>\$ 17,950</u>	<u>\$ 17,603</u>	<u>\$ 17,458</u>	<u>\$ 17,787</u>	<u>\$ 18,144</u>	<u>\$ 19,039</u>
 Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 235	\$ 10	\$ 14	\$ 7	\$ 11	\$ 9	\$ 8	\$ 12	\$ 75	\$ 141
Public safety	1,001	1,031	1,088	1,050	1,106	1,272	1,248	1,315	1,604	1,794
Physical environment	678	679	718	710	691	703	724	708	712	718
Highways and streets	33	-	-	-	-	-	-	-	-	-
Sanitation	916	957	968	1,050	1,073	1,124	1,100	1,096	1,105	1,113
Parks and recreation	154	178	167	163	160	204	190	191	196	204
Operating grants and contributions	942	916	890	416	406	715	493	875	1,003	676
Capital grants and contributions	945	704	728	642	901	587	271	532	32	686
Total Governmental Activities Program Revenues	<u>\$ 4,904</u>	<u>\$ 4,475</u>	<u>\$ 4,573</u>	<u>\$ 4,038</u>	<u>\$ 4,348</u>	<u>\$ 4,614</u>	<u>\$ 4,034</u>	<u>\$ 4,729</u>	<u>\$ 4,727</u>	<u>\$ 5,332</u>
Business-type Activities:										
Charges for services:										
Public Utilities	2,728	2,728	2,555	2,824	2,785	3,390	3,473	3,059	3,314	3,685
Capital grants and contributions	414	244	133	63	4	186	75	177	185	548
Total Business-type Activities Program Revenues	<u>3,142</u>	<u>2,972</u>	<u>2,688</u>	<u>2,887</u>	<u>2,789</u>	<u>3,576</u>	<u>3,548</u>	<u>3,236</u>	<u>3,499</u>	<u>4,233</u>
Total Primary Government Program Revenues	<u>\$ 8,046</u>	<u>\$ 7,447</u>	<u>\$ 7,261</u>	<u>\$ 6,925</u>	<u>\$ 7,137</u>	<u>\$ 8,190</u>	<u>\$ 7,582</u>	<u>\$ 7,965</u>	<u>\$ 8,226</u>	<u>\$ 9,565</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (9,947)	\$ (13,756)	\$ (12,418)	\$ (13,243)	\$ (11,337)	\$ (10,772)	\$ (11,207)	\$ (10,876)	\$ (10,967)	\$ (11,061)
Business-type Activities	(14,145)	(17,759)	(16,831)	(16,913)	524	1,359	1,331	1,054	1,049	1,587
Total Primary Government Net Expense	<u>\$ (24,092)</u>	<u>\$ (31,515)</u>	<u>\$ (29,249)</u>	<u>\$ (30,156)</u>	<u>\$ (10,813)</u>	<u>\$ (9,413)</u>	<u>\$ (9,876)</u>	<u>\$ (9,822)</u>	<u>\$ (9,918)</u>	<u>\$ (9,474)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 4,355	\$ 5,183	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645
Franchise and utility taxes	3,031	3,075	2,999	3,089	3,256	3,111	2,965	2,813	2,936	2,971
Communications services tax	1,374	1,316	1,289	1,320	1,195	1,174	1,020	990	879	785
Unrestricted intergovernmental revenues	1,881	2,245	1,785	2,017	1,726	1,222	1,552	1,562	1,673	1,725
Unrestricted investment earnings	564	633	452	36	80	42	165	28	9	19
Gain on sale of capital assets	213	222	262	334	-	1,924	15	-	-	33
Miscellaneous revenues	184	132	123	99	148	269	122	65	276	172
Transfers in (out)	505	505	595	595	656	1,022	722	1,104	1,063	1,328
Total Governmental Activities	<u>\$ 12,107</u>	<u>\$ 13,311</u>	<u>\$ 13,414</u>	<u>\$ 13,086</u>	<u>\$ 12,099</u>	<u>\$ 13,221</u>	<u>\$ 10,739</u>	<u>\$ 11,051</u>	<u>\$ 11,409</u>	<u>\$ 11,678</u>
Business-type Activities:										
Investment earnings	32	47	34	7	3	3	5	4	1	11
Gain on sale of capital assets	6	18	15	7	-	-	-	-	-	5
Miscellaneous revenues	62	27	27	19	23	27	29	22	21	32
Transfers in (out)	(505)	(505)	(595)	(595)	(656)	(1,022)	(722)	(1,104)	(1,063)	(1,328)
Total Business-type Activities	<u>(405)</u>	<u>(413)</u>	<u>(519)</u>	<u>(562)</u>	<u>(630)</u>	<u>(992)</u>	<u>(688)</u>	<u>(1,078)</u>	<u>(1,041)</u>	<u>(1,280)</u>
Total Primary Government	<u>\$ 11,702</u>	<u>\$ 12,898</u>	<u>\$ 12,895</u>	<u>\$ 12,524</u>	<u>\$ 11,469</u>	<u>\$ 12,229</u>	<u>\$ 10,051</u>	<u>\$ 9,973</u>	<u>\$ 10,368</u>	<u>\$ 10,398</u>
Change in Net Assets										
Governmental Activities	\$ 2,160	\$ (445)	\$ 996	\$ (157)	\$ 762	\$ 2,449	\$ (468)	\$ 175	\$ 442	\$ 617
Business-type Activities	(14,550)	(18,172)	(17,350)	(17,475)	(106)	367	643	(24)	8	307
Total Primary Government	<u>\$ (12,390)</u>	<u>\$ (18,617)</u>	<u>\$ (16,354)</u>	<u>\$ (17,632)</u>	<u>\$ 656</u>	<u>\$ 2,816</u>	<u>\$ 175</u>	<u>\$ 151</u>	<u>\$ 450</u>	<u>\$ 924</u>

City of Longwood, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Fee</u>	<u>Utility Tax</u>	<u>Local Option Gas Tax</u>	<u>Sales Tax</u>	<u>State Revenue Sharing</u>	<u>Total</u>
					1		
2005	\$ 3,951	\$ 1,644	\$ 2,619	\$ 478	\$ 1,736	\$ 480	\$ 10,908
2006	\$ 4,355	\$ 1,649	\$ 2,755	\$ 558	\$ 778	\$ 485	\$ 10,580
2007	\$ 5,182	\$ 1,690	\$ 2,700	\$ 522	\$ 704	\$ 474	\$ 11,272
2008	\$ 5,908	\$ 1,633	\$ 2,653	\$ 462	\$ 655	\$ 428	\$ 11,739
2009	\$ 5,596	\$ 1,703	\$ 2,706	\$ 416	\$ 576	\$ 377	\$ 11,374
2010	\$ 5,038	\$ 1,733	\$ 2,719	\$ 407	\$ 567	\$ 376	\$ 10,840
2011	\$ 4,457	\$ 1,604	\$ 2,654	\$ 359	\$ 574	\$ 376	\$ 10,024
2012	\$ 4,178	\$ 1,584	\$ 2,400	\$ 332	\$ 154	\$ 378	\$ 9,026
2013	\$ 4,489	\$ 1,462	\$ 2,341	\$ 361	\$ 5	\$ 391	\$ 9,049
2014	\$ 4,573	\$ 1,501	\$ 2,314	\$ 364	\$ -	\$ 406	\$ 9,158
2015	\$ 4,645	\$ 1,537	\$ 2,219	\$ 379	\$ 528	\$ 431	\$ 9,739

City of Longwood, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>
General Fund										
Reserved	\$ 321	\$ 1,014	\$ 788	\$ 621	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,114	6,457	6,092	5,191	5,870	-	-	-	-	-
Total General Fund	<u>\$ 7,435</u>	<u>\$ 7,471</u>	<u>\$ 6,880</u>	<u>\$ 5,812</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 2,132	\$ 1,822	\$ 2,320	\$ 999	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	673	1,317	1,227	941	1,243	-	-	-	-	-
Capital projects funds	994	174	(526)	151	540	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,799</u>	<u>\$ 3,313</u>	<u>\$ 3,021</u>	<u>\$ 2,091</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Implementation of GASB Statement No. 54

General Fund										
Nonspendable						\$ 502	\$ 271	\$ 143	\$ 145	\$ 140
Assigned						2,572	1,795	1,367	1,488	1,370
Unassigned						<u>3,183</u>	<u>2,977</u>	<u>3,041</u>	<u>3,083</u>	<u>2,768</u>
Total General Fund						<u>\$ 6,257</u>	<u>\$ 5,043</u>	<u>\$ 4,551</u>	<u>\$ 4,716</u>	<u>\$ 4,278</u>

All Other Governmental Funds										
Nonspendable						\$ 215	\$ 217	\$ 445	\$ 215	\$ 2
Restricted						146	124	169	462	930
Committed						2,779	3,022	2,163	2,776	2,949
Unassigned						<u>(290)</u>	<u>(207)</u>	<u>(255)</u>	<u>(201)</u>	<u>(181)</u>
Total All Other Governmental Funds						<u>\$ 2,850</u>	<u>\$ 3,156</u>	<u>\$ 2,522</u>	<u>\$ 3,252</u>	<u>\$ 3,700</u>

City of Longwood, Florida
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes										
Property	\$ 4,355	\$ 5,182	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645
Local Option Gas Tax	558	522	462	416	407	359	332	361	365	379
Franchise and utility taxes	4,405	4,391	4,288	4,409	4,451	4,257	3,985	3,803	3,815	3,756
Licenses and Permits	506	380	433	378	348	402	384	380	615	892
Intergovernmental	3,098	3,343	2,880	2,657	1,929	2,679	1,886	2,441	2,518	2,708
Charges for Services	2,178	2,276	2,303	2,419	2,388	2,640	2,597	2,703	2,752	2,756
Impact Fees/Assessments	105	94	106	114	123	143	122	147	151	147
Fines and Forfeitures	299	200	189	154	275	230	223	188	270	219
Investment Earnings	564	633	452	36	79	41	165	(65)	32	19
Miscellaneous	184	134	123	99	148	303	264	163	185	326
Total revenues	<u>\$ 16,252</u>	<u>\$ 17,155</u>	<u>\$ 17,145</u>	<u>\$ 16,278</u>	<u>\$ 15,186</u>	<u>\$ 15,511</u>	<u>\$ 14,136</u>	<u>\$ 14,610</u>	<u>\$ 15,276</u>	<u>\$ 15,847</u>
Expenditures										
General Government	3,082	2,863	3,125	3,393	2,743	2,745	2,995	2,658	2,731	3,125
Public Safety	7,350	7,307	9,162	8,682	7,703	7,455	7,320	7,699	7,505	8,082
Physical Environment	902	295	796	1,237	284	272	200	311	310	280
Highways and Streets	2,060	1,745	1,596	1,869	1,717	1,516	1,432	1,411	1,356	1,261
Sanitation	841	878	885	984	1,009	1,007	1,008	1,005	1,024	1,027
Parks and Recreation	1,251	1,102	1,391	1,314	795	910	992	772	819	879
Capital Outlay	1,234	5,537	1,770	1,513	73	5,254	2,696	2,914	1,222	2,449
Debt Service										
Principal	-	33	201	210	219	339	550	627	725	384
Interest	-	8	62	53	44	42	62	66	51	35
Total expenditures	<u>\$ 16,720</u>	<u>\$ 19,768</u>	<u>\$ 18,988</u>	<u>\$ 19,255</u>	<u>\$ 14,587</u>	<u>\$ 19,540</u>	<u>\$ 17,255</u>	<u>\$ 17,463</u>	<u>\$ 15,743</u>	<u>\$ 17,522</u>
Excess of Revenues Over (Under) Expenditures	(468)	(2,613)	(1,843)	(2,977)	599	(4,029)	(3,119)	(2,853)	(467)	(1,675)
Other Financing Sources (Uses)										
Transfers In	896	756	595	595	775	1,716	1,152	1,430	1,255	1,628
Transfers Out	(390)	(250)	-	-	(120)	(693)	(445)	(326)	(192)	(300)
Capital Lease Proceeds	180	1,324	-	-	-	805	1,340	480	206	357
Sale of Capital Assets	218	346	394	385	7	2,144	164	143	93	-
Total Other Financing Sources (Uses)	<u>904</u>	<u>2,176</u>	<u>989</u>	<u>980</u>	<u>662</u>	<u>3,972</u>	<u>2,211</u>	<u>1,727</u>	<u>1,362</u>	<u>1,685</u>
Net Change in Fund Balances	<u>\$ 436</u>	<u>\$ (437)</u>	<u>\$ (854)</u>	<u>\$ (1,997)</u>	<u>\$ 1,261</u>	<u>\$ (57)</u>	<u>\$ (908)</u>	<u>\$ (1,126)</u>	<u>\$ 895</u>	<u>\$ 10</u>
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.29%	1.53%	1.48%	1.81%	2.67%	4.20%	4.76%	5.34%	2.78%

City of Longwood, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year Ended September 30,</u>	<u>Real Property</u>	<u>Taxable Agricultural Property</u>	<u>Personal Property</u>	<u>Centrally Assessed Property</u>	<u>Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2006	\$ 1,052,360	-	\$ 133,028	\$ 456	\$ 287,438	\$ 898,406	4.9900	\$ 1,185,844	75.76%
2007	\$ 1,383,380	-	\$ 151,343	\$ 454	\$ 425,575	\$ 1,109,602	4.9900	\$ 1,535,178	72.28%
2008	\$ 1,100,656	-	\$ 119,595	\$ 531	\$ 409,620	\$ 1,220,782	4.9900	\$ 1,630,402	74.88%
2009	\$ 1,047,252	-	\$ 105,282	\$ 504	\$ 426,691	\$ 1,153,038	4.9900	\$ 1,579,729	72.99%
2010	\$ 938,255	-	\$ 103,584	\$ 521	\$ 290,832	\$ 1,042,360	4.9900	\$ 1,333,192	78.19%
2011	\$ 828,635	-	\$ 91,167	\$ 469	\$ 324,271	\$ 920,271	4.9900	\$ 1,244,542	73.94%
2012	\$ 778,999	-	\$ 83,268	\$ 518	\$ 298,342	\$ 862,785	4.9900	\$ 1,161,127	74.31%
2013	\$ 758,526	-	\$ 84,706	\$ 526	\$ 277,483	\$ 843,758	5.5000	\$ 1,121,241	75.25%
2014	\$ 797,789	-	\$ 77,146	\$ 564	\$ 322,683	\$ 857,723	5.5000	\$ 1,136,735	75.45%
2015	\$ 774,314	-	\$ 82,861	\$ 547	\$ 304,917	\$ 872,391	5.5000	\$ 1,177,308	74.10%

Source: Seminole County Property Appraiser

City of Longwood, Florida
Direct and Overlapping Governments Property Tax Rates (1)
Last Ten Fiscal Years
(amounts expressed in millage)
(tax levies per \$1,000 of assessed valuation)

Fiscal Year	Direct Rate			Overlapping Rates							Total Direct & Overlapping Rates
	City of Longwood Operating Millage	Debt Service Millage	Total Direct Millage	Seminole County			School District			St. John's Water Management District	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2006	4.9900	-	4.9900	4.9989	0.2041	5.2030	7.9650	-	7.9650	0.4620	18.6200
2007	4.9900	-	4.9900	4.9989	0.1451	5.1440	7.7530	-	7.7530	0.4620	18.3490
2008	4.9900	-	4.9900	4.3578	0.1451	4.5029	7.4130	-	7.4130	0.4158	17.3217
2009	4.9900	-	4.9900	4.5153	0.1451	4.6604	7.5430	-	7.5430	0.4158	17.6092
2010	4.9900	-	4.9900	4.9000	0.1451	5.0451	7.7230	-	7.7230	0.4158	18.1739
2011	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.8010	-	7.8010	0.4158	18.2519
2012	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.7220	-	7.7220	0.3313	18.0884
2013	5.5000	-	5.5000	4.8751	0.1700	5.0451	7.5530	-	7.5530	0.3313	18.4294
2014	5.5000	-	5.5000	4.8751	-	4.8751	8.3610	-	8.3610	0.3283	19.0644
2015	5.5000	-	5.5000	4.8751	-	4.8751	7.8970	-	7.8970	0.3164	18.5885

Source: Seminole County Tax Collectors Office

(1) Property tax rates for the fiscal year are based on prior years millage rates.

**City of Longwood, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CMCP-Island Lake LLC	\$ 13,824	1	1.61%	\$ 13,443	1	1.64%
Duke Energy Florida Inc/Florida Power	10,389	2	1.21%	9,666	6	1.18%
American Industrial Central LTD	10,269	3	1.20%	12,435	2	1.52%
United Parcel Service, Inc.	8,296	4	0.97%	11,946	3	1.46%
1944 Unionport Assoc LLC	6,806	5	0.79%	9,995	5	1.22%
American Industrial Center IX	6,702	6	0.78%	7,811	7	0.96%
GS Realty	6,425	7	0.75%	-	-	-
Woods Family Properties DJW	5,856	8	0.68%	6,502	9	0.80%
Garrison Orlando Flex	5,161	9	0.60%	-	-	-
Orlando MOB Owners	4,716	10	0.55%	5,327	-	0.65%
Longwood Business Association	-	-	-	10,163	4	1.24%
Courtesy Auto Group	-	-	-	6,289	10	0.77%
Totals	\$ 78,444		9.15%	\$ 93,577		11.45%

Source: Seminole County Property Appraiser

City of Longwood, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 4,483	\$ 4,317	96.30%	\$ 38	\$ 4,355	97.14%
2007	\$ 5,377	\$ 5,140	95.59%	\$ 42	\$ 5,182	96.37%
2008	\$ 6,090	\$ 5,865	96.31%	\$ 43	\$ 5,908	97.01%
2009	\$ 5,753	\$ 5,553	96.52%	\$ 42	\$ 5,595	97.25%
2010	\$ 5,201	\$ 4,983	95.81%	\$ 55	\$ 5,038	96.87%
2011	\$ 4,604	\$ 4,456	96.79%	\$ -	\$ 4,456	96.79%
2012	\$ 4,319	\$ 4,134	95.72%	\$ 44	\$ 4,178	96.74%
2013	\$ 4,653	\$ 4,448	95.59%	\$ 41	\$ 4,489	96.48%
2014	\$ 4,727	\$ 4,531	95.85%	\$ 42	\$ 4,573	96.74%
2015	\$ 4,798	\$ 4,645	96.81%	\$ 45	\$ 4,690	97.75%

Source: Seminole County Tax Collector and City of Longwood Finance Department

City of Longwood, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year Ended September 30,	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Refunding Revenue Bonds	Capital Leases	Revenue Bonds	Water Revenue Bonds			
2006	n/a	\$ 180	n/a	n/a	\$ 180	0.05%	\$ 13
2007	n/a	\$ 1,472	n/a	n/a	\$ 1,472	0.45%	\$ 105
2008	n/a	\$ 1,271	n/a	n/a	\$ 1,271	0.34%	\$ 92
2009	n/a	\$ 1,061	n/a	n/a	\$ 1,061	0.28%	\$ 77
2010	n/a	\$ 842	n/a	n/a	\$ 842	0.23%	\$ 62
2011	n/a	\$ 1,308	n/a	n/a	\$ 1,308	0.38%	\$ 96
2012	n/a	\$ 2,099	n/a	n/a	\$ 2,099	0.59%	\$ 159
2013	n/a	\$ 1,951	n/a	n/a	\$ 1,951	0.50%	\$ 142
2014	n/a	\$ 1,432	n/a	n/a	\$ 1,432	0.38%	\$ 106
2015	n/a	\$ 1,579	n/a	n/a	\$ 1,579	0.40%	\$ 104

Note: No Revenue Bond Debt

City of Longwood, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015
(amounts expressed in thousands)

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Seminole County GO Debt	\$ -	0.00%	\$ -
Direct Debt:			
City of Longwood Capital Leases	\$ 1,579	100.00%	\$ 1,579
Total Direct and Overlapping Debt	<u>\$ 1,579</u>		<u>\$ 1,579</u>

Sources:

Overlapping GO debt for Seminole County obtained from Seminole County Finance Department. The percentage of overlapping debt applicable to the City of Longwood is estimated using the population of the City of Longwood and Seminole County.

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

<u>Fiscal Year</u>	<u>Population ¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income ¹</u>	<u>Median Age ¹</u>	<u>Education Level in Years of Formal Schooling ¹</u>	<u>School Enrollment ²</u>	<u>Unemploy- ment Rate ³</u>
2006	14,368	\$ 340,967	\$ 23,731	39.7	13.63	2,943	4.3%
2007	14,062	\$ 326,576	\$ 23,224	40.2	13.60	3,335	4.6%
2008	13,820	\$ 375,987	\$ 27,206	40.4	13.33	3,267	6.7%
2009	13,855	\$ 377,133	\$ 27,220	40.5	13.33	3,563	9.2%
2010	13,491	\$ 361,559	\$ 26,800	41.6	13.47	4,071	7.5%
2011	13,657	\$ 347,502	\$ 25,445	39.4	13.47	3,907	9.7%
2012	13,212	\$ 357,887	\$ 27,088	35.4	13.64	2,230 **	7.7%
2013	13,733	\$ 391,638	\$ 28,518	42.1	13.68	2,325 **	6.3%
2014	13,553	\$ 379,416	\$ 27,995	42.7	13.46	2,261 **	4.9%
2015	13,741	\$ 394,229	\$ 28,690	43.1	13.526	2,650 **	4.1%

* Data not available

** School enrollment dropped due to the closing of Longwood Elementary and the relocation of Choices in Learning, Charter School

**City of Longwood, Florida
Principal Employers
Current Year and Nine Years Ago**

Employer	2015 (1)			2006		Percentage of Total City Employment ²
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	
South Seminole Hospital	964	1	6.23%	1003	1	5.02%
UPS	506	2	3.27%	*	*	*
D&A Building Services	274	3	1.77%	*	*	*
Seminole County Schools	222	4	1.44%	300	5	1.51%
Collis Roofing	207	5	1.34%	*	*	*
Comprehensive Energy Services	189	6	1.22%	*	*	*
Sears Home Improvement Products	181	7	1.17%	778	2	3.89%
Protection One Alarm Monitoring	169	8	1.09%	*	*	*
Opis Management Resources, LLC	163	9	1.05%	*	*	*
City of Longwood	156	10	1.01%	*	*	*
Total	3,031		19.59%	2,081		16.27%

Sources:

- 1 Per City of Longwood's Economic Development Department
- 2 Per Orlando Economic Development (www.orlandoedc.com), the City of Longwood has an estimated workplace population of 15,470 with approximately 1,786 business establishments for 2015.
- 3 * Information is not available.

City of Longwood
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government ¹	29	30	25	28	26	24	23	25	27	27
Public Safety:										
Police										
Sworn Officers	40	40	40	40	40	40	40	40	40	42
Non sworn Officers	2	2	2	3	2	2	2	2	2	2
Civilians	5	5	5	5	5	5	5	5	5	4
Fire										
Firefighters and Officers	33	39	39	39	39	39	39	45	45	40
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works	30	30	26	26	28	28	28	27	25	22
Parks and Recreations	14	13	14	13	11	12	12	10	10	12
Total	<u>154</u>	<u>160</u>	<u>152</u>	<u>155</u>	<u>152</u>	<u>151</u>	<u>150</u>	<u>155</u>	<u>155</u>	<u>150</u>

City of Longwood, Florida
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Auto Accidents	1427	1232	1212	1046	1039	1012	737	812	808	899
Physical arrests	1373	671	1123	1003	1087	1644	917	1061	808	912
Criminal Investigations Conducted	851	751	829	872	590	476	426	473	438	467
Total Calls for Service	36560	40427	46389	48808	54277	49793	44380	41577	40103	43982
911 Calls Received	679	1758	1835	3850	3832	3741	3544	3634	3356	3453
Evidence Processed (pieces)	1874	1715	1921	1631	1261	2625	2502	1930	1936	2312
Fire										
Number of emergency calls answered	3779	3848	3636	3641	3757	3681	4038	4138	4130	4551
Medical Transports	1684	1697	1782	1679	1911	1890	1994	2122	2042	2234
Highways and Streets										
Streets paved (miles)	0.9	0.7	1.2	1	0	60.5	60.85	61.1	61.1	61.1
Streets resurfaced (tons/asphalt)	0	0	0	0	0	0	0	0	0	0
Sidewalks/bike paths built or repaired (feet)	100	7926	6600	5280	5000	5163	5180	3200	1500	2600
Culture and Recreation										
Sports Complex ball games & field rentals	2180	2281	2269	2301	2127	2112	2115	2134	1970	2140
Community Bldg rentals	148	158	123	118	169	176	175	195	224	188
Water										
New connections	*	*	*	*	5	8	13	0	0	4
Number of customers	5525	5559	5788	5853	5787	5795	5809	5829	5510	6054
Water main breaks	5	5	7	3	2	0	0	0	6	5913
Average daily consumption (millions of gallons)	2.4	1.5	2.2	2.1	1.9368	2	1.947	2	1.897	1.826
Meter reads	65909	66708	69456	68400	62436	66570	69600	67250	67269	69984
General Government										
Employment applications received	29	244	352	422	463	304	325	161	201	239
Personnel actions processed	277	321	364	515	630	197	250	205	270	272
Legal Notices published	80	73	72	61	75	64	41	33	48	39
Business Tax Licenses issued:										
New Licenses	486	455	427	381	384	302	102	243	235	201
Renewals	2049	1842	1972	1843	1779	1768	1508	1460	1227	1422
Accidents & Injuries reviewed	56	58	*	42	59	46	31	51	20	32
Land Use changes	4	0	6	14	70	10	2	3	13	5
Site Plan Reviews	15	15	7	1	17	11	7	4	3	8
Total Permits Issued	1980	1219	1032	940	1064	1179	1132	1050	1200	1478
Construction inspections	3972	3324	1953	1755	2673	2943	2743	2715	3100	4058
PR Checks issued	4333	4341	4304	4402	4199	4256	4134	4180	3991	4039
A/P Checks issued	4722	4747	4545	4311	3705	3621	3663	2662	2400	2760
Purchase orders processed	576	627	577	492	407	448	406	360	364	370

Sources:
Various departments, City of Longwood

Notes
* Information not available

**City of Longwood, Florida
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	47	46	40	54	47	51	53	52	52
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Streets - paved (miles)	56.4	57.1	58.25	59.25	59.25	60.5	60.85	61.1	61.1	61.1
Streets - unpaved (miles)	3.6	3.53	2.38	1.38	1.38	0.63	0.38	0.13	0.13	0.13
Street lights	812	812	812	813	814	814	814	814	818	814
Traffic Signals	18	18	18	18	18	24	24	24	24	24
Culture and Recreation										
Park acreage	41	41	42	42	42	42	42	42	42	42
City playgrounds & passive parks	9	9	9	9	9	9	9	10	10	10
Tennis courts	5	5	5	4	4	4	4	5	5	5
Basketball courts	5	5	5	5	5.5	5.5	5.5	6	6	6
Futsal courts (soccer)	0	0	0	0	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Historical Museum	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	68	68	68.5	68.6	68.8	68.8	69	69	85	69.5
Fire hydrants	597	584	560	560	561	561	564	548	545	544
Maximum daily capacity (millions of gallons)	7	7	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Sewer										
Sanitary sewers (miles)	22.25	22.27	22.27	22.27	22.37	22.5	22.5	22.7	40.9	23
Storm sewers (miles)	*	*	*	*	*	*	*	*	*	*

Notes
* Information not available

Sources:
Various departments, City of Longwood

City of Longwood, Florida
Schedule of Revenues by Source and Expense by Type
Police Officers & Firefighters Pension Fund
Last Ten Fiscal Years

Year	Revenues by Source			Refunds	Investment Related Expenses	Admin. Expenses	City Contribution as a Percent of Payroll (1)
	Investment Income Net	Contributions					
2006	\$ 264,864	\$ 498,252	\$ 1,082	\$ 6,919	\$ 3,262	5.7%	
2007	\$ 509,213	\$ 489,982	\$ 1,617	\$ 8,838	\$ 13,990	3.4%	
2008	\$ (655,938)	\$ 452,135	\$ 808	\$ 10,073	\$ 24,406	0.0%	
2009	\$ 129,630	\$ 533,509	\$ 3,470	\$ 9,206	\$ 19,723	3.3%	
2010	\$ 529,525	\$ 483,183	\$ -	\$ 11,513	\$ 31,126	6.6%	
2011	\$ 58,116	\$ 489,209	\$ 1,849	\$ 13,531	\$ 22,360	6.1%	
2012	\$ 1,227,569	\$ 485,676	\$ 1,400	\$ 14,545	\$ 18,874	6.6%	
2013	\$ 1,055,247	\$ 513,122	\$ 2,631	\$ 16,665	\$ 36,678	6.6%	
2014	\$ 878,167	\$ 519,107	\$ 87,034	\$ 19,133	\$ 48,355	7.2%	
2015	\$ (9,679)	\$ 567,427	\$ 37,140	\$ -	\$ 44,598	8.1%	

Note (1) The City of Longwood Police Officers & Firefighters Pension Plan was implemented in 1996 for new employees hired after January Employees hired prior to that date continue to participate in the Florida Retirement System.

**City of Longwood, Florida
Miscellaneous Statistics
September 30, 2015**

	<u>2015</u>
Date of Incorporation	1923
Form of Government	Commission/Manager
Number of Municipal Employees (Including Police and Fire)	150
Population	13,822
 City of Longwood Facilities and Services:	
Miles of Streets:	
Paved	61.1
Unpaved	0.13
Parks and Recreation:	
Park acreage	42
Community Center	1
Athletic Fields	7
Tennis Courts	5
Futsal Courts (soccer)	0
Basketball Courts	6
City playgrounds and passive parks	10
Fire Protection:	
Stations	2
Employees	39
Police Protection:	
Stations	1
Employees	46
Wastewater Collection System:	
Miles of sanitary sewers	23
Lift Stations	33
Daily average treatment	*
Plants(s) capacity (MGD)	*
Disposal plants	*
Water Distribution System:	
Miles of water mains	69.5
Daily average:	
Consumption (Millions/Gallons)	1.8
Plant capacity (Millions/Gallons)	7.2
Service connections	5913
Deep wells	4
Fire hydrants	544
 Facilities and Services Not Included in the Reporting Entity:	
Education:	
Number of elementary schools	0
Number of elementary school instructors	0
Number of high schools	1
Number of high school instructors	143
Hospitals:	
Number of hospitals	1
Number of patient beds	206

* No treatment plant within the City. Flow to Seminole County 380,000 gallons per day.

Sources:

Various Departments, City of Longwood
School Board of Seminole County
Orlando Regional Hospital



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OTHER REPORTS



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

Honorable Mayor and City Commissioners
City of Longwood, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Longwood, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 24, 2016.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of This Report

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

McDiernit Davis & Company, LLC

Orlando, Florida
May 24, 2016

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Longwood, Florida (the City), as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated May 24, 2016.

Auditor's Responsibility

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, and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 24, 2016 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i).1., Rules of the Auditor General, require 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 such findings in the preceding annual financial audit report.

Official Title and Legal Authority

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

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Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the *City of Longwood, Florida* 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 Longwood, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Longwood, Florida* for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2015. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

McDiernit Davis & Company, LLC

Orlando, Florida
May 24, 2016

Honorable Mayor and City Commissioners
City of Longwood, Florida

We have audited the financial statements of the City of Longwood, Florida (the City) for the year ended September 30, 2015, and have issued our report thereon dated May 24, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 8, 2014, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Longwood solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Longwood is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, City of Longwood changed accounting policies related to the adoption of Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pension Plans*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate for the allowance for doubtful accounts is based on historical loss levels, and an analysis of the individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation for the allowance for depreciation is based on the estimated useful lives of the capital assets. We evaluated the reasonableness of the useful lives as well as the depreciation methods in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Longwood's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated May 24, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Longwood, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Longwood's auditors.

This report is intended solely for the use of management, the City Commission and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

McDiernit Davis & Company, LLC

Orlando, Florida
May 24, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Mayor and City Commissioners
City of Longwood, Florida

We have examined City of Longwood's, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2015. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

In our opinion, City of Longwood, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

McDirmit Davis & Company, LLC

Orlando, Florida
May 24, 2016

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