



**CITY OF LONGWOOD
FLORIDA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR
THE FISCAL YEAR
ENDED SEPTEMBER 30, 2014**



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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**CITY OF LONGWOOD,
FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

Prepared by:

Department of Financial Services

CITY OF LONGWOOD, FLORIDA

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INTRODUCTORY SECTION



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CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

March 4, 2015

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, 2014.

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, 2014, 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 unqualified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2014, 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 13,553. 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 13,553, 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 1,736 businesses that employ 18,374 individuals.

Top Longwood employers include South Seminole Hospital (927 employees), United Parcel Service (500 employees) and D & A Building Services (312 employees). The City's unemployment rate for 2014 is estimated at 4.9% which compares favorably to the State's rate of 5.6%. The median age in the city is 42.7 with more than 17% 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 thirty-four (34) percent of general fund expenditures while unassigned fund balance represents twenty-two (22) 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 16, 2013 for fiscal years 2014-15 through 2018-19. 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

The City Commission has placed an emphasis on redevelopment opportunities as a future economic engine for our city. With that goal in mind, the Commission authorized a comprehensive redevelopment strategy aimed at providing the City with the planning tools necessary to maximize opportunities associated with Transit Oriented Development (TOD) and the City's new SunRail station. The strategy is aimed at providing for a more vibrant and walkable community, the promotion of alternative transportation modes, economic growth and redevelopment. Other elements of the redevelopment strategy include 1) a market study to identify development potential around the station and its walk shed, 2) the development of a master plan and a form based code to implement the master plan and, 3) the identification of public and private funding mechanisms and partnering opportunities to support transit oriented development.

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 preparing a Bicycle and Pedestrian Master Plan to identify projects and strategies necessary to improve mobility options throughout the City. The plan is intended to provide cyclists and pedestrians with a system of safe and effective sidewalks, trails, street crossings and bike lanes, while also identifying ways to promote development and redevelopment that is conscientiously planned for cyclists and pedestrians.

In order to help implement the projects identified by the City's planning efforts, including the Heritage Village Redevelopment Strategy and the Bicycle-Pedestrian Master Plan, the City has joined with the East Central Florida Regional Planning Council, the City of Orlando, Orange County and others as part of a consortium that was awarded a total of \$4.2 million, of which the



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City will receive \$422,386 to create shovel-ready drawings to implement key walkability and bicycle facility projects within the Heritage Village.

Construction for the first phase of infrastructure improvements in the TOD is under way and includes regional stormwater management systems, sewer and water service to the area as well as streetscape improvements. SunRail service began operations in mid-2014. A Planned Development Project - Weston Park Apartments, a 208-unit apartment project located directly across from the SunRail Station, is currently under construction.

The City will be issuing a Request for Proposals to engage a retail recruitment expert to develop a comprehensive retail study. The study will analyze our current state and future desires with consideration given to our trade zones, the demographic and psychographic analysis of those zones, surplus and leakage of the retail market and the detriment or benefit that our surrounding markets may present. The investment for a study of this depth will be approximately \$50,000. Additional investment dollars may be requested if we would hire the consultant to actively pursue the various retailers.

The second initiative is a small business micro-loan program. This program will assist small business owner/start-up with some of their hard cost items. A significant gap exists in the financial markets for the small business owner, especially those with less than a three year history. The micro-enterprise loan program will assist in providing market rate loans of \$10,000 or less for these business owners. Considering that 78% of the 1,736 businesses in Longwood have ten employees or less, the average being three, the market need exists for a program that can assist a company that would not qualify for a traditional loan. The proposed initial funding for this revolving loan program is \$30,500.

The City has seen a marked increase in residential development over the past year and a half. Over this time period the city has received applications for approximately 450 new residential units within single family and multifamily residential projects (compared to no residential project activity in 2013). Of note is a 208 unit multi-family apartment project to be constructed across the street from the City's new commuter rail station along with a 123 unit senior citizens apartment complex a few blocks away from the station.

The Police Department established a crisis intervention team comprised of employees that were trained in critical incident stress intervention. These members have been assigned to the Seminole County Crisis Intervention Team that is 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.



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The Police Department with the Citizens on Patrol Program coordinated a great Longwood Christmas Parade event that has not been offered in Longwood for many years. The public and private partnerships that have been developed within the City of Longwood made this parade a success and it was 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 that brought unity within our community. Most have encouraged us to continue this wonderful event on an annual basis.

Additionally, the Police Department with Citizens on Patrol created an Auxiliary Citizens on Patrol Program that supports the Citizens on Patrol with their logistical support of police department operation 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 Longwood Community coming together and giving back of their volunteer time to the city in which they live, work and play.

One of the Fire Department's most significant accomplishments this past year was the awarding of an ISO / PPC Rating of "Class 2", effective October 1, 2014. The Insurance Services Office (ISO) rates a community's fire protection on a scale of 1-10. They refer to this as Public Protection Classification (PPC), with Class 10 representing that NO recognizable fire protection exists in that community and Class 1 being the highest (best) rating that a community can receive. In the absence of an aerial apparatus within the City's fire department fleet, an ISO Rating of "Class 2", is the very best rating we can achieve and places us in a rather elite group, as less than 800 communities (of all sizes) in North America have earned a "Class 2" (or higher) ISO / PPC rating. Such a ranking definitely places the City of Longwood Fire Department in the category of being a "World Class Fire Rescue Department".

The ISO / PPC rating serves as an accreditation by a third-party (Insurance Services Office or ISO) evaluation team. Their findings are used to determine the cost of property and fire insurance premiums within the community. To simplify, the lower the ISO rating, the lower insurance premiums should be for that community. The ISO / PPC rating considers multiple facets of the City's fire protection system such as; Training, Certifications and Education of Firefighting Personnel and Daily Staffing, Number of, Condition of, and Maintenance of, Firefighting Apparatus and Equipment (fire engines, nozzles, specialized equipment), Fire Prevention Activities (plans review and approval, fire inspections, enforcement procedures), Water Supply and Distribution (condition and maintenance of water mains, fire hydrants, pumping stations and reserves) and Alarm Notification & Communications. The ISO / PPC Rating of "Class 2" is representative of a successful, organized plan for improvement and development of the City's Fire Department, implemented in recent years that addresses multiple operational areas and functions. This is one more example of the City's commitment to establishing itself as truly "World Class" for Economic Redevelopment, while improving Public Safety and "Quality of Life".



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The City's Utility Department installed through an agreement with FDOT at no cost to the City, replacement water mains and services along SR 434 between Rangeline Road and 1200 W SR 434. This project was done in conjunction with the SR 434 road widening. Other major projects include the installation of sanitary sewer mains and connections for 20 new homes being built by Maronda Homes and 16 existing homes and the replacement of 8,000 feet of AC water main in the Skylark subdivision as well as service lines, meters, valves and hydrants. Staff initiated a water meter replacement program beginning with all 2", 1 ½" and 1" meters in the City. Other endeavor's included construction of improvements at Water Treatment Plant #2 including Well 5B and a new emergency generator was acquired. In addition, upgraded electrical services were completed along with I & I inspection and repairs of over 12,000 LF of gravity sewer and 43 manholes.

The City's Public Works Department completed the Chelsea Road and Harbour Isle drainage improvement project. The Pavement Management Program was finalized and provides benefit and value to the City as this program will allow the City to better manage its roadway system. Other accomplishments include the repair of the sluice gate on Rangeline Road.

A major initiative for the Leisure Services department continued to be working towards the conclusion of Reiter Park's development. In the 2014 fiscal year, we officially accomplished the completion of the first Phase of construction. In the same fiscal year, a public workshop was held in an effort to gather the thoughts and opinions of Longwood citizens for future phases to come. This has helped to lay the ground work for an incoming proposal from Dix Hite & Partners, Inc. that will include the final design of the park. Leisure Services has applied for a second Land Water Conservation Fund (LWCF) Grant as well as a Cultural Facilities Grant. The City was recently awarded the LWCF Grant and is awaiting approval for a Cultural Facilities Grant. If awarded, these grants will assist in the completion of an amphitheater, bathrooms, trails, parking and more.

Leisure Services is also proud of completing the Candyland Park lighting project for Energy Efficient Community Block Grant. The City now has brand new energy efficient sports lighting on 2 out of the 4 major fields at Candyland Park. This was obtained through the energy efficient lighting grant at no cost to the City. Our future goal is to replace all ball field sports lighting through grant opportunities.

Another major initiative for the Leisure Services department was to ready Candyland Park for the purpose of obtaining a bid to host the Babe Ruth State Championships, which is a prestigious accomplishment in arguably the most popular baseball state in the nation. Several park renovations were planned during the 2014 fiscal year which include completely reconstructing one of its marquis fields, boosting the safety standards by replacing over 10,000 square feet of netting, replacing all bleacher shade covers, redesigning drainage to prevent heavy clay loss from fields, fencing improvements, pathway renovations and more. Because of this planning that



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would be carried out in the span of nearly a year, we have now been selected to host the 11u state tournament this summer.

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, 2013. This was the eighteenth 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

Louise C. Frangoul, CPA
Interim 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

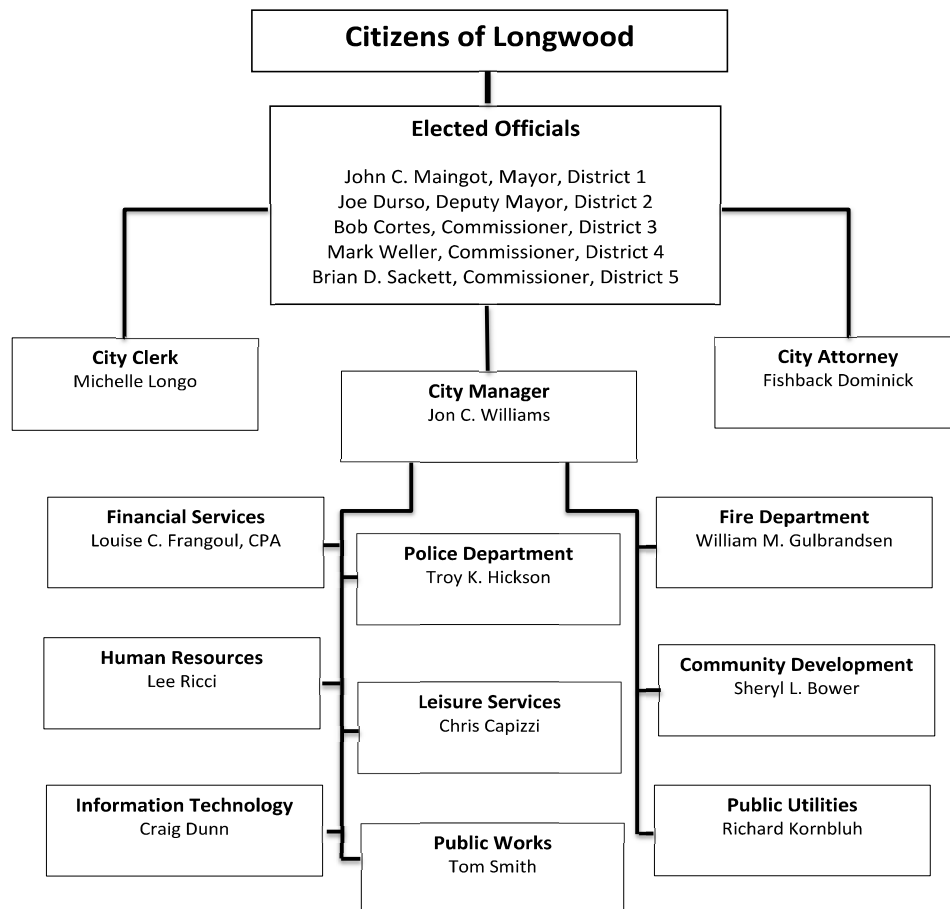
September 30, 2013

Executive Director/CEO

**CITY OF LONGWOOD, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2014**

MAYOR	John C. Maingot
DEPUTY MAYOR	Joe Durso
COMMISSIONER	Bob Cortes
COMMISSIONER	Brian D. Sackett
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
INTERIM DIRECTOR OF FINANCIAL SERVICES	Louise Frangoul
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

Organizational Chart





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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, 2014, 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, 2014, 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

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 67 through 70, 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 accompanying schedule of expenditures of federal awards (the Schedule) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule 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 March 4, 2015 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.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 4, 2015

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014**

The City of Longwood, Florida's (the City) 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 of the City exceeded its liabilities at September 30, 2014 by \$58,886,660 (net position). Of this amount, \$9,390,933 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$449,673 or 0.8%.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$7,967,605, an increase of \$894,691. Approximately 36% of this total amount, \$2,881,611, 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 \$3,083,160 or 22% of total general fund expenditures.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by \$1,242,753 or 12%.

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, 2014**

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 and liabilities, with the difference between the two 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, 2014**

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 33-66 of this report.

Required Supplementary Information (RSI). RSI can be found on pages 67-70 of this report.

Other Information. The budget schedules for the two major capital projects funds are on pages 71-72 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 73-78 of this report.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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 exceeded liabilities by \$58,886,660 at the close of the most recent fiscal year.

Over half (\$49,290,002 or 83.7%) 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 \$205,725 (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 (\$9,390,833 or 16%) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2014, 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, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Longwood, Florida
Statement of Net Position
As of September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 9,677,082	\$ 9,137,503	\$ 2,811,549	\$ 3,423,701	\$ 12,488,631	\$ 12,561,204
Capital assets	35,965,478	36,683,239	14,756,347	14,037,569	50,721,825	50,720,808
Total assets	<u>45,642,560</u>	<u>45,820,742</u>	<u>17,567,896</u>	<u>17,461,270</u>	<u>63,210,456</u>	<u>63,282,012</u>
Liabilities:						
Current liabilities	1,195,750	1,296,661	186,150	95,468	1,381,900	1,392,129
Long-term liabilities	2,574,262	3,093,314	93,377	88,574	2,667,639	3,181,888
Other liabilities	-	-	274,258	271,008	274,258	271,008
Total liabilities	<u>3,770,012</u>	<u>4,389,975</u>	<u>553,785</u>	<u>455,050</u>	<u>4,323,797</u>	<u>4,845,025</u>
Net Position:						
Net investment in capital assets	34,533,655	34,731,961	14,756,347	14,037,569	49,290,002	48,769,530
Restricted for:						
Police education	-	83	-	-	-	83
Special law enforcement	205,725	125,707	-	-	205,725	125,707
Unrestricted	7,133,169	6,573,016	2,257,764	2,968,651	9,390,933	9,541,667
Total net position	<u>\$ 41,872,549</u>	<u>\$ 41,430,767</u>	<u>\$ 17,014,111</u>	<u>\$ 17,006,220</u>	<u>\$ 58,886,660</u>	<u>\$ 58,436,987</u>

The table on the following page 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 \$449,673 or 0.8% in fiscal year 2014. The previous fiscal year, 2013, net position increased by \$150,971 or .2%.

Governmental activities increased net position by \$441,781 or 1% in fiscal year 2014 compared to an increase of \$174,577 in 2013. The increase in 2014 is due to more revenue, including charges for services, property taxes and operating grants.

Business-type activities increased net position by \$7,891 or 0.05% in fiscal year 2014 compared to a decrease of \$(23,606) or 0.14% in 2013.

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.

CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014

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	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 3,692,902	\$ 3,321,425	\$ 3,313,553	\$ 3,059,189	\$ 7,006,455	\$ 6,380,614
Operating grants and contributions	1,003,003	875,084	-	-	1,003,003	875,084
Capital grants and contributions	31,832	532,072	185,000	177,424	216,832	709,496
General revenues:						
Property taxes	4,573,073	4,489,534	-	-	4,573,073	4,489,534
Other taxes	3,814,637	3,802,698	-	-	3,814,637	3,802,698
Other	1,958,131	1,655,502	22,104	25,899	1,980,235	1,681,401
Total revenues	<u>15,073,578</u>	<u>14,676,315</u>	<u>3,520,657</u>	<u>3,262,512</u>	<u>18,594,235</u>	<u>17,938,827</u>
Expenses:						
General government	3,008,997	2,871,862	-	-	3,008,997	2,871,862
Public safety	8,280,146	7,704,667	-	-	8,280,146	7,704,667
Physical environment	251,926	800,022	-	-	251,926	800,022
Highways and streets	2,231,005	2,289,432	-	-	2,231,005	2,289,432
Sanitation	1,023,932	1,004,545	-	-	1,023,932	1,004,545
Parks and recreation	847,663	868,452	-	-	847,663	868,452
Interest on long-term debt	50,841	66,426	-	-	50,841	66,426
Public utilities	-	-	2,450,052	2,182,450	2,450,052	2,182,450
Total expenses	<u>15,694,510</u>	<u>15,605,406</u>	<u>2,450,052</u>	<u>2,182,450</u>	<u>18,144,562</u>	<u>17,787,856</u>
Increase (Decrease) in Net Position Before Transfers	(620,932)	(929,091)	1,070,605	1,080,062	449,673	150,971
Transfers	<u>1,062,714</u>	<u>1,103,668</u>	<u>(1,062,714)</u>	<u>(1,103,668)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	441,782	174,577	7,891	(23,606)	449,673	150,971
Net Position - October 1	<u>41,430,767</u>	<u>41,256,190</u>	<u>17,006,220</u>	<u>17,029,826</u>	<u>58,436,987</u>	<u>58,286,016</u>
Net Position - September 30	<u>\$ 41,872,549</u>	<u>\$ 41,430,767</u>	<u>\$ 17,014,111</u>	<u>\$ 17,006,220</u>	<u>\$ 58,886,660</u>	<u>\$ 58,436,987</u>

CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

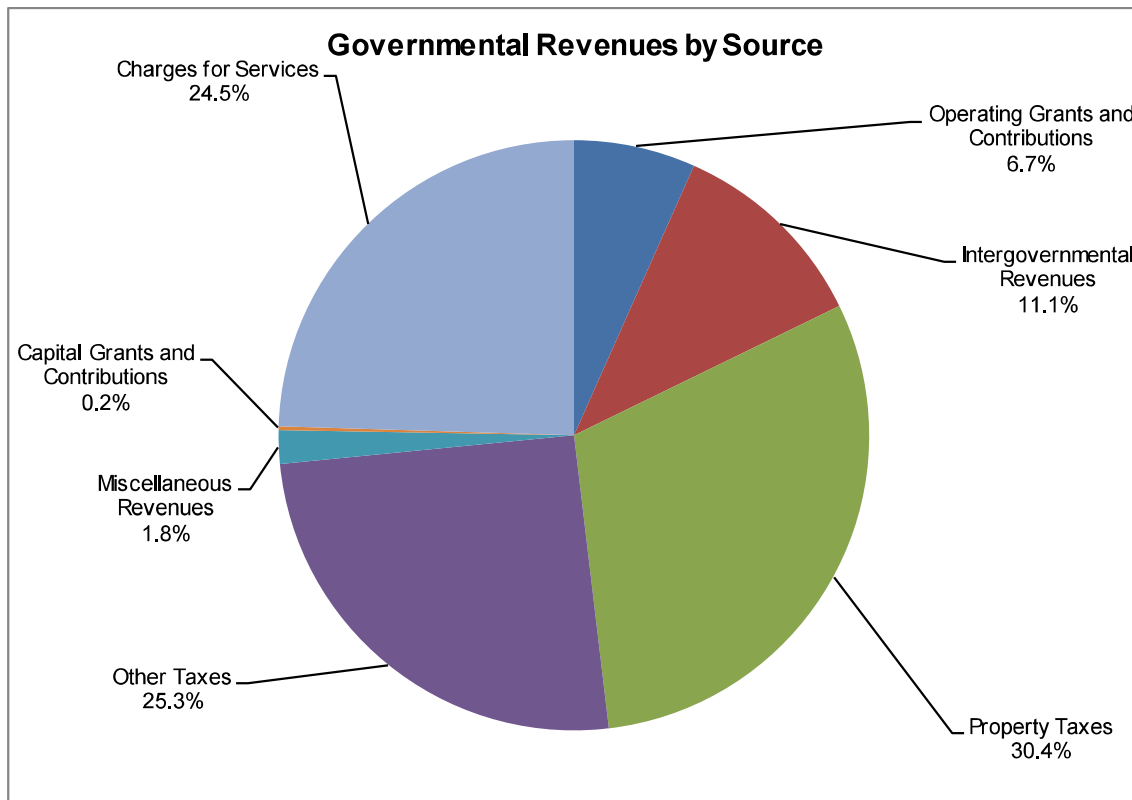
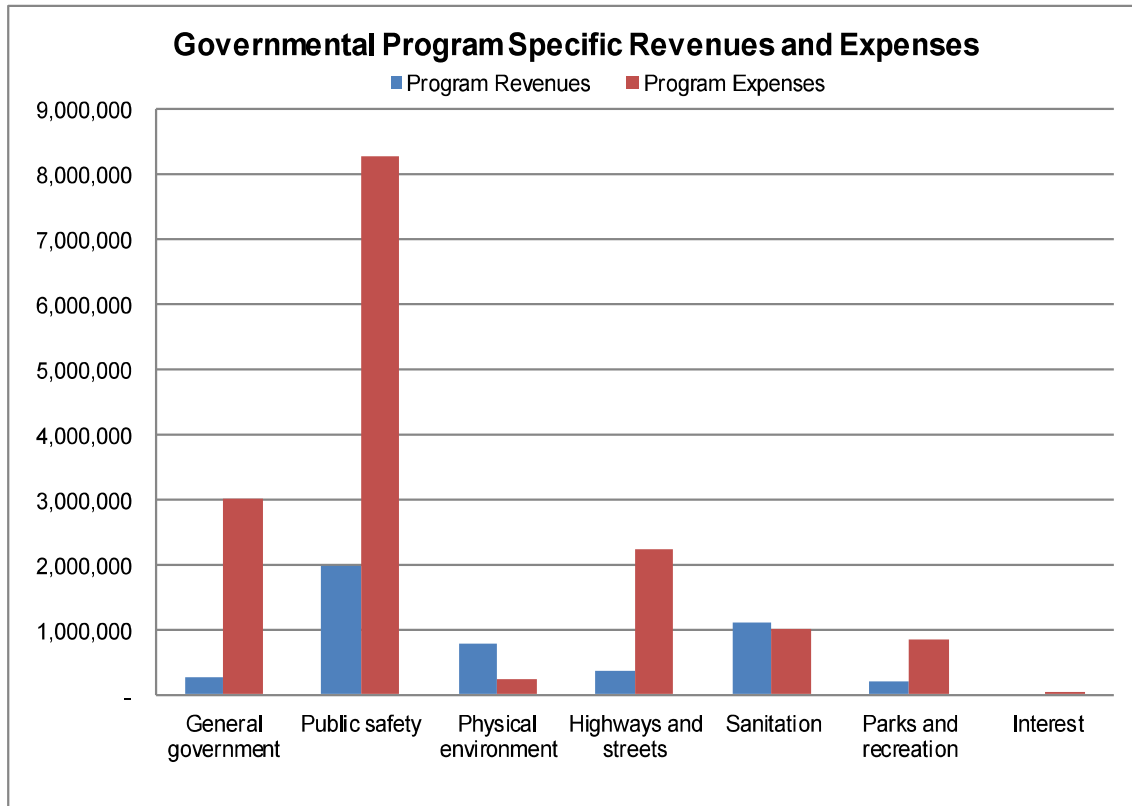
Additional information regarding the changes in fund balances of the governmental and business-type activities can be found in the section entitled **Financial Analysis of Government's Fund's** on page 12.

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.

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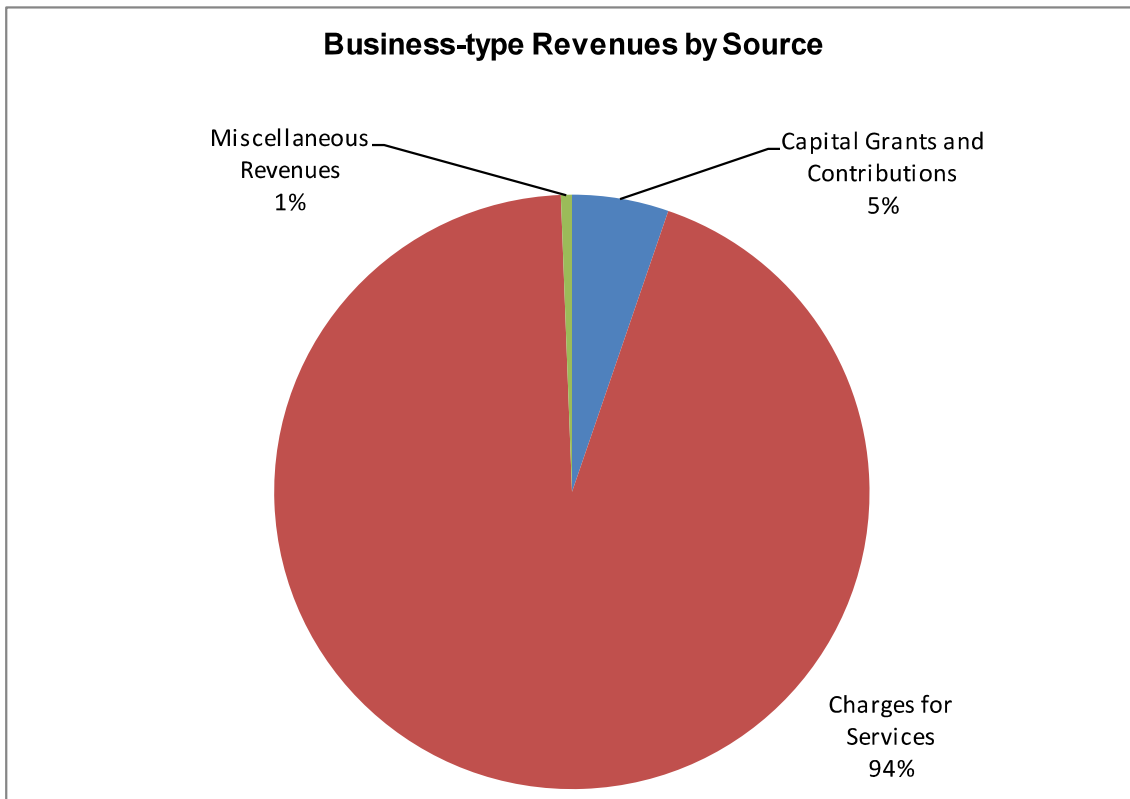
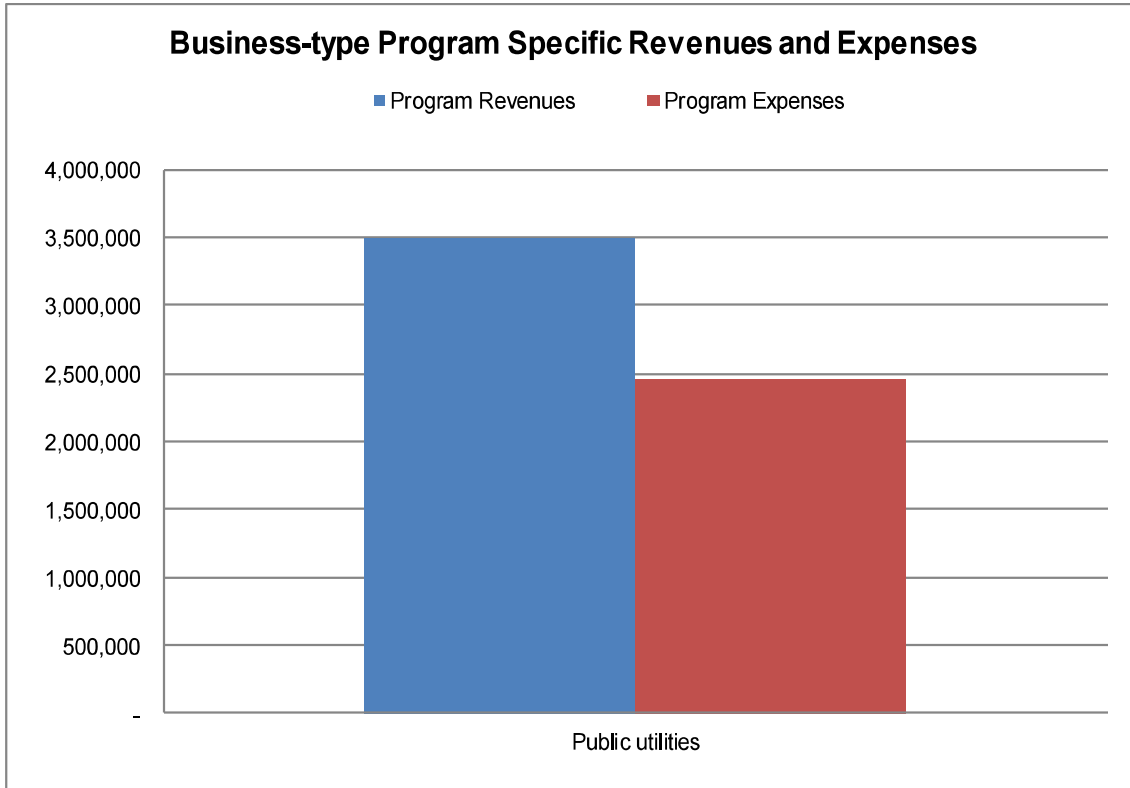
**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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, 2014, the City's governmental funds reported combined ending fund balances of \$7,967,605, an increase of \$894,691, from the prior year. Approximately 36% or \$2,881,611 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$5,085,994, is either nonspendable, as inventories, prepaid items, 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, 2014, the unassigned fund balance of the General Fund was \$3,083,160 while the total fund balance was \$4,716,087. 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 22% of total General Fund expenditures, while total fund balance represents 34% of that same amount. The fund balance of the General Fund increased by \$165,460 due to a increase in revenue and a decrease in expenditures.

The Public Facilities Improvement Fund has a total fund balance of \$1,570,145, of which \$1,355,145 is committed and \$215,000 is nonspendable to liquidate advances made to the Special Assessments Fund. The fund realized an increase in total fund balance of \$369,917 in 2014 due to capital outlay being less than budgeted.

The Special Assessments Fund has a total deficit fund balance of \$(201,549) 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 \$53,631 due to collection of assessments.

The Capital Projects Fund has a total fund balance of \$519,593, of which all is committed for future acquisition of capital equipment. The fund realized an increase in total fund balance of \$223,060 due to sale of equipment and also capital outlay was less than budgeted.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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, 2014, unrestricted net position of the Public Utilities Enterprise Fund amounted to \$2,257,764 and total net position increased \$7,891. This increase is due mainly to an increase in revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original General Fund budgeted expenditures and the final amended General Fund budget amounted to \$480,465. The increase in appropriations are due to carryforward funds in the approximate amount of \$300,000 for City projects such as a new computer system (\$149,000), capital outlay in the Leisure Services Department (\$53,000), and various Community Development projects totaling around \$40,000.

Actual expenditures were less than final appropriations by \$1,716,523, a variance of 11.27%, due to reductions in overtime costs, delayed filling of vacant positions, reducing contractual services, and employees continued efforts to control costs.

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, 2014 amounts to \$50,721,825 (net of accumulated depreciation), for an increase of \$1,017 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 .002% (a 2% decrease for governmental activities, and a 5% increase for business-type activities).

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

- Purchase of vehicles and other equipment \$610,437
- Commuter Rail Station, total costs of \$490,124
- Stormwater Improvements, \$209,695
- Completion of Road Improvements, \$207,537
- Reiter Park Improvements, \$58,281

Major capital assets included in construction in progress:

- Bike-pedestrian master plan, total costs of \$393,020
- Stormwater Improvements, total costs of \$362,264
- Longwood Heritage Village, total costs of \$144,785

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

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	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,503,094	\$ 5,503,094	\$ 50,600	\$ 50,600	\$ 5,553,694	\$ 5,553,694
Buildings	2,863,808	2,989,644	44,932	48,397	2,908,740	3,038,041
Improvements Other Than Buildings	4,156,398	4,281,843	10,867,580	10,807,488	15,023,978	15,089,331
Infrastructure	19,847,209	19,664,674	-	-	19,847,209	19,664,674
Vehicles and Equipment	2,679,649	3,046,865	328,750	305,834	3,008,399	3,352,699
Intangibles	-	-	2,291,017	2,330,824	2,291,017	2,330,824
Construction in Progress	915,320	1,197,119	1,173,468	494,426	2,088,788	1,691,545
Total capital assets, net	<u>\$ 35,965,478</u>	<u>\$ 36,683,239</u>	<u>\$ 14,756,347</u>	<u>\$ 14,037,569</u>	<u>\$ 50,721,825</u>	<u>\$ 50,720,808</u>

Noncurrent Liabilities. At September 30, 2014, 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	
	2014	2013	2014	2013	2014	2013
Capital Leases	\$ 1,431,821	\$ 1,951,278	\$ -	\$ -	\$ 1,431,821	\$ 1,951,278
OPEB Liability	352,466	323,556	32,042	27,152	384,508	350,708
Compensated Absences	789,975	818,480	61,335	61,422	851,310	879,902
Total	<u>\$ 2,574,262</u>	<u>\$ 3,093,314</u>	<u>\$ 93,377</u>	<u>\$ 88,574</u>	<u>\$ 2,667,639</u>	<u>\$ 3,181,888</u>

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, fund balance in the General Fund increased by \$165,459 to \$4,716,086. The City has appropriated \$1,186,472 of this amount for spending in the 2014/2015 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 2014/2015 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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,883,394	\$ 1,872,172	\$ 5,755,566
Investments	4,510,753	-	4,510,753
Accounts Receivable, net of allowance for uncollectibles	714,533	664,952	1,379,485
Due From Other Governmental Units	563,521	167	563,688
Prepaid Costs	4,881	-	4,881
Restricted Assets:			
Cash and cash equivalents	-	274,258	274,258
Capital Assets Not Being Depreciated			
Land	5,503,094	50,600	5,553,694
Construction in progress	915,320	1,173,468	2,088,788
Capital Assets, net of accumulated depreciation			
Buildings	2,863,808	44,932	2,908,740
Improvements other than buildings	4,156,398	10,867,580	15,023,978
Infrastructure	19,847,209	-	19,847,209
Vehicles and equipment	2,679,649	328,750	3,008,399
Intangibles	-	2,291,017	2,291,017
Total assets	<u>45,642,560</u>	<u>17,567,896</u>	<u>63,210,456</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	986,275	186,150	1,172,425
Due to Other Governmental Units	2,878	-	2,878
Unearned Revenues	206,597	-	206,597
Noncurrent Liabilities:			
Liabilities payable from restricted assets	-	274,258	274,258
Due within one year	461,731	6,134	467,865
Due in more than one year	2,112,531	87,243	2,199,774
Total liabilities	<u>3,770,012</u>	<u>553,785</u>	<u>4,323,797</u>
NET POSITION			
Net Investment in Capital Assets	34,533,655	14,756,347	49,290,002
Restricted for:			
Special law enforcement	205,725	-	205,725
Unrestricted	7,133,169	2,257,764	9,390,933
Total net position	<u>\$ 41,872,549</u>	<u>\$ 17,014,111</u>	<u>\$ 58,886,660</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, 2014

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	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	\$ 3,008,997	\$ 75,445	\$ 188,100	\$ -	\$ (2,745,452)	\$ -	\$ (2,745,452)
Public Safety	8,280,146	1,604,067	365,408	31,832	(6,278,839)	-	(6,278,839)
Physical Environment	251,926	712,312	85,020	-	545,406	-	545,406
Highways & Streets	2,231,005	-	364,475	-	(1,866,530)	-	(1,866,530)
Sanitation	1,023,932	1,104,752	-	-	80,820	-	80,820
Parks and Recreation	847,663	196,326	-	-	(651,337)	-	(651,337)
Interest on Long-term debt	50,841	-	-	-	(50,841)	-	(50,841)
Total governmental activities	15,694,510	3,692,902	1,003,003	31,832	(10,966,773)	-	(10,966,773)
Business-type activities:							
Public Utilities	2,450,052	3,313,553	-	185,000	-	1,048,501	1,048,501
Total business-type activities	2,450,052	3,313,553	-	185,000	-	1,048,501	1,048,501
Total primary government	\$ 18,144,562	\$ 7,006,455	\$ 1,003,003	\$ 216,832	(10,966,773)	1,048,501	(9,918,272)
General Revenues:							
Taxes:							
Property taxes					4,573,073	-	4,573,073
Franchise and utility taxes					2,936,264	-	2,936,264
Communications services tax					878,373	-	878,373
Unrestricted intergovernmental revenues					1,673,350	-	1,673,350
Unrestricted investment earnings					8,609	824	9,433
Miscellaneous					276,172	21,280	297,452
Transfers					1,062,714	(1,062,714)	-
Total general revenues and transfers					11,408,555	(1,040,610)	10,367,945
Change in net position					441,782	7,891	449,673
Net Position - beginning					41,430,767	17,006,220	58,436,987
Net Position - ending					\$ 41,872,549	\$ 17,014,111	\$ 58,886,660

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

CITY OF LONGWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ 786,346	\$ 1,097,394	\$ 152,361	\$ -
Investments	4,510,753	-	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	162,236	327,342	159,960	-
Due From Other Funds	-	229,491	-	-
Due From Other Governmental Units	251,436	28,260	1,358	282,467
Prepaid Costs	4,881	-	-	-
Advances to Other Funds	140,000	215,000	-	-
Total assets	<u>\$ 5,855,652</u>	<u>\$ 1,897,487</u>	<u>\$ 313,679</u>	<u>\$ 282,467</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 539,972	\$ -	\$ 268	\$ 39,700
Accrued liabilities	368,353	-	-	13,276
Due to other funds	-	-	-	229,491
Advances from other funds	-	-	355,000	-
Due to other governments	-	-	-	-
Unearned revenue	206,597	-	-	-
Total liabilities	<u>1,114,922</u>	<u>-</u>	<u>355,268</u>	<u>282,467</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>24,644</u>	<u>327,342</u>	<u>159,960</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	144,881	215,000	-	-
Spendable:				
Restricted	-	-	-	-
Committed	-	1,355,145	-	-
Assigned	1,488,046	-	-	-
Unassigned	3,083,160	-	(201,549)	-
Total fund balances	<u>4,716,087</u>	<u>1,570,145</u>	<u>(201,549)</u>	<u>-</u>
Total Liabilities, deferred inflows and fund balances(deficits)	<u>\$ 5,855,653</u>	<u>\$ 1,897,487</u>	<u>\$ 313,679</u>	<u>\$ 282,467</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 519,593	\$ 1,327,700	\$ 3,883,394
-	-	4,510,753
-	64,995	714,533
-	-	229,491
-	-	563,521
-	-	4,881
-	-	355,000
<u>\$ 519,593</u>	<u>\$ 1,392,695</u>	<u>\$ 10,261,573</u>
\$ -	\$ 16,342	\$ 596,282
-	8,364	389,993
-	-	229,491
-	-	355,000
-	2,878	2,878
-	-	206,597
<u>-</u>	<u>27,584</u>	<u>1,780,241</u>
-	1,782	513,728
-	-	359,881
-	462,315	462,315
519,593	901,014	2,775,752
-	-	1,488,046
-	-	2,881,611
<u>519,593</u>	<u>1,363,329</u>	<u>7,967,605</u>
<u>\$ 519,593</u>	<u>\$ 1,392,695</u>	<u>\$ 10,261,574</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, 2014

Total Fund Balance, Governmental Funds	\$	7,967,605
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

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.		35,965,478
---	--	------------

Certain other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.		513,728
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Some liabilities, (such as Capital Leases Payable, Long-term Compensated Absences, and Other Post Employment Benefits Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(2,574,262)
--	--	-------------

Net Position of Governmental Activities in the Statement of Net Position	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">41,872,549</div>
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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, 2014

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
REVENUES				
Taxes:				
Property tax	\$ 4,573,073	\$ -	\$ -	\$ -
Franchise tax	1,500,644	-	-	-
Utility tax	1,435,620	-	-	-
Communications services tax	878,373	-	-	-
Local option gas tax	-	364,475	-	-
Licenses and Permits	187,936	-	-	-
Intergovernmental Revenue	1,725,384	-	-	585,340
Charges for Services	2,095,615	-	-	-
Fines and Forfeitures	130,182	-	-	-
Special Assessments	-	49,993	101,231	-
Investment Earnings (Loss)	29,928	(182)	7	-
Miscellaneous Revenue	169,986	-	-	-
Total revenues	<u>12,726,741</u>	<u>414,286</u>	<u>101,238</u>	<u>585,340</u>
EXPENDITURES				
Current:				
General government	2,731,018	-	-	-
Public safety	6,908,264	-	-	362,150
Physical environment	-	-	46,717	-
Highways and streets	1,356,052	-	-	-
Sanitation	1,023,932	-	-	-
Parks and recreation	819,071	-	-	-
Debt Service:				
Principal	725,224	-	-	-
Interest and other charges	50,841	-	-	-
Capital Outlay	181,884	44,369	890	228,410
Total expenditures	<u>13,796,286</u>	<u>44,369</u>	<u>47,607</u>	<u>590,560</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,069,545)</u>	<u>369,917</u>	<u>53,631</u>	<u>(5,220)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,240,225	-	-	5,220
Transfers out	(5,220)	-	-	-
Capital Lease	-	-	-	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,235,005</u>	<u>-</u>	<u>-</u>	<u>5,220</u>
Net Change in Fund Balances	165,460	369,917	53,631	-
Fund Balances - beginning	<u>4,550,627</u>	<u>1,200,228</u>	<u>(255,180)</u>	<u>-</u>
Fund Balances - ending	<u>\$ 4,716,087</u>	<u>\$ 1,570,145</u>	<u>\$ (201,549)</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
\$ -	\$ -	\$ 4,573,073
-	-	1,500,644
-	-	1,435,620
-	-	878,373
-	-	364,475
-	427,225	615,161
206,986	-	2,517,710
-	656,558	2,752,173
-	139,632	269,814
-	-	151,224
2,475	23	32,251
-	15,197	185,183
<u>209,461</u>	<u>1,238,635</u>	<u>15,275,701</u>
-	-	2,731,018
-	234,086	7,504,500
-	263,409	310,126
-	-	1,356,052
-	-	1,023,932
-	-	819,071
-	-	725,224
-	-	50,841
295,596	471,006	1,222,155
<u>295,596</u>	<u>968,501</u>	<u>15,742,919</u>
<u>(86,135)</u>	<u>270,134</u>	<u>(467,218)</u>
10,000	-	1,255,445
-	(187,511)	(192,731)
205,767	-	205,767
93,428	-	93,428
<u>309,195</u>	<u>(187,511)</u>	<u>1,361,909</u>
223,060	82,623	894,691
296,533	1,280,706	7,072,914
<u>\$ 519,593</u>	<u>\$ 1,363,329</u>	<u>\$ 7,967,605</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, 2014

Net Change in Fund Balances - total governmental funds:		\$ 894,691
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	1,308,666	
Current year depreciation	<u>(1,985,075)</u>	(676,409)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position		(41,349)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(158,730)
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	(28,910)	
Compensated absences	<u>28,505</u>	(405)
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	(205,767)	
Principal payments	<u>725,224</u>	519,457
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.		<u>(95,473)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 441,782</u></u>

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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 4,483,244	\$ 4,483,244	\$ 4,573,073	\$ 89,829
Franchise tax	1,567,000	1,567,000	1,500,644	(66,356)
Utility tax	1,365,000	1,365,000	1,435,620	70,620
Communications services tax	972,424	972,424	878,373	(94,051)
Licenses and Permits	190,400	190,400	187,936	(2,464)
Intergovernmental Revenue	1,407,893	1,407,893	1,440,771	32,878
Charges for Services	2,058,600	2,143,600	2,095,615	(47,985)
Fines and Forfeitures	133,100	133,100	130,182	(2,918)
Investment Earnings	15,000	15,000	29,928	14,928
Miscellaneous Revenue	141,291	141,291	169,986	28,695
Total revenues	<u>12,333,952</u>	<u>12,418,952</u>	<u>12,442,128</u>	<u>23,176</u>
EXPENDITURES				
Current:				
General government:				
City commission	37,055	37,055	33,011	4,044
City clerk	154,173	156,483	118,035	38,448
City manager	309,320	309,320	249,493	59,827
City attorney	130,000	170,000	169,289	711
Personnel	513,970	531,945	527,701	4,244
Purchasing	74,102	84,602	81,797	2,805
Finance	277,479	273,090	265,050	8,040
Utility billing	237,603	237,603	211,536	26,067
Community development	468,975	596,775	459,172	137,603
Other-unclassified	1,581,353	1,567,467	1,391,999	175,468
Total general government	<u>3,784,030</u>	<u>3,964,340</u>	<u>3,507,083</u>	<u>457,257</u>
Public safety:				
Police	3,970,750	3,964,638	3,340,672	623,966
Fire	3,455,183	3,459,606	3,282,979	176,627
Total public safety	<u>\$ 7,425,933</u>	<u>\$ 7,424,244</u>	<u>\$ 6,623,651</u>	<u>\$ 800,593</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Highways and streets:				
Streets and fleet	\$ 1,494,098	\$ 1,498,847	\$ 1,356,052	\$ 142,795
Total highways and streets	1,494,098	1,498,847	1,356,052	142,795
Sanitation	1,015,000	1,025,000	1,023,932	1,068
Parks and recreation:				
Recreational programs	945,695	930,991	819,071	111,920
Total parks and recreation	945,695	930,991	819,071	111,920
Capital Outlay	82,975	384,774	181,884	202,890
Total expenditures	14,747,731	15,228,196	13,511,673	1,716,523
Excess (deficiency) of revenues over expenditures	(2,413,779)	(2,809,244)	(1,069,545)	1,739,699
OTHER FINANCING SOURCES (USES)				
Transfers in	1,240,225	1,240,225	1,240,225	-
Transfers out	(37,500)	(37,500)	(5,220)	32,280
Total Other Financing Sources (Uses)	1,202,725	1,202,725	1,235,005	32,280
Net Change in Fund Balances	(1,211,054)	(1,606,519)	165,460	1,771,979
Fund Balance - beginning	4,550,627	4,550,627	4,550,627	-
Fund Balance - ending	\$ 3,339,573	\$ 2,944,108	\$ 4,716,087	\$ 1,771,979

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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Beautification Assessments	\$ 102,439	\$ 102,439	\$ 101,231	\$ (1,208)
Investment Earnings	150	150	7	(143)
Miscellaneous Revenue	20,000	20,000	-	(20,000)
Total revenues	<u>122,589</u>	<u>122,589</u>	<u>101,238</u>	<u>(21,351)</u>
EXPENDITURES				
Current:				
Physical environment:				
Streets and fleet	57,726	59,835	46,717	13,118
Capital Outlay	<u>-</u>	<u>-</u>	<u>890</u>	<u>(890)</u>
Total expenditures	<u>57,726</u>	<u>59,835</u>	<u>47,607</u>	<u>12,228</u>
Excess (Deficiency) of				
Revenues Over Expenditures	64,863	62,754	53,631	(9,123)
Fund Deficit - beginning	<u>(255,180)</u>	<u>(255,180)</u>	<u>(255,180)</u>	<u>-</u>
Fund Deficit - ending	<u>\$ (190,317)</u>	<u>\$ (192,426)</u>	<u>\$ (201,549)</u>	<u>\$ (9,123)</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 853,540	\$ 1,190,140	\$ 585,340	\$ (604,800)
Total revenues	853,540	1,190,140	585,340	(604,800)
EXPENDITURES				
Current:				
Public safety:				
Police	32,500	32,500	18,202	14,298
Fire	630,040	637,731	343,948	293,783
Total public safety	662,540	670,231	362,150	308,081
Capital Outlay	348,500	677,409	228,410	448,999
Total expenditures	1,011,040	1,347,640	590,560	757,080
Excess (Deficiency) of Revenues Over Expenditures	(157,500)	(157,500)	(5,220)	152,280
OTHER FINANCING SOURCES (USES)				
Transfers in	157,500	157,500	5,220	(152,280)
Total Other Financing Sources and Uses	157,500	157,500	5,220	(152,280)
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, 2014

	Business-type Activities Public Utilities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,872,172
Accounts receivable, net	379,323
Restricted cash-customer deposits	274,258
Receivables from other governments	167
Total current assets	<u>2,525,920</u>
Noncurrent assets:	
Special assessments receivable	285,629
Capital Assets:	
Land	50,600
Buildings	114,235
Improvements other than buildings	25,453,114
Vehicles and equipment	1,413,073
Construction in progress	1,173,468
Intangibles	4,712,862
Less: accumulated depreciation	<u>(18,161,005)</u>
Total capital assets, net of accumulated depreciation	<u>14,756,347</u>
Total noncurrent assets	<u>15,041,976</u>
Total assets	<u>17,567,896</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	186,150
Compensated absences	6,134
Customer deposits	274,258
Total current liabilities	<u>466,542</u>
Noncurrent liabilities:	
Compensated absences	55,201
OPEB	32,042
Total noncurrent liabilities	<u>87,243</u>
Total liabilities	<u>553,785</u>
NET POSITION	
Investment in capital assets	14,756,347
Unrestricted	2,257,764
Total net position	<u>\$ 17,014,111</u>

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, 2014

	Business-type Activities
	Public Utilities
Operating Revenues:	
Charges for sales and services	\$ 3,311,918
Miscellaneous	22,915
Total operating revenues	<u>3,334,833</u>
Operating Expenses:	
Personnel	634,892
Supplies and services	1,180,353
Amortization	117,822
Depreciation	516,985
Total operating expenses	<u>2,450,052</u>
Operating income	<u>884,781</u>
Nonoperating Revenues (Expenses):	
Investment earnings	824
Total nonoperating expenses	<u>824</u>
Income before contributions and transfers	885,605
Capital Contributions -developer	185,000
Transfers out	<u>(1,062,714)</u>
Change in Net Position	7,891
Total Net Position - beginning	<u>17,006,220</u>
Total Net Position - ending	<u><u>\$ 17,014,111</u></u>

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, 2014**

	Business-Type Activities
	Public Utilities
Cash Flows From Operating Activities:	
Receipts from customers	\$ 3,338,297
Payments to suppliers	(1,089,671)
Payments to employees	(630,089)
Net cash provided by operating activities	<u>1,618,537</u>
Cash Flows From Noncapital Financing Activities:	
Transfers to other funds	(1,062,714)
Net cash used in noncapital financing activities	<u>(1,062,714)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(1,353,585)
Capital contributions from customers	185,000
Net cash used in capital and related financing activities	<u>(1,168,585)</u>
Cash Flows From Investing Activities:	
Investment income	824
Net cash provided by investing activities	<u>824</u>
Net Decrease in Cash and Cash Equivalents	(611,938)
Cash and Cash Equivalents - beginning of year	2,794,032
Cash and Cash Equivalents - end of year	<u><u>\$ 2,182,094</u></u>
Classified as:	
Cash and cash equivalents	\$ 1,872,172
Restricted cash - customer deposits	274,258
Total cash and cash equivalents	<u><u>\$ 2,146,430</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	<u>\$ 884,781</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	516,985
Amortization expense	117,822
(Increase) decrease in accounts receivable	(68,020)
(Increase) decrease in receivables from other governments	(167)
Decrease (increase) in assessments receivable	68,401
Increase in accounts payable	90,682
Increase in accrued expenses	4,803
Increase in customer deposits	3,250
Net cash provided by operating activities	<u><u>\$ 1,618,537</u></u>

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, 2014**

	<u>Pension Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 68,561
Receivables:	
City	16,282
Total receivables	<u>16,282</u>
Investments, at fair value:	
U.S. Government obligations	4,502,200
Equities	6,856,142
Total Investments	<u>11,358,342</u>
Total assets	<u>11,443,185</u>
NET POSITION	
Held in trust for benefits and other purposes	<u><u>\$ 11,443,185</u></u>

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, 2014

	<u>Pension Fund</u>
ADDITIONS	
Contributions:	
City	\$ 203,639
State	284,613
Employee	30,855
Total contributions	<u>519,107</u>
Investment Earnings:	
Unrealized gain	<u>878,168</u>
Net investment earnings	<u>878,168</u>
Total additions	<u>1,397,275</u>
DEDUCTIONS	
Refunds of Contributions	87,034
Administrative Expenses	<u>67,488</u>
Total deductions	<u>154,522</u>
Change in net position	1,242,753
Net Position - beginning	<u>10,200,432</u>
Net Position - ending	<u><u>\$ 11,443,185</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, 2014

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, 2014

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 operations. 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, 2014

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 \$925 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, 2014

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, 2014 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 accounting periods and are recorded as prepaid items in both the 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 with in the Public Utilities Enterprise Fund are segregated and classified as restricted assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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 2014.

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, 2014

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 does not have any item that qualifies for reporting in this category for the year ended September 30, 2014.

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 only 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.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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, 2014

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, 2014

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 Statement Implemented

In fiscal year 2014, the City implemented GASB Statement No. 67, Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25) will improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 25, Financial Reporting of Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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	\$ 1,725,384	\$ 6,908,264
Nonbudgeted On-behalf Payments	(284,613)	(284,613)
Budgetary Basis	<u>\$ 1,440,771</u>	<u>\$ 6,623,651</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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 2014 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

A. Budgetary Information (Continued)

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 \$201,549 at September 30, 2014.

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.

Note 4 - Deposits and Investments:

A. Deposits

At September 30, 2014, the carrying amount of the City's deposits was \$6,029,824 and the bank balance was \$6,736,242. Fiduciary fund cash of \$68,561 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 4 - Deposits and Investments (Continued):***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, 2014, all of the City's bank deposits were in qualified public depositories.

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. In prior year, Fund B was accounted for as a fluctuating NAVPOOL, not a "2a-7-like" money market fund; in the current year, all original principal balances were distributed in full to each Fund B participant and weighted average life of the fund's assets is zero.

Investments held by the City at September 30, 2014 are detailed below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity</u>
LGIP:			
Florida Prime	\$ 4,510,753	AAAm	39 days

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 4 - Deposits and Investments (Continued):***B. Investments (Continued)*****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, 2014 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	\$ 4,502,200	6.47 years	AA / V4
Equities	<u>6,856,142</u>	N/A	Not rated
Total investments	11,358,342		
Cash and cash equivalents	<u>68,561</u>		
Total cash and investments	<u><u>\$ 11,426,903</u></u>		

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, 2014, 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, 2014, there were no security investments in the Trust that were over their respective limitations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 5 - Receivables:

Receivables as of year end 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	\$ 173,466	\$ (11,230)	\$ 162,236
Public facilities improvement fund	327,342	-	327,342
Special assessments fund	159,960	-	159,960
Stormwater management fund	95,191	(30,196)	64,995
	755,959	(41,426)	714,533
Proprietary Fund:			
Public utilities	678,680	(13,728)	664,952
	<u>\$ 1,434,639</u>	<u>\$ (55,154)</u>	<u>\$ 1,379,485</u>

\$327,342 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, \$159,960 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 \$487,302 are reported as deferred inflows of resources in the governmental funds balance sheet.

In the Public Utilities Proprietary Fund, the amount of \$393,051 is the current gross accounts receivable before deduction for allowance for uncollectible accounts at September 30, 2014. The remaining balance of \$285,629 is noncurrent special assessments.

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CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,503,094	\$ -	\$ -	\$ 5,503,094
Construction in progress	1,197,119	754,553	(1,036,352)	915,320
Total capital assets, not being depreciated	6,700,213	754,553	(1,036,352)	6,418,414
Capital assets, being depreciated:				
Buildings	4,956,372	-	(5,788)	4,950,584
Improvements other than buildings	5,728,533	72,670	-	5,801,203
Infrastructure	30,448,479	907,355	-	31,355,834
Vehicles and equipment	7,273,702	610,437	(237,286)	7,646,853
Total capital assets, being depreciated	48,407,086	1,590,462	(243,074)	49,754,474
Less accumulated depreciation for:				
Buildings	(1,966,728)	(125,838)	5,790	(2,086,776)
Improvements other than buildings	(1,446,690)	(198,115)	-	(1,644,805)
Infrastructure	(10,783,805)	(724,820)	-	(11,508,625)
Vehicles and equipment	(4,226,837)	(936,302)	195,935	(4,967,204)
Total accumulated depreciation	(18,424,060)	(1,985,075)	201,725	(20,207,410)
Total capital assets, being depreciated, net	29,983,026	(394,613)	(41,349)	29,547,064
Governmental Activities Capital Assets, net	\$ 36,683,239	\$ 359,940	\$ (1,077,701)	\$ 35,965,478

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CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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	494,426	1,149,329	(470,287)	1,173,468
Total capital assets, not being depreciated	545,026	1,149,329	(470,287)	1,224,068
Capital assets, being depreciated:				
Buildings	114,235	-	-	114,235
Improvements other than buildings	24,951,888	501,226	-	25,453,114
Vehicles and equipment	1,323,911	95,302	(6,140)	1,413,073
Intangibles	4,634,847	78,015	-	4,712,862
Total capital assets, being depreciated	31,024,881	674,543	(6,140)	31,693,284
Less accumulated depreciation for:				
Buildings	(65,838)	(3,465)	-	(69,303)
Improvements other than buildings	(14,144,400)	(441,133)	-	(14,585,533)
Vehicles and equipment	(1,018,077)	(72,387)	6,140	(1,084,324)
Intangibles	(2,304,023)	(117,822)	-	(2,421,845)
Total accumulated depreciation	(17,532,338)	(634,807)	6,140	(18,161,005)
Total capital assets, being depreciated, net	13,492,543	39,736	-	13,532,279
Business-type Activities Capital Assets, net	\$ 14,037,569	\$ 1,189,065	\$ (470,287)	\$ 14,756,347

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

Governmental Activities:	
General government	\$ 107,561
Public safety	766,073
Highways and streets	872,837
Parks and recreation	238,604
Total depreciation expense - governmental activities	<u>\$ 1,985,075</u>
Business-type Activities:	
Public utilities	<u>\$ 634,882</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 2014, additional units of \$78,015 were acquired, and amortization was recorded in the amount of \$117,822, resulting in unamortized sewer capacity balance of \$4,712,862 at September 30, 2014.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 7 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances at September 30, 2014 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Assessments Fund	\$ 140,000
Public Facilities Improvement Fund	Special Assessments Fund	215,000
Public Facilities Improvement Fund	Grant Fund	229,491

These 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 \$229,491 payable by the Grant Fund will be paid as soon as City receives grant reimbursement.

The composition of interfund transfers for the year ended September 30, 2014 is:

	Transfers In			
	General Fund	Grant Fund	Capital Projects Fund	Total
Transfer Out:				
General Fund	\$ -	\$ 5,220	\$ -	\$ 5,220
Nonmajor Govern- mental Funds	177,511	-	10,000	187,511
Public Utilities Fund	1,062,714	-	-	1,062,714
Total	\$ 1,240,225	\$ 5,220	\$ 10,000	\$ 1,255,445

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, 2014

Note 8 - Leases:As lessee:

The City has entered into lease agreements as lessee for financing the acquisition of a storage area network, 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	\$ 2,749,124	\$ -
Less: accumulated depreciation	(1,235,865)	-
	<u>\$ 1,513,259</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014 were as follows:

Fiscal year ending September 30,	Amount
2015	\$ 422,654
2016	314,951
2017	211,437
2018	211,488
2019	211,539
2020 - 2022	<u>190,466</u>
Total minimum lease payments	1,562,535
Less: amount representing interest	<u>(130,714)</u>
Present value of minimum lease payments	<u>\$ 1,431,821</u>

As lessor:

As of September 30, 2014, the City leases certain property pursuant to operating lease agreements which expire in 2056. For the year ended September 30, 2014 rental income totaled \$65,494. Minimum future rentals in years subsequent to September 30, 2014 are:

Fiscal year ending September 30,	Amount
2015	\$ 70,320
2016	28,452
2017	17,478
2018	16,998
2019	14,598
2020 - 2056	<u>540,126</u>
	<u>\$ 687,972</u>

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 9 - Noncurrent Liabilities:

There is no general obligation or revenue bonds outstanding.

A summary of noncurrent liability activity for the year ended September 30, 2014 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 1,951,278	\$ 205,767	\$ (725,224)	\$ 1,431,821	\$ 382,733
OPEB liability	323,556	28,910	-	352,466	-
Compensated absences	818,480	401,252	(429,757)	789,975	78,998
	<u>\$ 3,093,314</u>	<u>\$ 635,929</u>	<u>\$ (1,154,981)</u>	<u>\$ 2,574,262</u>	<u>\$ 461,731</u>
Business-type Activities:					
OPEB liability	\$ 27,152	\$ 4,890	\$ -	\$ 32,042	\$ -
Compensated absences	61,422	26,205	(26,292)	61,335	6,134
	<u>\$ 88,574</u>	<u>\$ 31,095</u>	<u>\$ (26,292)</u>	<u>\$ 93,377</u>	<u>\$ 6,134</u>

Long-term liabilities of governmental activities are generally liquidated by the General Fund.

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.

For general employees in the Regular Class, the FRS provides vesting of benefits after six (6) years of creditable service and attains age 62, or completes 30 years of creditable service, regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system.

For firefighters in the Special Risk Class, the FRS provides vesting of benefits after the member completes six (6) or more years of creditable service in the Special Risk Class and attains age 55; completes 25 years of creditable service in the Special Risk Class, regardless of age; or completes 25 years of creditable service and attains age 52, which service may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system, and the remaining years are in the Special Risk Class.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

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 the FRS.

The statutory contribution rates as a percent of earnings were as follows:

	<u>Effective as of 09/30/2014</u>
Regular Employees - members not qualifying for other classes	7.37%
Special Risk Employees - members employed as law enforcement officers and firefighters	19.82%
Deferred Retirement Option Program (DROP)	12.28%

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 FRS Investment Plan. Under this system, 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.

Included in the above rates are the employer's contribution of 1.26% to the Health Insurance Subsidy, and 0.03% assessment for administering the FRS Investment Plan and funding an educational component of the FRS. The DROP rate includes the 1.26% HIS contribution, but the 0.04% administrative/educational fee for the FRS Investment Plan does not apply to DROP participants.

Contributions required and made to the FRS for City employees were as follows:

<u>Fiscal Year-ending:</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
09/30/2014	\$253,424	100%
09/30/2013	\$216,230	100%
09/30/2012	\$211,218	100%
09/30/2011	\$363,582	100%
09/30/2010	\$434,347	100%
09/30/2009	\$483,889	100%

For a stand-alone report of the Florida Retirement System, contact the Department of Management Services, Division of Retirements, Cedars Executive Center, Building C, 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Employee Retirement Systems and Pension Plans (Continued):***Florida Municipal Pension Trust Fund***

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.

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 October 1, 2013, the date of the latest actuarial valuation:

Summary of Participant Data:

Actively employed	65
Inactive participants:	
Deferred vested	14
Due a refund of contributions	16
Total participants	<u>95</u>

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Employee Retirement Systems and Pension Plans (Continued):***Florida Municipal Pension Trust Fund***

Contributions - The City's actuarially determined contribution rate is 18.77% of covered payroll. This includes, the City contributions totaling \$203,639 and the State of Florida contributions of \$284,613 for the year ended September 30, 2014. Employees make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. Administrative costs are deducted from the net position of the plan.

Annual Pension Cost and Net Pension Obligation - The City's annual pension cost and net pension obligation for the fiscal year ended September 30, 2014 was as follows:

Annual Required Contribution (ARC) *	\$ 493,914
Adjustment to ARC	(5,792)
Annual Pension Cost	<u>\$ 488,122</u>

* The City has made contribution to the Police and Fire Plan in excess of the minimum amount that was required to be contributed pursuant to Chapter 112, Florida Statutes (referred to as Advance Employer Contributions). As of October 1, 2013, the Advance Employer Contribution was \$458,808. As of the September 30, 2014, the Advance Employer Contribution is \$390,127, which reflects the Advance Employer Contribution of \$458,808 as of October 1, 2013 less \$68,681 to cover a shortfall between the minimum required contribution for the 2013/2014 plan year and the actual employer contribution for the 2013/2014 year. The City may apply all or any portion of the Advance Employer Contribution towards the minimum required contribution for the 2014/2015 plan year or for any later plan year. The minimum required contribution for that plan year will be reduced dollar-for-dollar by the amount of the Advance Employer Contribution that is applied in this manner.

The City has always contributed the ARC and thus never been required to report a Net Pension Obligation (NPO). Below is the required three-year trend information on APC.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
09/30/2014	\$ 488,122	100%
09/30/2013	552,477	100%
09/30/2012	689,990	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Employee Retirement Systems and Pension Plans (Continued):***Florida Municipal Pension Trust Fund (Continued)*****Funded status and funding progress - police and fire pension plan**

The funded status of the plan as of October 1, 2013, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Underfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Police and Fire	\$ 7,990,635	\$ 7,258,868	\$ (731,767)	110.1%	\$ 2,821,105	0.0%

The schedules of funding progress, presented as RSI following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

The City uses the aggregate actuarial cost method to value its pension plan, which does not identify or separately amortize unfunded actuarial liabilities. Information about the plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan. Additional information as of the latest actuarial valuation follows:

Valuation Date	October 1, 2013
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	Level Percentage, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment rate of return	7.0%
Projected salary increase (including inflation of 3%)	4.0%

During the fiscal year, the Police and Fire Plan held no securities issued by the employer.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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

The City implemented GASB Statement 67, Financial Reporting for Pension Plans for the year ended September 30, 2014. The required disclosures under GASB Statement 67 are as follows.

Summary of Significant Accounting Policies

Method used to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

Plan Administration - The Police and Firefighters' Pension Plan is administered by a Board of Trustees who contracts with the Florida Municipal Pension Trust Fund (FMPTF) to act as a common investment and administrative agent for plan members. The Plan was established effective January 1, 1996 pursuant to City ordinance and has been amended several times since that date.

Plan Membership - At October 1, 2013, the most recent actuarial valuation date plan membership consisted of the following:

	Police and Firefighters' Pension Trust
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	-
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	30
Active Plan Members	65
	<hr/>
	95
	<hr/>

Benefits Provided - In addition to retirement benefits described earlier for Police and Fire Plan, 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 — Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Employee Retirement Systems and Pension Plans (Continued):**Florida Municipal Pension Trust Fund (Continued)**

Investment policy - The following was the board's adopted asset allocation policy as of September 30, 2014:

Asset Class	Police and Firefighters' Pension Plan
Core Bonds	16%
Multi-sector	24%
U.S. Large Cap Equity	39%
U.S. Small Cap Equity	11%
Non-U.S. Equity	10%
Total	100%

Concentrations - The Plan did not hold investments in any one organization that represents 5 percent or more of the Pension Plan's fiduciary net position.

Rate of return - For the year ended September 30, 2014 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.45 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the City

The components of the net pension liability on September 30, 2014 were as follows:

	Police and Firefighters' Pension Plan
Total Pension Liability	\$ 7,254,926
Plan Fiduciary Net Position	(9,257,516)
City's Net Pension Liability (Asset)	<u>\$ (2,002,590)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	127.60%

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 following:

- (1) The Advance Employer Contribution amount of \$390,127 discussed on page 55 and
- (2) The DRAGO (Defined Retirement Accumulation Group Obligation) balance of \$1,823,105. This balance is Chapter 175/185 contributions received in excess of the "base amount" which are deposited into the DRAGO Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 10 - Employee Retirement Systems and Pension Plans (Continued):**Florida Municipal Pension Trust Fund (Continued)**

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of October 1, 2013 updated to September 30, 2014 using the following actuarial assumptions applied to all measurement periods.

	Police and Firefighters' Pension Plan
Inflation	3.59%
Salary Increases	4.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with no projection. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. Disabled lives set forward 5 years.

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

Asset Class	Long Term Expected Real Rate of Return	
	Police and Firefighters	
Core Bonds	2.29%	per annum
Multi-sector	2.78%	per annum
U.S. Large Cap Equity	5.68%	per annum
U.S. Small Cap Equity	6.24%	per annum
Non-U.S. Equity	5.44%	per annum

Discount rate - The discount rate used to measure the total pension liability was 8.07%. 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 the 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, 2014

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

Florida Municipal Pension Trust Fund (Continued)

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the sponsor, calculated using the 8.07% discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.07%) or 1-percentage-point higher (9.07%) than the current rate:

	Discount Rate Minus 1%	Current Discount Rate 8.07%	Discount Rate Plus 1%
	<hr/>	<hr/>	<hr/>
Police and Firefighters':			
Net Pension Liability (Asset)	\$ (797,380)	\$ (2,002,590)	\$ (3,011,764)

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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, 2014, employer contributions required and made totaled \$204,448 and covered payroll totaled \$2,044,483. Participation in the plan at September 30, 2014 was as follows:

<u>Years of Service</u>	<u>Percent Vested</u>	<u>Number of Employees</u>
5 or more	100%	32
4	80%	1
3	60%	3
2	40%	6
1	20%	4
Less than one	0%	10

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, 2014

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 eleven 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, 2012. The unfunded actuarial accrued liability (UAAL) for benefits was \$858,800. The covered payroll was \$6,240,100 and the ratio of UAAL to covered payroll was 13.8%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2014 is as follows:

Annual Required Contribution	\$ 86,200
Interest on Net OPEB Obligation	14,000
Adjustment to Annual Required Contribution	<u>(13,400)</u>
Annual OPEB Cost	86,800
Employer Contributions	<u>(53,000)</u>
Increase in Net OPEB Obligation	33,800
Net OPEB Obligation (Beginning of Year)	<u>350,708</u>
Net OPEB Obligation (End of Year)	<u><u>\$ 384,508</u></u>

Three year trend information:

Fiscal year ending	Annual OPEB Cost	Actual contributed	Percent Contributed	Net OPEB Obligation
09/30/2012	80,400	53,900	67.0%	317,708
09/30/2013	83,500	50,500	60.5%	350,708
09/30/2014	86,800	53,000	61.1%	384,508

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

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 for males and females.

Investment return (discount rate) - 4.0% per annum without funding, compounded annually, with a 3% annual amortization rate increase. 7.50% Alternate - with funding. 3.00% assumed salary scale.

Medical trend rate - Per Capita costs and premiums are assumed to increase 9.50% for Pre-Medicare coverage in 2009. This rate decrease at a rate of 0.5% per year until an ultimate rate of 5.00% is reached. Inflation rate of 3% is included.

Disability - None assumed.

Dental trend rate -Per Capita costs and premiums assumed to increase 5.00% per year.

Marriage - Actual data is used for retirees. Where spousal birthdays are missing, male participants are assumed to be 3 years older than their wives.

Amortization-Items subject to deferred recognition are amortized with a 3.0% annual increase over the following periods of time: (a) Initial UAAL, up to 30 years, (b) Subsequent UAAL, up to 30 years, and (c) Gains and Losses, amortized as part of the UAAL. Amortizations are open ended in that they begin anew at each valuation date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2014

Note 11 - Other Post Employment Benefits (OPEB) (Continued):**Summary of actuarial methods and assumptions (continued)***Future participation rates -*

General employees - 50% of active participants are assumed to continue their medical and dental coverage into retirement. 50% of their spouses are assumed to continue their coverage into retirement. Medical coverage lapses upon Medicare eligibility.

Firefighters and police officers -

Age	Rate
50 - 54	25%
55 - 59	35%
60 - 61	50%
62 +	100%

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, 2014

Note 12 - Fund Balances (Continued):

At September 30, 2014, 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:						
Prepaid costs	\$ 4,881	\$ -	\$ -	\$ -	\$ -	\$ 4,881
Advances	140,000	215,000	-	-	-	355,000
Restricted for:						
Public safety - Special						
law enforcement	-	-	-	-	205,725	205,725
Building permits and						
inspection	-	-	-	-	256,590	256,590
Committed to:						
Capital projects	-	1,355,145	-	519,593	901,014	2,775,752
Assigned to:						
Next year's budget	1,186,472	-	-	-	-	1,186,472
General government	190,889	-	-	-	-	190,889
Public safety	8,463	-	-	-	-	8,463
Community development	39,570	-	-	-	-	39,570
Parks and recreation	52,823	-	-	-	-	52,823
Highways and streets	9,829	-	-	-	-	9,829
Unassigned	3,083,160	-	(201,549)	-	-	2,881,611
Total fund balance	<u>\$ 4,716,087</u>	<u>\$ 1,570,145</u>	<u>\$ (201,549)</u>	<u>\$ 519,593</u>	<u>\$ 1,363,329</u>	<u>\$ 7,967,605</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, 2014

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, 2014 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, 2014, the City had entered into contracts for construction in the amount of \$893,969.

D. Encumbrance Commitments

At September 30, 2014, the City had encumbrance commitments in the Governmental Funds as follows:

	<u>Amount</u>
Major Funds:	
General fund	\$ 301,574
Public facilities improvement fund	5,500
Nonmajor Funds:	
Stormwater fund	<u>619,333</u>
Total encumbrances	<u><u>\$ 926,407</u></u>

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 2014, the City Commission approved a commitment from a bank for \$7.65 million line of credit for the purchase of infrastructure improvements and/or capital purchases. All draws under this line of credit require approval by a certain number of Commissioners depending on the draw amount. 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, 2014

Police and Firefighters Pension Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
10/1/2008	\$ 2,224,672	\$ 2,999,444	\$ 774,772	74.2%	\$ 2,166,308	35.8%
10/1/2009	2,788,273	3,881,680	1,093,407	71.8%	2,431,056	45.0%
10/1/2010	3,865,856	4,568,647	702,791	84.6%	2,502,991	28.1%
10/1/2011	4,551,114	5,527,620	976,506	82.3%	2,759,829	35.4%
10/1/2012 *	6,337,454	6,244,335	(93,119)	101.5%	2,765,734	0.0%
10/1/2013 *	7,990,635	7,258,969	(731,666)	110.1%	2,821,105	0.0%

* Actuarial accrued liability is calculated using the entry age normal cost method for this purpose

Schedule of Contributions from Employers
and Other Contributing Entities

Year Ended 9/30	Annual Required Contribution	Percentage Contributed
2009	\$ 568,016	100%
2010	650,503	100%
2011	617,678	100%
2012	692,941	100%
2013	555,008	100%
2014	493,914	100%

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2014

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%

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
09/30/2009	\$ 133,600	\$ 36,000	26.6%	\$ 98,000
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	86,200	53,000	61.5%	384,508

CITY OF LONGWOOD
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

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>
Total Pension Liability	
Service Cost	\$ 474,397
Interest	544,108
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(61,875)
Net Change in Total Pension Liability	956,630
Total Pension Liability-beginning	6,298,296
Total Pension Liability-ending (a)	<u>\$ 7,254,926</u>
 Plan Fiduciary Net Position	
Contributions-employer	\$ 203,639
Contributions-state	312,175
Contributions-employee	30,855
Net Investment Income	938,590
Benefit Payments, Including Refunds of Employee Contributions	(219,571)
Administrative Expense	(67,488)
Other-Advance Employer Contribution used	\$ 68,681
Net Change in Plan Fiduciary Net Position	1,266,881
 Plan Fiduciary Net Position- beginning	7,990,635
Plan Fiduciary Net Position- ending (b)	<u>\$ 9,257,516</u>
 Net Pension Liability(Asset) - ending (a)- (b)	<u>\$ (2,002,590)</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	127.60%
 Covered-employee Payroll	\$ 2,821,105
 Net Pension Liability as a Percentage of Covered Employee Payroll	-70.99%

* Prior years' data is unavailable.

CITY OF LONGWOOD
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2014

Police and Firefighters' Pension Plan
Last 10 Fiscal Years*

	<u>2014</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	\$ 9,257,516
Add DRAGO** account balance	1,823,105
Add Advance employer contributions	390,127
Fiduciary Fund Net Position, end of year	<u><u>11,470,748</u></u>

Schedule of Contributions

Actuarially Determined Contribution	\$ 493,914
Contributions in Relation to Actuarially Determined Contribution	493,914
Contribution Deficiency	<u><u>\$ -</u></u>

Covered Employee Payroll	\$ 2,821,105
Contributions as a Percentage of Covered Employee Payroll	17.51%

Notes to Schedule

Valuation Date	10/1/2013
----------------	-----------

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, at any age
Mortality	Assumed life expectancies were adjusted as a result of adopting the RP-2000 Mortality Table, as published by the IRS

Schedule of Investment Returns

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

* 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.

**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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Local option gas tax	\$ 351,223	\$ 351,223	\$ 364,475	\$ 13,252
Special Assessments	48,311	48,311	49,993	1,682
Investment earnings	1,750	1,750	(182)	(1,932)
Total revenues	<u>401,284</u>	<u>401,284</u>	<u>414,286</u>	<u>13,002</u>
EXPENDITURES				
Current:				
Highways and streets:				
Public facilities improvements	356,915	382,415	44,369	338,046
Total expenditures	<u>356,915</u>	<u>382,415</u>	<u>44,369</u>	<u>338,046</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>44,369</u>	<u>18,869</u>	<u>369,917</u>	<u>351,048</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(120,000)</u>	<u>(100,000)</u>	-	100,000
Total other financing sources and uses	<u>(120,000)</u>	<u>(100,000)</u>	-	100,000
Net Change in Fund Balances	(75,631)	(81,131)	369,917	451,048
Fund Balances - beginning	1,200,228	1,200,228	1,200,228	-
Fund Balances - ending	<u>\$ 1,124,597</u>	<u>\$ 1,119,097</u>	<u>\$ 1,570,145</u>	<u>\$ 451,048</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 206,986	\$ 206,986
Investment Earnings	-	-	2,475	2,475
Total revenues	-	-	209,461	209,461
EXPENDITURES				
Capital Outlay	-	295,597	295,596	1
Total expenditures	-	295,597	295,596	1
Excess (Deficiency) of Revenues Over Expenditures	-	(295,597)	(86,135)	209,462
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
Capital Lease	-	205,768	205,768	-
Sale of Capital Assets	20,000	34,186	93,427	59,241
Total Other Financing Sources (Uses)	30,000	249,954	309,195	59,241
Net Change in Fund Balances	30,000	(45,643)	223,060	268,703
Fund Balances - beginning	256,766	296,533	296,533	-
Fund Balances - ending	\$ 286,766	\$ 250,890	\$ 519,593	\$ 268,703

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, 2014**

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 270,046	\$ -	\$ 205,725	\$ 851,929	\$ 1,327,700
Accounts Receivable, net	-	-	-	64,995	64,995
Total assets	<u>\$ 270,046</u>	<u>\$ -</u>	<u>\$ 205,725</u>	<u>\$ 916,924</u>	<u>\$ 1,392,695</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 432	\$ -	\$ -	\$ 15,910	\$ 16,342
Accrued expenditures	8,364	-	-	-	8,364
Payable to other governments	2,878	-	-	-	2,878
Total liabilities	<u>11,674</u>	<u>-</u>	<u>-</u>	<u>15,910</u>	<u>27,584</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>1,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,782</u>
FUND BALANCES					
Spendable:					
Restricted	256,590	-	205,725	-	462,315
Committed	-	-	-	901,014	901,014
Total fund balances	<u>256,590</u>	<u>-</u>	<u>205,725</u>	<u>901,014</u>	<u>1,363,329</u>
Total Liabilities, deferred inflows and fund balances	<u>\$ 270,046</u>	<u>\$ -</u>	<u>\$ 205,725</u>	<u>\$ 916,924</u>	<u>\$ 1,392,695</u>

CITY OF LONGWOOD, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
REVENUES					
Licenses and Permits	\$ 427,225	\$ -	\$ -	\$ -	\$ 427,225
Charges for Services	-	-	-	656,558	656,558
Fines and Forfeitures	-	8,142	131,490	-	139,632
Investment Earnings	(109)	-	(71)	203	23
Miscellaneous	15,147	-	-	50	15,197
Total revenues	<u>442,263</u>	<u>8,142</u>	<u>131,419</u>	<u>656,811</u>	<u>1,238,635</u>
EXPENDITURES					
Current:					
Public safety	197,310	8,225	28,551	-	234,086
Physical environment	-	-	-	263,409	263,409
Capital Outlay	-	-	22,850	448,156	471,006
Total expenditures	<u>197,310</u>	<u>8,225</u>	<u>51,401</u>	<u>711,565</u>	<u>968,501</u>
Excess (Deficiency) of Revenues Over Expenditures	244,953	(83)	80,018	(54,754)	270,134
OTHER FINANCING SOURCES (USES)					
Transfers out	(31,674)	-	-	(155,837)	(187,511)
Total other financing sources (uses)	<u>(31,674)</u>	<u>-</u>	<u>-</u>	<u>(155,837)</u>	<u>(187,511)</u>
Net Change in Fund Balances	213,279	(83)	80,018	(210,591)	82,623
Fund Balances - beginning	43,311	83	125,707	1,111,605	1,280,706
Fund Balances - ending	<u>\$ 256,590</u>	<u>\$ -</u>	<u>\$ 205,725</u>	<u>\$ 901,014</u>	<u>\$ 1,363,329</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 214,000	\$ 214,000	\$ 427,225	\$ 213,225
Investment Earnings	20	20	(109)	(129)
Miscellaneous	79,915	43,411	15,147	(28,264)
Total revenues	<u>293,935</u>	<u>257,431</u>	<u>442,263</u>	<u>184,832</u>
EXPENDITURES				
Building inspections	<u>262,261</u>	<u>225,757</u>	<u>197,310</u>	<u>28,447</u>
Total public safety	<u>262,261</u>	<u>225,757</u>	<u>197,310</u>	<u>28,447</u>
Total expenditures	<u>262,261</u>	<u>225,757</u>	<u>197,310</u>	<u>28,447</u>
Excess (deficiency) of revenues over expenditures	<u>31,674</u>	<u>31,674</u>	<u>244,953</u>	<u>213,279</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(31,674)</u>	<u>(31,674)</u>	<u>(31,674)</u>	<u>-</u>
Total other financing sources(uses)	<u>(31,674)</u>	<u>(31,674)</u>	<u>(31,674)</u>	<u>-</u>
Net change in fund balances	-	-	213,279	213,279
Fund Balances - beginning	<u>43,311</u>	<u>43,311</u>	<u>43,311</u>	<u>-</u>
Fund Balances - ending	<u>\$ 43,311</u>	<u>\$ 43,311</u>	<u>\$ 256,590</u>	<u>\$ 213,279</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 14,500	\$ 14,500	\$ 8,142	\$ (6,358)
Investment Earnings	5	5	-	(5)
Total revenues	14,505	14,505	8,142	(6,363)
EXPENDITURES				
Current:				
Public safety	15,000	14,588	8,225	6,363
Total public safety	15,000	14,588	8,225	6,363
Excess (Deficiency) of				
Revenues Over Expenditures	(495)	(83)	(83)	-
Fund Balances - beginning	83	83	83	-
Fund Balances - ending	\$ (412)	\$ -	\$ -	\$ -

**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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 50,000	\$ 50,000	\$ 131,490	\$ 81,490
Investment Earnings	220	220	(71)	(291)
Total revenues	50,220	50,220	131,419	81,199
EXPENDITURES				
Current:				
Public safety	41,500	34,558	28,551	6,007
Total public safety	41,500	34,558	28,551	6,007
Capital Outlay	28,500	35,442	22,850	12,592
Total expenditures	70,000	70,000	51,401	18,599
Excess (Deficiency) of Revenues Over Expenditures	(19,780)	(19,780)	80,018	99,798
Fund Balances - beginning	125,707	125,707	125,707	-
Fund Balances - ending	\$ 105,927	\$ 105,927	\$ 205,725	\$ 99,798

**CITY OF LONGWOOD
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 665,000	\$ 665,000	\$ 656,558	\$ (8,442)
Investment Earnings	2,600	2,600	203	(2,397)
Miscellaneous	100	100	50	(50)
Total revenues	667,700	667,700	656,811	(10,889)
EXPENDITURES				
Current:				
Physical environment	249,420	302,675	263,409	39,266
Capital Outlay	947,568	997,066	448,156	548,910
Total expenditures	1,196,988	1,299,741	711,565	588,176
Excess (Deficiency) of Revenues Over Expenditures	(529,288)	(632,041)	(54,754)	577,287
OTHER FINANCING SOURCES (USES)				
Transfers out	(155,837)	(155,837)	(155,837)	-
Total other financing sources and uses	(155,837)	(155,837)	(155,837)	-
Net change in fund balances	(685,125)	(787,878)	(210,591)	577,287
Fund Balances - beginning	1,111,605	1,111,605	1,111,605	-
Fund Balances - ending	\$ 426,480	\$ 323,727	\$ 901,014	\$ 577,287



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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	79
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	85
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	89
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	91
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	93
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>2005</u>	<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>
Governmental Activities										
Net Investment in Capital Assets	\$ 22,556	\$ 24,295	\$ 26,966	\$ 28,830	\$ 30,685	\$ 29,623	\$ 32,831	\$ 33,426	\$ 34,732	\$ 34,534
Restricted	-	-	-	-	-	1,325	146	124	126	206
Unrestricted	10,869	11,290	10,709	9,841	7,828	8,328	8,748	7,706	6,573	7,133
Total Governmental Activities Net Position	<u>33,425</u>	<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>
Business-type Activities										
Net Investment in Capital Assets	11,905	12,072	14,868	14,409	14,583	14,545	14,073	14,044	14,037	14,756
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,414	4,548	1,810	1,912	1,543	1,474	2,314	2,986	2,969	2,258
Total Business-type Activities Net Position	<u>16,319</u>	<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>
Primary Government										
Net Investment in Capital Assets	34,461	36,367	41,834	43,239	45,268	44,168	46,904	47,470	48,769	49,290
Restricted	-	-	-	-	-	1,325	146	124	126	206
Unrestricted	15,283	15,838	12,519	11,753	9,371	9,802	11,062	10,692	9,542	9,391
Total Primary Government Net Position	<u>\$ 49,744</u>	<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>

City of Longwood, Florida

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 2,369	\$ 2,801	\$ 3,081	\$ 3,176	\$ 3,354	\$ 2,846	\$ 2,818	\$ 2,568	\$ 2,872	\$ 3,009
Public safety	6,749	7,171	8,890	8,913	8,825	8,263	7,973	6,667	7,705	8,280
Physical environment	369	902	1,593	358	450	178	128	1,530	800	252
Highways and streets	2,363	2,118	1,929	2,348	2,314	2,365	2,339	2,285	2,289	2,231
Sanitation	780	841	877	885	984	1,009	1,007	1,008	1,005	1,024
Parks and recreation	1,137	1,018	1,861	1,250	1,301	980	1,080	1,122	868	847
Interest & other fiscal charges on long-term debt	2	-	-	61	53	44	41	61	66	51
Total Governmental Activities Expenses	13,769	14,851	18,231	16,991	17,281	15,685	15,386	15,241	15,605	15,694
Business-type Activities:										
Public Utilities	2,344	2,436	2,500	2,528	2,519	2,265	2,217	2,217	2,182	2,450
Total Primary Government Expense	\$ 16,113	\$ 17,287	\$ 20,731	\$ 19,519	\$ 19,800	\$ 17,950	\$ 17,603	\$ 17,458	\$ 17,787	\$ 18,144
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 215	\$ 235	\$ 10	\$ 14	\$ 7	\$ 11	\$ 9	\$ 8	\$ 12	\$ 75
Public safety	939	1,001	1,031	1,088	1,050	1,106	1,272	1,248	1,315	1,604
Physical environment	628	678	679	718	710	691	703	724	708	712
Highways and streets	-	33	-	-	-	-	-	-	-	-
Sanitation	859	916	957	968	1,050	1,073	1,124	1,100	1,096	1,105
Parks and recreation	179	154	178	167	163	160	204	190	191	196
Operating grants and contributions	1,451	942	916	890	416	406	715	493	875	1,003
Capital grants and contributions	2,644	945	704	728	642	901	587	271	532	32
Total Governmental Activities Program Revenues	\$ 6,915	\$ 4,904	\$ 4,475	\$ 4,573	\$ 4,038	\$ 4,348	\$ 4,614	\$ 4,034	\$ 4,729	\$ 4,727
Business-type Activities:										
Charges for services:										
Public Utilities	2,395	2,728	2,728	2,555	2,824	2,785	3,390	3,473	3,059	3,314
Capital grants and contributions	472	414	244	133	63	4	186	75	177	185
Total Business-type Activities Program Revenues	2,867	3,142	2,972	2,688	2,887	2,789	3,576	3,548	3,236	3,499
Total Primary Government Program Revenues	\$ 9,782	\$ 8,046	\$ 7,447	\$ 7,261	\$ 6,925	\$ 7,137	\$ 8,190	\$ 7,582	\$ 7,965	\$ 8,226

	Fiscal Year									
	<u>2005</u>	<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>
Net (Expense)/Revenue										
Governmental Activities										
Business-type Activities	\$ (6,854)	\$ (9,947)	\$ (13,756)	\$ (12,418)	\$ (13,243)	\$ (11,337)	\$ (10,772)	\$ (11,207)	\$ (10,876)	\$ (10,967)
Total Primary Government Net Expense	<u>\$ (13,246)</u>	<u>(14,145)</u>	<u>(17,759)</u>	<u>(16,831)</u>	<u>(16,913)</u>	<u>524</u>	<u>1,359</u>	<u>1,331</u>	<u>1,054</u>	<u>1,049</u>
	<u>\$ (20,100)</u>	<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>

General Revenues and Other Changes in Net Position

Governmental Activities:										
Taxes										
Property taxes	\$ 3,952	\$ 4,355	\$ 5,183	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573
Franchise and utility taxes	2,651	3,031	3,075	2,999	3,089	3,256	3,111	2,965	2,813	2,936
Communications services tax	1,369	1,374	1,316	1,289	1,320	1,195	1,174	1,020	990	879
Unrestricted intergovernmental revenues	1,753	1,881	2,245	1,785	2,017	1,726	1,222	1,552	1,562	1,673
Unrestricted investment earnings	165	564	633	452	36	80	42	165	28	9
Gain on sale of capital assets	205	213	222	262	334	-	1,924	15	-	-
Miscellaneous revenues	166	184	132	123	99	148	269	122	65	276
Transfers in (out)	505	505	505	595	595	656	1,022	722	1,104	1,063
Total Governmental Activities	<u>\$ 10,766</u>	<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>
Business-type Activities:										
Investment earnings	14	32	47	34	7	3	3	5	4	1
Gain on sale of capital assets	-	6	18	15	7	-	-	-	-	-
Miscellaneous revenues	29	62	27	27	19	23	27	29	22	21
Transfers in (out)	(505)	(505)	(505)	(595)	(595)	(656)	(1,022)	(722)	(1,104)	(1,063)
Total Business-type Activities	<u>(462)</u>	<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>
Total Primary Government	<u>\$ 10,304</u>	<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>

Change in Net Assets

Governmental Activities	\$ 3,913	\$ 2,160	\$ (445)	\$ 996	\$ (157)	\$ 762	\$ 2,449	\$ (468)	\$ 175	\$ 442
Business-type Activities	<u>(13,708)</u>	<u>(14,550)</u>	<u>(18,172)</u>	<u>(17,350)</u>	<u>(17,475)</u>	<u>(106)</u>	<u>367</u>	<u>643</u>	<u>(24)</u>	<u>8</u>
Total Primary Government	<u>\$ (9,795)</u>	<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>

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

Fiscal Year	Property Tax	Franchise Fee	Utility Tax	Local Option Gas Tax	Sales Tax *	State Revenue Sharing	Total
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

* This one cent local option sales tax has been kept in a separate fund called Public Facilities Improvement Fund and is restricted for paving, sidewalks, and improvements to the City's roadway system. Tax was discontinued in 2014.

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

	<u>2005</u>	<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>
Fiscal Year										
General Fund										
Reserved	\$ 561	\$ 321	\$ 1,014	\$ 788	\$ 621	\$ 342	\$ -	\$ -	\$ -	\$ -
Unreserved	7,190	7,114	6,457	6,092	5,191	5,870	-	-	-	-
Total General Fund	<u>\$ 7,751</u>	<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>
All Other Governmental Funds										
Reserved	\$ 1,377	\$ 2,132	\$ 1,822	\$ 2,320	\$ 999	\$ 1,169	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,093	673	1,317	1,227	941	1,243	-	-	-	-
Capital projects funds	577	994	174	(526)	151	540	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,047</u>	<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>

* Implementation of GASB Statement No. 54

General Fund										
Nond spendable	\$ 502	\$ 271	\$ 143	\$ 145						
Assigned	2,572	1,795	1,367	1,488						
Unassigned	3,183	2,977	3,041	3,083						
Total General Fund	<u>\$ 6,257</u>	<u>\$ 5,043</u>	<u>\$ 4,551</u>	<u>\$ 4,716</u>						
All Other Governmental Funds										
Nond spendable	\$ 215	\$ 217	\$ 445	\$ 215						
Restricted	146	124	169	462						
Committed	2,779	3,022	2,163	2,776						
Unassigned	(290)	(207)	(255)	(201)						
Total All Other Governmental Funds	<u>\$ 2,850</u>	<u>\$ 3,156</u>	<u>\$ 2,522</u>	<u>\$ 3,252</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>2005</u>	<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>
Revenues										
Taxes										
Property	\$ 3,951	\$ 4,355	\$ 5,182	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573
Local Option Gas Tax	478	558	522	462	416	407	359	332	361	365
Franchise and utility taxes	4,021	4,405	4,391	4,288	4,409	4,451	4,257	3,985	3,803	3,815
Licenses and Permits	453	506	380	433	378	348	402	384	380	615
Intergovernmental	5,584	3,098	3,343	2,880	2,657	1,929	2,679	1,886	2,441	2,518
Charges for Services	2,060	2,178	2,276	2,303	2,419	2,388	2,640	2,597	2,703	2,752
Impact Fees/Assessments	41	105	94	106	114	123	143	122	147	151
Fines and Forfeitures	308	299	200	189	154	275	230	223	188	270
Investment Earnings	165	564	633	452	36	79	41	165	(65)	32
Miscellaneous	166	184	134	123	99	148	303	264	163	185
Total revenues	\$ 17,227	\$ 16,252	\$ 17,155	\$ 17,145	\$ 16,278	\$ 15,186	\$ 15,511	\$ 14,136	\$ 14,610	\$ 15,276
Expenditures										
General Government	2,330	3,082	2,863	3,125	3,393	2,743	2,745	2,995	2,658	2,731
Public Safety	6,769	7,350	7,307	9,162	8,682	7,703	7,455	7,320	7,699	7,505
Physical Environment	369	902	295	796	1,237	284	272	200	311	310
Highways and Streets	2,020	2,080	1,745	1,596	1,869	1,717	1,516	1,432	1,411	1,356
Sanitation	781	841	878	885	984	1,009	1,007	1,008	1,005	1,024
Parks and Recreation	1,039	1,251	1,102	1,391	1,314	795	910	992	772	819
Capital Outlay	1,550	1,234	5,537	1,770	1,513	73	5,254	2,696	2,914	1,222
Debt Service										
Principal	44	-	33	201	210	219	339	550	627	725
Interest	2	-	8	62	53	44	42	62	66	51
Total expenditures	\$ 14,904	\$ 16,720	\$ 19,768	\$ 18,988	\$ 19,255	\$ 14,587	\$ 19,540	\$ 17,255	\$ 17,463	\$ 15,743
Excess of Revenues Over (Under) Expenditures	2,323	(468)	(2,613)	(1,843)	(2,977)	599	(4,029)	(3,119)	(2,853)	(467)
Other Financing Sources (Uses)										
Transfers In	527	896	756	595	595	775	1,716	1,152	1,430	1,255
Transfers Out	(21)	(390)	(250)	-	-	(120)	(693)	(445)	(326)	(192)
Capital Lease Proceeds	-	180	1,324	-	-	-	805	1,340	480	206
Sale of Capital Assets	317	218	346	394	385	7	2,144	164	143	93
Total Other Financing Sources (Uses)	823	904	2,176	989	980	662	3,972	2,211	1,727	1,362
Net Change in Fund Balances	\$ 3,146	\$ 436	\$ (437)	\$ (854)	\$ (1,997)	\$ 1,261	\$ (57)	\$ (908)	\$ (1,126)	\$ 895
Debt Service as a Percentage of Noncapital expenditures	0.35%	0.00%	0.29%	1.55%	1.50%	1.85%	2.74%	4.39%	5.00%	5.65%

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

Fiscal Year Ended September 30,	Real Property	Taxable Agricultural Property	Personal Property	Centrally Assessed Property	Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$ 943,183	-	\$ 119,963	\$ 798	\$ 246,567	\$ 817,377	4.9900	\$ 1,063,944	76.83%
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	\$ 1,180,406	72.66%

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		
2005	4.9900	-	4.9900	4.9989	0.1721	5.1710	8.1270	0.3850	8.5120	0.4620	19.1350
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

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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CMCP-Island Lake LLC	\$ 13,894	1	1.62%	\$ 10,849	2	1.33%
Duke Energy/Florida Power	9,824	2	1.15%	9,883	4	1.21%
American Industrial Central LTD	9,658	3	1.13%	10,744	3	1.31%
United Parcel Service, Inc.	7,997	4	0.93%	10,938	1	1.34%
1944 Unionport Assoc. LLC	7,109	5	0.83%	8,319	5	1.02%
American Industrial Center IX	6,752	6	0.79%	7,265	7	0.89%
GS Realty	5,936	7	0.69%	-	-	-
Woods Family Properties DJW	5,651	8	0.66%	5,524	9	0.68%
Garrison Orlando Flex	5,193	9	0.61%	-	-	-
Orlando MOB Owners	4,692	10	0.55%	5,327	10	0.65%
Union Park Partners LTD	-	-	-	7,342	6	0.90%
Courtesy Auto Group	-	-	-	5,976	8	0.73%
Totals	<u>\$ 76,706</u>		<u>8.94%</u>	<u>\$ 82,167</u>		<u>10.05%</u>

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
2005	\$ 4,478	\$ 3,925	87.65%	\$ 26	\$ 3,951	88.23%
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%

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				
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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	

Note: No Revenue Bond Debt

City of Longwood, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014
(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	\$ 1,432	100.00%	\$ 1,432
Total Direct and Overlapping Debt	<u>\$ 1,432</u>		<u>\$ 1,432</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>Unemployment Rate ³</u>
2005	15,115	\$ 453,495	\$ 30,003	*	13.51	3,077	4.5%
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%

* Data not available

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

Sources:

- 1 Orlando Economic Development Commission
- 2 Lyman High School
- 3 Per City of Longwood's Economic Development Department

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

Employer	2014 ¹			2005 ³		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment
South Seminole Hospital	927	1	5.05%	*	*	*
UPS	500	2	2.72%	*	*	*
D&A Building Services	312	3	1.70%	*	*	*
Seminole County Schools	222	4	1.21%	*	*	*
Collis Roofing	222	5	1.21%	*	*	*
Sears Home Improvement Products	190	6	1.03%	*	*	*
Opis Management Resources, LLC	160	7	0.87%	*	*	*
Protection One Alarm Monitoring	158	8	0.86%	*	*	*
City of Longwood	155	9	0.84%	*	*	*
Comprehensive Energy Services	137	10	0.75%	*	*	*
Total	2983		16.23%			

Sources:

1 Per City of Longwood's Economic Development Department

2 Per City of Longwood's Economic Development Department, the City of Longwood has an estimated workplace population of 18,374 with approximately 1,736 business establishments for 2014.

3 * Information is not available.

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government ¹	30	29	30	25	28	26	24	23	25	27
Public Safety:										
Police										
Sworn Officers	40	40	40	40	40	40	40	40	40	40
Non sworn Officers	2	2	2	2	3	2	2	2	2	2
Civilians	5	5	5	5	5	5	5	5	5	5
Fire										
Firefighters and Officers	33	33	39	39	39	39	39	39	45	45
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works	30	30	30	26	26	28	28	28	27	25
Parks and Recreations	14	14	13	14	13	11	12	12	10	10
Total	<u>155</u>	<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>

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

Function	Fiscal Year									
	<u>2005</u>	<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>
Police										
Auto Accidents	1516	1427	1232	1212	1046	1039	1012	737	812	808
Physical arrests	1011	1373	671	1123	1003	1087	1644	917	1061	808
Criminal Investigations Conducted	794	851	751	829	872	590	476	426	473	438
Total Calls for Service	36073	36560	40427	46389	48808	54277	49793	44380	41577	40103
911 Calls Received	641	679	1758	1835	3850	3832	3741	3544	3634	3356
Evidence Processed (pieces)	1587	1874	1715	1921	1631	1261	2625	2502	1930	1936
Fire										
Number of emergency calls answered	3739	3779	3848	3636	3641	3757	3681	4038	4138	4130
Medical Transports	1669	1684	1697	1782	1679	1911	1890	1994	2122	2042
Highways and Streets										
Streets paved (miles)	1.5	0.9	0.7	1.2	1	0	60.5	60.85	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)	145	100	7926	6600	5280	5000	5163	5180	3200	1500
Culture and recreation										
Sports Complex ball games & field rentals	2026	2180	2281	2269	2301	2127	2112	2115	2134	1970
Community Bldg rentals	142	148	158	123	118	169	176	175	195	224
Water										
New connections	*	*	*	*	*	5	8	13	0	0
Number of customers	5100	5525	5559	5788	5853	5787	5795	5809	5829	5510
Water main breaks	5	5	5	7	3	2	0	0	0	6
Average daily consumption (millions of gallons)	2.4	2.4	1.5	2.2	2.1	1.9368	2	1.947	2	1.897
Meter reads	60843	65909	66708	69456	68400	62436	66570	69600	67250	67269
General Government										
Employment applications received	22	29	244	352	422	463	304	325	161	201
Personnel actions processed	242	277	321	364	515	630	197	250	205	270
Legal Notices published	80	80	73	72	61	75	64	41	33	48
Business Tax Licenses issued:										
New Licenses	445	486	455	427	381	384	302	102	243	235
Renewals	2331	2049	1842	1972	1843	1779	1768	1508	1460	1227
Accidents & Injuries reviewed	65	56	58	*	42	59	46	31	51	20
Land Use changes	5	4	0	6	14	70	10	2	3	13
Site Plan Reviews	14	15	15	7	1	17	11	7	4	3
Total Permits Issued	1968	1980	1219	1032	940	1064	1179	1132	1050	1200
Construction inspections	3437	3972	3324	1953	1755	2673	2943	2743	2715	3100
PR Checks issued	4548	4333	4341	4304	4402	4199	4256	4134	4180	3991
Checks deposited	58313	58562	57159	53360	49563	48201	46936	44866	43452	42038
A/P Checks issued	4705	4722	4747	4545	4311	3705	3621	3663	2662	2400
Purchase orders processed	509	576	627	577	492	407	448	406	360	364

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>2005</u>	<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>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	40	47	46	40	54	47	51	53	52
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and Streets										
Streets - paved (miles)	55.5	56.4	57.1	58.25	59.25	59.25	60.5	60.85	61.1	61.1
Streets - unpaved (miles)	4.5	3.6	3.53	2.38	1.38	1.38	0.63	0.38	0.13	0.13
Street lights	812	812	812	812	813	814	814	814	814	818
Traffic Signals	18	18	18	18	18	18	24	24	24	24
Culture and Recreation										
Park acreage	41	41	41	42	42	42	42	42	42	42
City playgrounds & passive parks	9	9	9	9	9	9	9	9	10	10
Tennis courts	5	5	5	5	4	4	4	4	5	5
Basketball courts	6	5	5	5	5	5.5	5.5	5.5	6	6
Futsal courts (soccer)	0	0	0	0	0	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)	67.5	68	68	68.5	68.6	68.8	68.8	69	69	85
Fire hydrants	597	597	584	560	560	561	561	564	548	545
Maximum daily capacity (millions of gallons)	7	7	7	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Sewer										
Sanitary sewers (miles)	21.5	22.25	22.27	22.27	22.27	22.37	22.5	22.5	22.7	40.9
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		Expenses by Type				City Contribution as a Percent of Payroll (1)
	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses	Admin. Expenses	
2005	\$ 271,238	\$ 415,402	-	\$ 3,349	\$ 5,333	\$ 8,971	2.1%
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	\$ 515,522	\$ 23,310	\$ 63,724	\$ 19,133	\$ 48,355	7.2%

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

**City of Longwood, Florida
Miscellaneous Statistics
September 30, 2014**

2014

Date of Incorporation	1923
Form of Government	Commission/Manager
Number of Municipal Employees (Including Police and Fire)	155
Population	13,553

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)	1
Basketball Courts	6
City playgrounds and passive parks	10

Fire Protection:

Stations	2
Employees	46

Police Protection:

Stations	1
Employees	45

Wastewater Collection System:

Miles of sanitary sewers	40.9
Lift Stations	30
Daily average treatment	*
Plants(s) capacity (MGD)	*
Disposal plants	*

Water Distribution System:

Miles of water mains	84.7
Daily average:	
Consumption (Millions/Gallons)	1.9
Plant capacity (Millions/Gallons)	7.2
Service connections	5510
Deep wells	5
Fire hydrants	545

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	139

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
South Seminole 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 4, 2015.

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.

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

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.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 4, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Longwood, Florida

Report on Compliance for Each Major Federal Program

We have audited the *City of Longwood's* (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

MCDIRMIT DAVIS & COMPANY, LLC

934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McDiarmid Davis & Company, LLC

Orlando, Florida
March 4, 2015

CITY OF LONGWOOD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2014

Grantor	CFDA Number	Agency or Pass-through Entity Grant Number	Expenditures
Pass-through grantor or Agency Grantor program title			
United States Department of Homeland Security			
Federal Emergency Management Agency(FEMA)			
Staffing for Adequate Fire Emergency Response *	97.044	EMW-2011-FH-00972	333,297
Assistance to Firefighters Grant	97.044	2013-1C-C111-P4000000-4101-D	22,483
Passed through State of Florida, Division of Emergency Management:			
Homeland Security Grant Program	97.067	12-CI-24-06-69-02-511	2,959
Homeland Security Grant Program	97.042	15-CIK1-06-69-02-151	5,330
Executive Office of the President			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001		9,628
United States Department of Justice			
Bulletproof Vest Partnership Program			
Passed through State of Florida, Department of Law Enforcement:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.607	2012 & 2013 BPV	2,722
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2014-JAGD-SEMI-4-E6-094	3,131
	16.738	2014-JAGC-SEMI-1-E5-195	17,690
United States Department of Housing & Urban Development			
HUD Sustainable Communities Regional Grant	14.703	2013-1C-C111-P0000000-4101-D	188,100
Total federal awards			<u>\$ 585,340</u>

* Denotes a major program

See accompanying Notes to Schedule of Expenditures of Federal Awards

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2014

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Longwood (the City) under programs of the federal government for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2014, even if a grant or loan was received subsequent to that date. Federal expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

Year Ended September 30, 2014

Part A - Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Longwood (the City).
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance For Each Major Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133, are reported in this Schedule.
7. The programs tested as major programs included: Staffing for Adequate Fire Emergency Response (CFDA 97.044).
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

Part B - Findings - Financial Statement Audit:

None

Part C - Findings and Questioned Costs - Major Federal Award Programs:

None

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, 2014, and have issued our report thereon dated March 4, 2015

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Other Reports and Schedule

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*, Independent Auditor's Report on Compliance For Each Major Program and on Internal Control over Compliance Required By OMB Circular A-133, Schedule of Findings and Questioned Costs, 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 and schedule, which are dated March 4, 2015, 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.

MCDIRMIT DAVIS & COMPANY, LLC

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Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we 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., Rules of the Auditor General, requires that we 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, 2014, 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, 2014. 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
March 4, 2015

**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, 2014. 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, 2014.

McDirmit Davis & Company, LLC

Orlando, Florida
March 4, 2015

MCDIRMIT DAVIS & COMPANY, LLC

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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, 2014, and have issued our report thereon dated March 4, 2015. 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 March 14, 2012, 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 conformity 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, our firm, and our network firms 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. 67. 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 March 4, 2015.

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,

McDiarmid Davis & Company, LLC

Orlando, Florida
March 4, 2015



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