

CITY OF LONGWOOD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**CITY OF LONGWOOD,
FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2016**

Prepared by:

Department of Financial Services

CITY OF LONGWOOD, FLORIDA

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INTRODUCTORY SECTION



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CITY OF LONGWOOD

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April 26, 2017

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, 2016.

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.

McDirmit 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, 2016, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with generally



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accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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 14,311. 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. Policymaking 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.



CITY OF LONGWOOD

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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 25-26, 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 14,311 residents support employment centers in Seminole and Orange Counties. Although many City residents commute to Orlando and other nearby locations for employment, Longwood has a strong economic base of its own with 1,786 businesses that employ 15,117 individuals.

Top Longwood employers include South Seminole Hospital (964 employees), United Parcel Service (506 employees) and D & A Building Services (274 employees). The County's unemployment rate for 2016 is estimated at 4.3% which compares favorably to the State's rate of 4.7%. The median age in the city is 41.6 with more than 23% of the population holding a college degree. We believe the aforementioned statistics provide for a young, diverse and well educated workforce offering great opportunities for recruitment and training to those companies considering economic expansion within our community.

Long-term Financial Planning

Despite the formidable challenges that the economy faced during the recession, the City's financial condition is good. Total fund balance in the general fund represents twenty-seven (27) percent of general fund expenditures while unassigned fund balance represents twenty-one (21) percent of that same amount, all of which fall within the Government Finance Officers Association best practice guidelines.

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, 2015 for fiscal years 2016-17 through 2020-21. The CIP is a multi-year prioritized schedule of improvements that lists each capital improvement by the year it is intended to be



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purchased or commenced; the amount to be spent each year; and the method of financing such improvements. 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

Longwood was the fastest growing city in the Metro Orlando area, with an estimated 6.61% population growth in 2016. This is in part due to the recent approval of the Weston Park Apartments and Heritage Village Commons projects, which represented nearly 350 new residential units in the City's Heritage Village Area. The residential growth continues with Oakmont Reserve (44 single family homes), the Belair Project (41 single family homes), and the Baymeadow Farms at Longwood (72 units) projects all under review or under construction.

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 began work on the first project designed and implemented under its new Complete Streets Policy, the Church Avenue Complete Street project. The improvements to Church Avenue include bike lanes, on-street parking, sidewalks, and a new parking area to support Reiter Park. The City also received funding through the Florida Department of Transportation (FDOT) for the Florida Central Parkway Complete Street Project, which will bring sidewalks to the City's industrial core for the first time. In addition, FDOT agreed to fund and construct the Ronald Reagan Blvd. Context Sensitive Improvements Project, which will address pedestrian safety and connectivity issues between the SunRail station and the City's Historic District and South Seminole Hospital.

Over the past year, the Longwood Fire Department has made some significant advances improving our efficiency and providing a safer and more consistent level of service to the citizens we proudly serve.

A reorganization of our administrative staff structure created a Deputy Fire Chief position which provides additional leadership and hands-on involvement in multiple areas within our department. The Deputy Chief manages and organizes all training for our department. He ensures the delivery of relevant and up-to-date training topics and exercises. This necessary training better prepares our crews to safely and more efficiently respond to the ever-changing needs of our citizens, business community and visitors of Longwood.

Additional equipment was purchased for our department to provide a higher level of service. First, we purchased and installed the *UcapiT* vending system to dispense and inventory medical supplies



CITY OF LONGWOOD

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and equipment. This vending system is utilized by on-duty personnel for medical supply replacement through a passcode protected tracking system that is operational 24 hours a day. The system ensures better tracking of expiration dates for supply rotation, generates reports on usage trends, maintains necessary inventory quantities, and automatically re-orders necessary medical supplies when critical minimums are reached.

To provide a safer environment for our employees and the citizens we proudly serve, we also purchased and installed a state-of-the-art *Aeroclave* system. This system allows the immediate capability of decontaminating our vehicles and facilities through an automated fogging system.

In addition to the aforementioned improvements, *Stryker* power stretchers with power load systems were purchased and installed in our rescues. They facilitate safer loading and unloading of patients into and from our medical transport vehicles. These power stretcher systems greatly reduce the propensity of back injuries to rescuers and further injury to patients.

Lastly, we purchased *Humat* hydrant valves for our fire engines equipping our crews with necessary tools to improve our adaption to ever-changing fire-ground tactics. During a fire, these valves allow the ability to connect an additional fire engine into our water supply line without temporarily shutting off water to our crews inside the fire.

The police department maintained existing community relations efforts and began some new initiatives during the year. The department was again involved in the City of Longwood's National Night Out event by participating in the annual Police vs. Fire Department softball game. Department members, including Police Youth Explorers, also assisted with logistical support at the event. Members of the agency provided support to our *Citizens On Patrol* program to facilitate the City of Longwood's Annual Christmas Parade.

Police department trainers developed an active shooter training program for the public. This program is designed to provide guidance to the public for active shooter situations. The training was offered at area businesses and received positive feedback. Police department personnel partnered with McDonald's restaurants and began a "Coffee with a Cop" program in the city. These events provided the citizens of Longwood with an opportunity to meet and ask questions of the department's staff. Patrol officers attended all neighborhood watch and homeowners' association meetings throughout the year. This allowed citizens to meet in person with the specific officers who are safeguarding their neighborhoods.

The police department's patrol effort at the Longwood SunRail station was improved upon with the addition of bicycle patrols. The officers assigned to the SunRail station are now equipped with bicycles which allow for more thorough patrols of the station and surrounding area. This type of



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patrol has also increased community contact in the area and resulted in positive feedback from citizens and business owners in the district.

The police department implemented additional training initiatives designed to increase the capabilities of the department's personnel. Officers are completing advanced training in various topics which will improve their abilities in the areas of in-service training, management, and leadership. Police personnel in specialized positions are also receiving further advanced training specific to their assignments. Personnel in leadership rolls received continuing training in the Federal Emergency Management Agency's Incident Command System which is designed to increase their ability to manage complex and large scale events. Police department personnel also took part in several large scale training exercises with other agencies to improve response to these types of events.

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

The Public Works Department completed a variety of citywide projects. The Phase (II) portion of the Skylark Asbestos Cement Water Main Replacement project was completed. In addition to the PVC water main replacement portion of this project, a new water main extension was constructed across US 17/92 at Raven Avenue and Shepard Road allowing access of the potable water distribution system extension within the City of Winter Springs Right of Way. The Water Meter Replacement Program continues with the replacement and assessments of residential water meters citywide. USSI, LLC has performed the work consisting of smoke testing the Waste Water system and repaired defective areas identified using either plugs or sealing material. The Florida Government Utility Authority (FGUA) property was acquired for the upcoming Stormwater Irrigation Pond project and wastewater flows were transferred to the City. The Peninsula at Island Lake subdivision was provided sewer service through a City/Developer project.

The City's Public Works Street and Stormwater divisions have initiated construction and paving services along Church Avenue between Warren and Rangeline, for a distance of approximately 5,600 linear feet (LF) which includes brick streets, some full depth reclamation, construction of drainage facilities, sidewalks, bike lanes, curbing. Milling and resurfacing portions of this project includes approximately 500 LF on Florida Avenue, just east of Church Avenue, 200 LF of bricking



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on the east-west portion of Church Avenue. A brick path between Church Avenue and Warren Avenue was constructed around the existing fire station and undergrounding utilities installed on Church Avenue for two blocks in front of Reiter Park Main Entrance Parking Lot. Additionally, the repaving project at Florida Central Parkway is underway. The project includes roadway improvements in the following corridors: Central Florida Parkway (SR 434 to south cul-de-sac) 4,000 LF, Commerce Way (Central Florida Parkway to west cul-de-sac) – 1,200 LF, Bennett Drive (west cul-de-sac through Central Florida Parkway to south connection at North Street) 3,900 LF. Additionally the City of Longwood Street division has repaired sidewalks throughout the city. The Windsor Manor drainage rehabilitation project is underway. Construction pertains to an existing drainage system that extends north, from State Road 434, crossing Glendale Drive and Dellwood Drive to eventually discharge into Winsor Lake between 114 and 116 Dellwood Drive. In addition to conveying stormwater runoff from Winsor Manor, this drainage system also connects to pipes within the State Road 434 right-of-way that convey overflow discharge from Island Lake. The City is compliant with stormwater regulations established by the Environmental Protection Agency and with the National Pollutant Discharge Elimination System MS4 permit for discharge of stormwater from Municipal Separate Storm Sewer Systems.

A major initiative for the Leisure Services Department continued to be working towards the conclusion of Reiter Park's development. After receiving a completed master plan for the park, Dix Hite & Partners developed construction drawings for the Reiter Park development and improvements as established in the approved Conceptual Master Plan. A general contractor has been selected to start the final phase of construction in the park which should be completed by spring 2018. To date, the City has been awarded three Land and Water Conservation Fund Grants, a Cultural Facilities Grant and a Recreation Trails Program Grant. These grants will assist in the completion of an amphitheater, bathrooms, trails, splash pad, pavilions, parking and more.

Another major initiative for the Leisure Services Department is to continue updates and renovations to Candyland Park. The City received two Florida Recreation Development Assistance Program (FRDAP) grants totaling \$100,000.00 with no match needed. These funds have been used for necessary field renovations at Candyland Park as well as the replacement of all of our current scoreboards. With the help of future FRDAP grants, we hope to upgrade skate park equipment, sports lighting, and various other elements of the park.

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, 2015. This was the twentieth year that the City has achieved this prestigious award.



CITY OF LONGWOOD

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

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

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

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

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

Respectfully submitted,

Jon C. Williams
City Manager

Lisa Snead,
Director of Financial Services



Government Finance Officers Association

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

Presented to

**City of Longwood
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

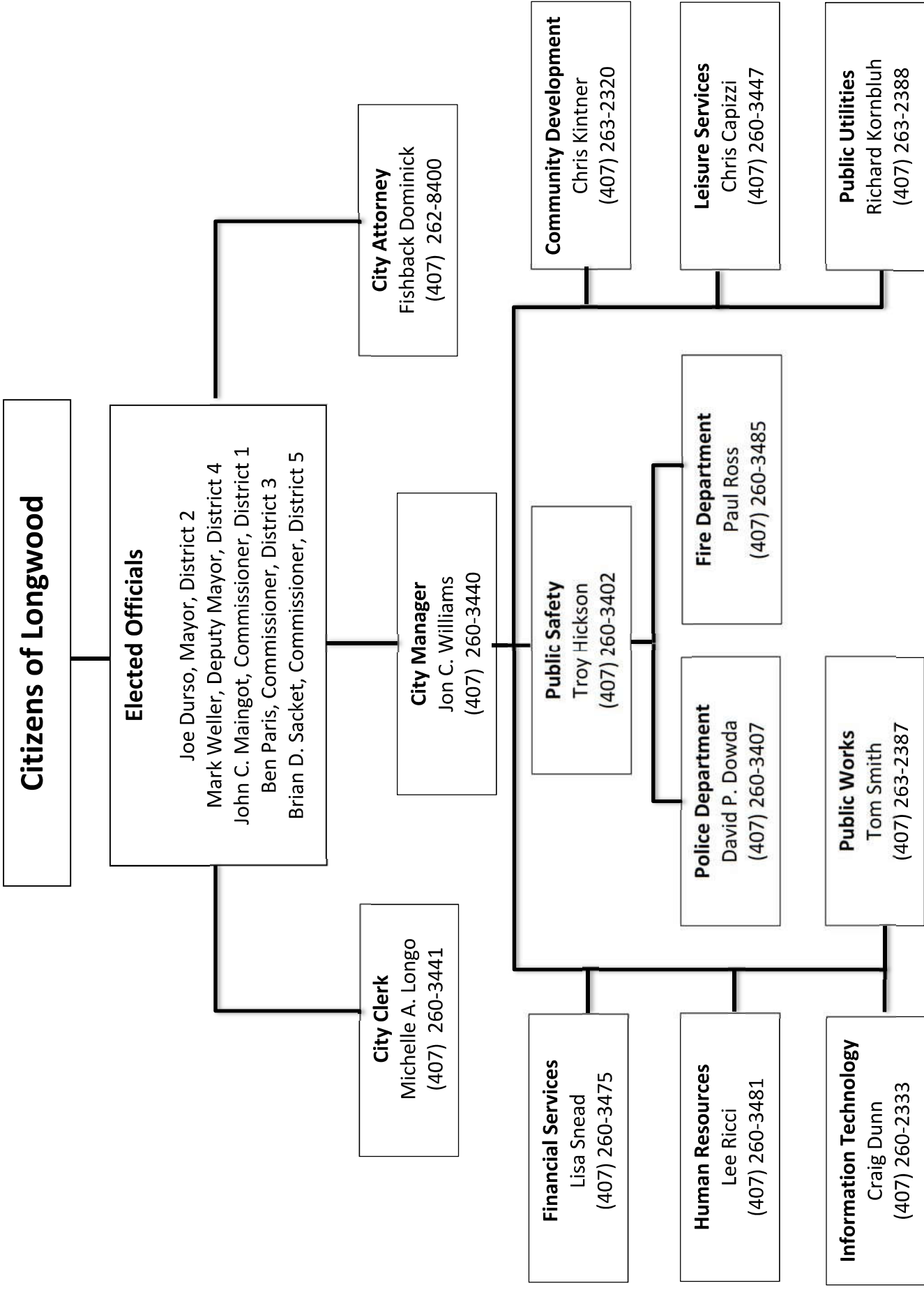
September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is fluid and cursive.

Executive Director/CEO

**CITY OF LONGWOOD, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2016**

MAYOR	Joe Durso
DEPUTY MAYOR	Mark Weller
COMMISSIONER	Brian D. Sackett
COMMISSIONER	John C. Maingot
COMMISSIONER	Ben Paris
CITY MANAGER	Jon C. Williams
CITY ATTORNEY	Daniel Langley
CITY CLERK	Michelle Longo
INTERIM POLICE CHIEF	David Dowda
INTERIM FIRE CHIEF	Paul Ross
DIRECTOR OF FINANCIAL SERVICES	Lisa Snead
INTERIM DIRECTOR OF COMMUNITY DEVELOPMENT	Chris Kintner
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
DIRECTOR OF PUBLIC SAFETY	Troy Hickson





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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, 2016, 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, 2016, 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 74 through 78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McDiernit Davis & Company, LLC

Orlando, Florida
April 24, 2017

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016**

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

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2016 by \$58,079,795 (net position). Of this amount, \$8,920,181 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As a result of the current year's activities, the City's total net position decreased by \$1,506,355 or 2.5%.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$8,723,356, an increase of \$745,667. Approximately 33.1% of this total amount, \$2,888,328, 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 \$3,065,722 or 21% of total general fund expenditures.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by \$1,457,743 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, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide financial statements

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

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

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

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

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

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

Fund financial statements

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

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

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

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 33-73 of this report.

Required Supplementary Information (RSI). RSI can be found on pages 74-78 of this report.

Other Information. The budget schedules for the two major capital projects funds are on pages 79-80 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 81-86 of this report.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$58,079,795 at the close of the most recent fiscal year.

Over half (\$48,904,253 or 84.2%) 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 \$255,361 (or .4%) 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 (\$8,920,181 or 15.4%) may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2016, 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, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Longwood, Florida
Statement of Net Position
As of September 30, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$11,098,955	\$13,706,636	\$ 2,201,473	\$ 3,668,220	\$13,300,428	\$17,374,856
Capital assets	35,716,780	36,361,851	15,686,651	14,402,126	51,403,431	50,763,977
Total assets	46,815,735	50,068,487	17,888,124	18,070,346	64,703,859	68,138,833
Deferred Outflows of Resources						
Deferred outflow of pension earnings	4,136,912	1,070,262	54,945	27,822	4,191,857	1,098,084
Liabilities:						
Current liabilities	1,699,562	2,160,245	136,390	198,901	1,835,952	2,359,146
Long-term liabilities	6,326,430	4,170,637	411,044	450,269	6,737,474	4,620,906
Other liabilities	-	-	211,348	286,498	211,348	286,498
Total liabilities	8,025,992	6,330,882	758,782	935,668	8,784,774	7,266,550
Deferred Inflows of Resources						
Deferred inflow of pension earnings	1,983,979	2,277,884	47,168	106,333	2,031,147	2,384,217
Net Position:						
Net investment in capital assets	33,356,802	34,957,346	15,547,451	14,228,128	48,904,253	49,185,474
Restricted for:						
Special law enforcement	255,361	190,552	-	-	255,361	190,552
Unrestricted	7,330,513	7,382,085	1,589,668	2,828,039	8,920,181	10,210,124
Total net position	\$40,942,676	\$42,529,983	\$17,137,119	\$17,056,167	\$58,079,795	\$59,586,150

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

Note that the City's net position decreased by \$1,506,355 or 2.5% in fiscal year 2016. The previous fiscal year, 2015, net position increased by \$699,490 or 1.2%.

Governmental activities decreased net position by \$1,587,307 in fiscal year 2016 compared to an increase of \$657,434 in 2015. The decrease in 2016 is due to increased expenses and lower revenues. Both revenue and expenses for governmental activities increased approximately 4% in 2015.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type activities increased net position by \$80,952 in fiscal year 2016 compared to an increase of \$42,056 in **2015**. This is primarily the result of a reduction in the amount of transfers.

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

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

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

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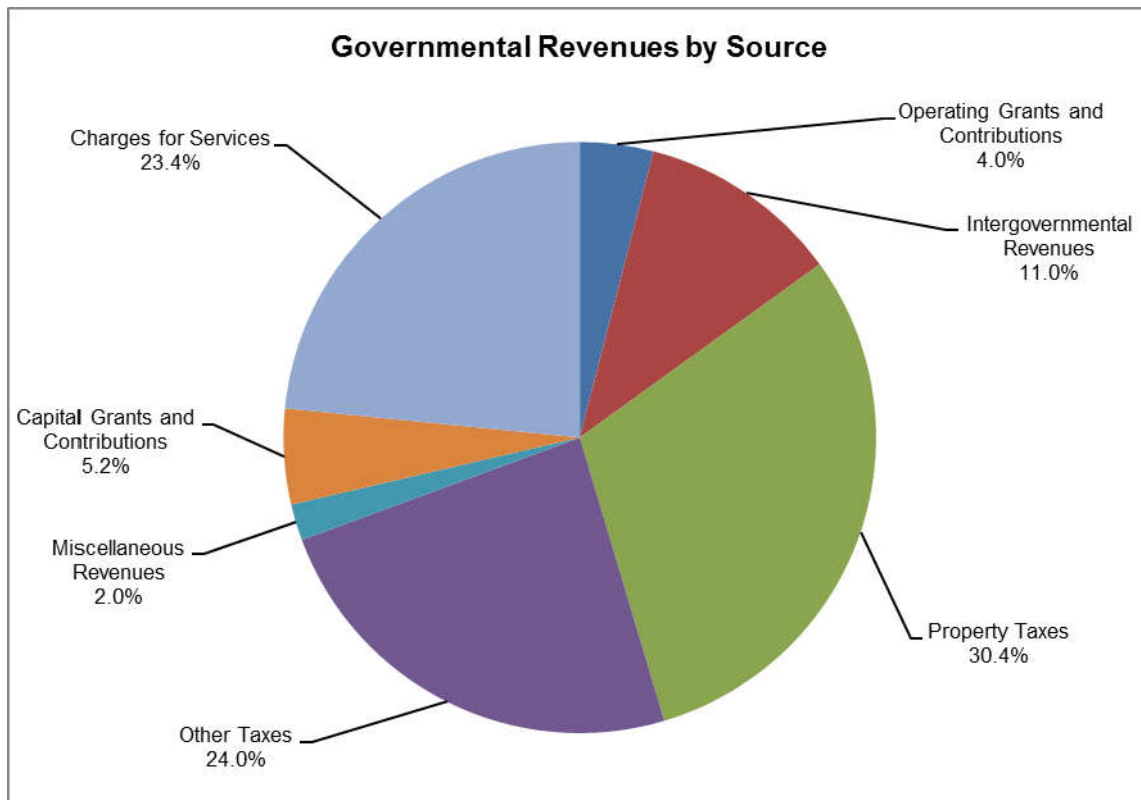
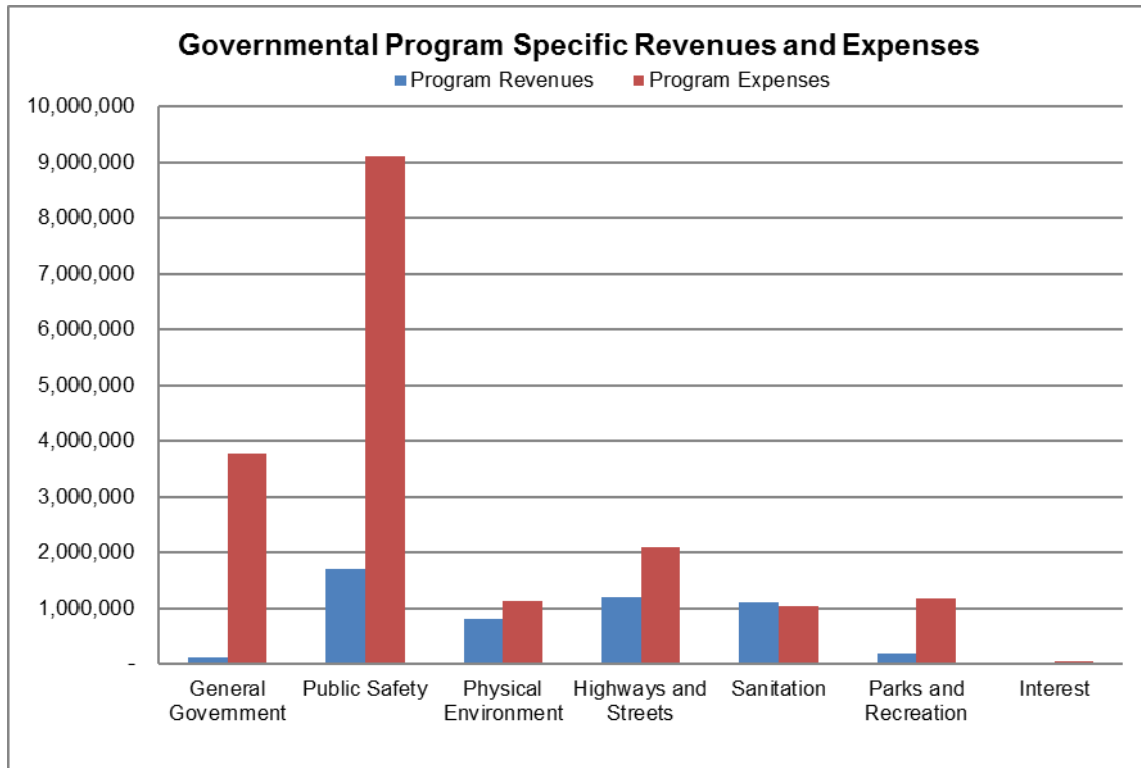
**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

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	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,668,289	\$ 3,969,948	\$ 3,881,750	\$ 3,685,025	\$ 7,550,039	\$ 7,654,973
Operating grants and contributions	626,951	675,715	-	-	626,951	675,715
Capital grants and contributions	817,201	686,452	-	547,800	817,201	1,234,252
General revenues:						
Property taxes	4,754,953	4,645,364	-	-	4,754,953	4,645,364
Other taxes	3,755,315	3,755,921	-	-	3,755,315	3,755,921
Other	2,010,497	1,948,275	33,490	48,354	2,043,987	1,996,629
Total revenues	<u>15,633,206</u>	<u>15,681,675</u>	<u>3,915,240</u>	<u>4,281,179</u>	<u>19,548,446</u>	<u>19,962,854</u>
Expenses:						
General government	3,765,317	3,066,343	-	-	3,765,317	3,066,343
Public safety	9,098,061	8,678,434	-	-	9,098,061	8,678,434
Physical environment	740,017	289,197	-	-	740,017	289,197
Highways and streets	2,489,553	2,137,821	-	-	2,489,553	2,137,821
Sanitation	1,031,532	1,027,109	-	-	1,031,532	1,027,109
Parks and recreation	1,176,148	1,159,170	-	-	1,176,148	1,159,170
Interest on long-term debt	65,158	34,691	-	-	65,158	34,691
Public utilities	-	-	2,689,015	2,646,422	2,689,015	2,646,422
Total expenses	<u>18,365,786</u>	<u>16,392,765</u>	<u>2,689,015</u>	<u>2,646,422</u>	<u>21,054,801</u>	<u>19,039,187</u>
Increase (Decrease) in Net Position Before Transfers	(2,732,580)	(711,090)	1,226,225	1,634,757	(1,506,355)	923,667
Transfers	<u>1,145,273</u>	<u>1,328,314</u>	<u>(1,145,273)</u>	<u>(1,328,314)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>(1,587,307)</u>	<u>617,224</u>	<u>80,952</u>	<u>306,443</u>	<u>(1,506,355)</u>	<u>923,667</u>
Net Position - October 1	42,529,983	41,872,549	17,056,167	17,014,111	59,586,150	58,886,660
Restatement of Net Position	-	40,210	-	(264,387)	-	(224,177)
Net Position - September 30	<u>\$ 40,942,676</u>	<u>\$ 42,529,983</u>	<u>\$ 17,137,119</u>	<u>\$ 17,056,167</u>	<u>\$ 58,079,795</u>	<u>\$ 59,586,150</u>

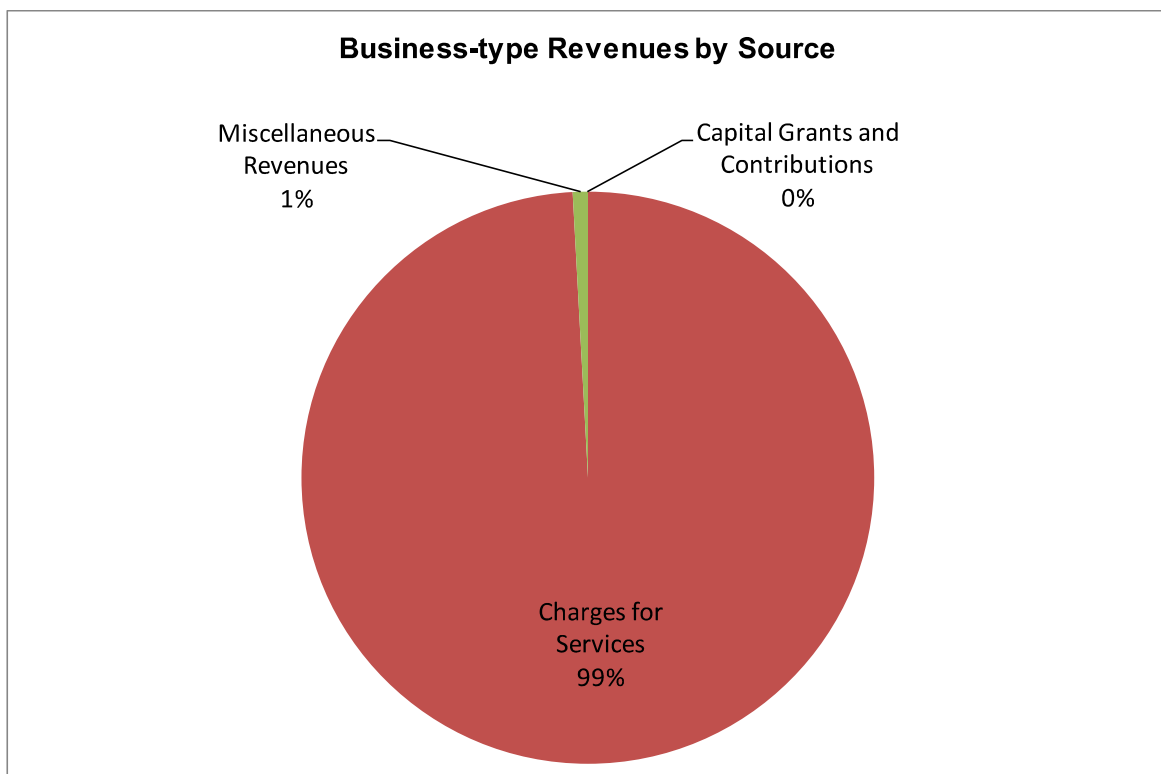
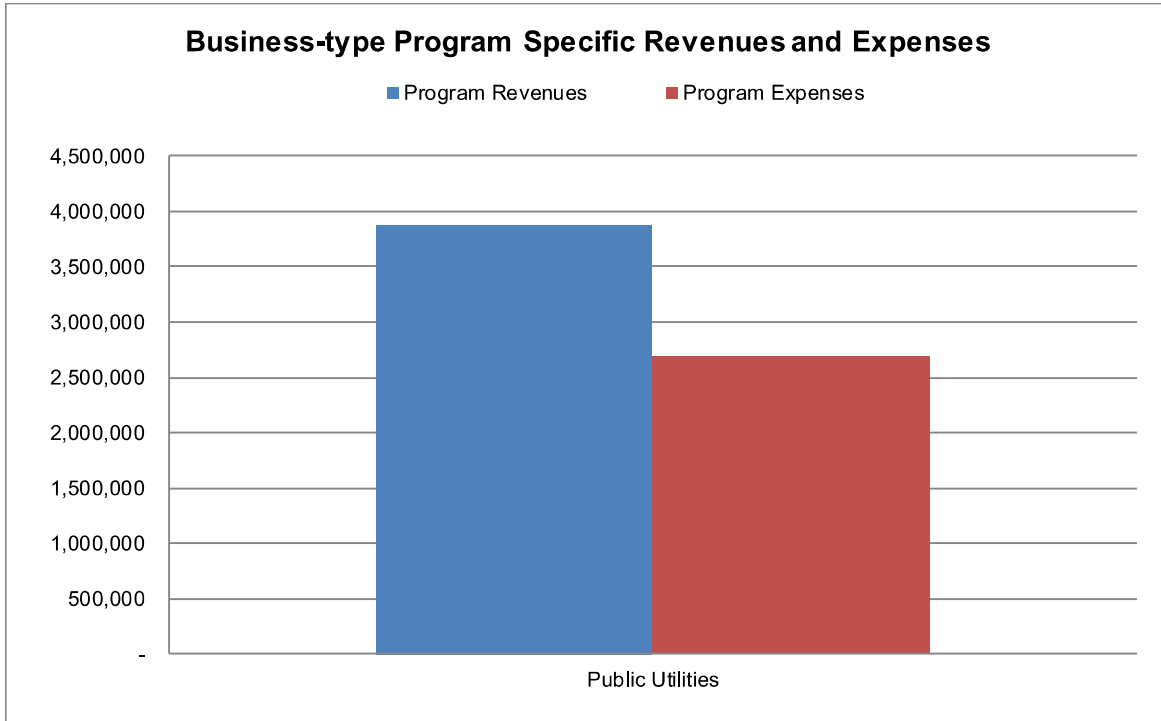
**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

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, 2016, the City's governmental funds reported combined ending fund balances of \$8,723,356, an increase of \$745,667, from the prior year. Approximately 33.1% or \$2,888,328 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$5,835,028, is either nonspendable, as prepaids and advances, restricted for special revenue funds, committed to capital projects, or assigned to subsequent year expenditures.

The General Fund is the primary operating fund of the City. At September 30, 2016, the unassigned fund balance of the General Fund was \$3,065,722 while the total fund balance was \$3,966,876. 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 21% of total General Fund expenditures, while total fund balance represents 27% of that same amount. The fund balance of the General Fund decreased by \$310,647 due to the fact that expenditures continue to be higher than available revenues.

The Public Facilities Improvement Fund has a total fund balance of \$3,151,582. The fund realized an increase in total fund balance of \$726,163 in 2016 due to capital outlay being less than budgeted.

The Special Assessments Fund has a total deficit fund balance of \$(174,471) 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 \$4,378 due to collection of assessments.

The Capital Projects Fund has a total fund balance of \$643,712, of which all is committed for future acquisition of capital equipment. The fund realized an increase in total fund balance of \$366,073 due to debt proceeds exceeding capital expenditures.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

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, 2016, unrestricted net position of the Public Utilities Enterprise Fund amounted to \$1,589,668 and total net position increased \$80,952. This increase is due mainly to an increase in revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original General Fund budgeted expenditures and transfers out and the final amended General Fund budget amounted to \$40,895. The increase in appropriations are due an increase in capital outlay.

Actual expenditures were less than final appropriations by \$1,371,279, a variance of 9%, due to spending cuts implemented at mid-year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to \$51,403,431 (net of accumulated depreciation), for an increase of \$639,454 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 1.3% (a 1.8% decrease for governmental activities, and a 8.9% increase for business-type activities).

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

- Community building social room and stage drapery \$7,606
- SR 434 traffic calming \$29,479
- Stormwater Improvements, Skylark outfall, \$315,561

Major capital assets included in construction in progress:

- W. Church Ave. drainage & road resurfacing, \$66,885
- Reiter Park Improvements \$56,608

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

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	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,672,052	\$ 5,504,969	\$ 50,600	\$ 50,600	\$ 5,722,652	\$ 5,555,569
Buildings	2,658,725	2,747,207	38,461	41,502	2,697,186	2,788,709
Improvements Other Than Buildings	5,313,281	5,628,316	10,581,344	11,019,965	15,894,625	16,648,281
Infrastructure	18,808,314	19,184,766	-	-	18,808,314	19,184,766
Vehicles and Equipment	2,884,872	2,814,295	338,618	293,913	3,223,490	3,108,208
Intangibles	-	-	3,013,788	2,173,195	3,013,788	2,173,195
Construction in Progress	379,536	482,298	1,663,840	822,951	2,043,376	1,305,249
Total capital assets, net	<u>\$ 35,716,780</u>	<u>\$ 36,361,851</u>	<u>\$ 15,686,651</u>	<u>\$ 14,402,126</u>	<u>\$ 51,403,431</u>	<u>\$ 50,763,977</u>

Noncurrent Liabilities. At September 30, 2016, 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	
	2016	2015	2016	2015	2016	2015
Capital Leases	\$ 1,047,407	\$ 1,404,505	\$ 139,200	\$ 174,000	\$ 1,186,607	\$ 1,578,505
Note Payable	1,312,571	-	-	-	1,312,571	-
Net Pension liability	2,239,777	1,395,855	149,827	159,588	2,389,604	1,555,443
OPEB Liability	865,594	603,918	68,406	54,082	934,000	658,000
Compensated Absences	861,081	766,359	53,611	62,599	914,692	828,958
Total	<u>\$ 6,326,430</u>	<u>\$ 4,170,637</u>	<u>\$ 411,044</u>	<u>\$ 450,269</u>	<u>\$ 6,737,474</u>	<u>\$ 4,620,906</u>

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2016**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, fund balance in the General Fund decreased by \$310,647 to \$3,966,876. The City has appropriated \$756,398 of this amount for spending in the 2016/2017 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 2016/2017 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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,920,102	\$ 1,110,661	\$ 6,030,763
Investments	4,556,706	-	4,556,706
Accounts Receivable, net of allowance	529,108	702,907	1,232,015
Due From Other Governmental Units	695,020	-	695,020
Prepays	4,756	-	4,756
Restricted Cash-customer Deposits	-	211,348	211,348
Impact Fees and Assessments Receivable	-	176,557	176,557
Net Pension Assets	393,263	-	393,263
Capital Assets:			
Not being depreciated	6,051,588	1,714,440	7,766,028
Being depreciated, net	29,665,192	13,972,211	43,637,403
Total assets	<u>46,815,735</u>	<u>17,888,124</u>	<u>64,703,859</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Pension Earnings	<u>4,136,912</u>	<u>54,945</u>	<u>4,191,857</u>
Total deferred outflows of resources	<u>4,136,912</u>	<u>54,945</u>	<u>4,191,857</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,447,761	136,390	1,584,151
Due to Other Governmental Units	1,865	-	1,865
Unearned Revenues	249,936	-	249,936
Customer Deposits	-	211,348	211,348
Noncurrent Liabilities:			
Due within one year	454,280	40,161	494,441
Due in more than one year	5,872,150	370,883	6,243,033
Total liabilities	<u>8,025,992</u>	<u>758,782</u>	<u>8,784,774</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Pension Earnings	<u>1,983,979</u>	<u>47,168</u>	<u>2,031,147</u>
Total deferred inflows of resources	<u>1,983,979</u>	<u>47,168</u>	<u>2,031,147</u>
NET POSITION			
Net Investment in Capital Assets	33,356,802	15,547,451	48,904,253
Restricted for:			
Special law enforcement	255,361	-	255,361
Unrestricted	7,330,513	1,589,668	8,920,181
Total net position	<u>\$ 40,942,676</u>	<u>\$ 17,137,119</u>	<u>\$ 58,079,795</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, 2016**

Functions/Programs Primary Government	Net (Expense) Revenue and Changes in Net Position				
	Program Revenue		Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Expenses					Total
\$ 3,765,317	\$ 114,753	\$ -	\$ -	\$ (3,650,564)	\$ (3,650,564)
9,098,061	1,553,719	146,762	8,442	(7,389,138)	(7,389,138)
740,017	713,772	88,634	-	62,389	62,389
2,489,553	-	391,555	808,759	(1,289,239)	(1,289,239)
1,031,532	1,107,706	-	-	76,174	76,174
1,176,148	178,339	-	-	(997,809)	(997,809)
65,158	-	-	-	(65,158)	(65,158)
18,365,786	3,668,289	626,951	817,201	(13,253,345)	(13,253,345)
Total governmental activities					
Business-type activities:					
Public Utilities	2,689,015	3,881,750	-	-	1,192,735
Total business-type activities	2,689,015	3,881,750	-	-	1,192,735
Total primary government	\$ 21,054,801	\$ 7,550,039	\$ 817,201	(13,253,345)	(12,060,610)
General Revenues:					
Taxes:					
Property taxes				4,754,953	4,754,953
Franchise and utility taxes				2,993,549	2,993,549
Communications services tax				761,766	761,766
Unrestricted intergovernmental revenues				1,726,297	1,726,297
Unrestricted investment earnings				24,939	35,512
Miscellaneous				259,261	281,868
Gain on Sale of Capital Assets				-	310
Transfers				1,145,273	(1,145,273)
Total general revenues and transfers				11,666,038	10,554,255
Change in net position				(1,587,307)	(1,506,355)
Net Position - beginning				42,529,983	59,586,150
Net Position - ending				\$ 40,942,676	\$ 58,079,795

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

**CITY OF LONGWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	General Fund	Public Facilities Improvement Fund	Special Assessments Fund	Grant Fund
ASSETS				
Cash and Cash Equivalents	\$ 128,295	\$ 2,848,804	\$ 184,622	\$ -
Investments	4,556,706	-	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	161,615	230,048	74,312	-
Due From Other Funds	43,780	-	-	-
Due From Other Governmental Units	559,752	92,120	1,609	41,539
Prepays	4,756	-	-	-
Advances to Other Funds	140,000	215,000	-	-
Total assets	<u>\$ 5,594,904</u>	<u>\$ 3,385,972</u>	<u>\$ 260,543</u>	<u>\$ 41,539</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 1,187,466	\$ 4,342	\$ 5,702	\$ 917
Accrued liabilities	181,223	-	-	-
Due to other funds	-	-	-	40,622
Advances from other funds	-	-	355,000	-
Due to other governments	12,897	-	-	-
Unearned revenue	246,442	-	-	-
Total liabilities	<u>1,628,028</u>	<u>4,342</u>	<u>360,702</u>	<u>41,539</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>230,048</u>	<u>74,312</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	144,756	-	-	-
Spendable:				
Restricted	-	-	-	-
Committed	-	3,151,582	-	-
Assigned	756,398	-	-	-
Unassigned	3,065,722	-	(174,471)	-
Total fund balances	<u>3,966,876</u>	<u>3,151,582</u>	<u>(174,471)</u>	<u>-</u>
Total Liabilities, deferred inflows and fund balances(deficits)	<u>\$ 5,594,904</u>	<u>\$ 3,385,972</u>	<u>\$ 260,543</u>	<u>\$ 41,539</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 643,712	\$ 1,114,669	\$ 4,920,102
-	-	4,556,706
-	63,133	529,108
-	-	43,780
-	-	695,020
-	-	4,756
-	-	355,000
<u>\$ 643,712</u>	<u>\$ 1,177,802</u>	<u>\$ 11,104,472</u>
\$ -	\$ 31,610	\$ 1,230,037
-	1,892	183,115
-	3,158	43,780
-	-	355,000
-	1,991	14,888
-	3,494	249,936
<u>-</u>	<u>42,145</u>	<u>2,076,756</u>
<u>-</u>	<u>-</u>	<u>304,360</u>
-	-	144,756
-	1,087,909	1,087,909
643,712	50,671	3,845,965
-	-	756,398
-	(2,923)	2,888,328
<u>643,712</u>	<u>1,135,657</u>	<u>8,723,356</u>
<u>\$ 643,712</u>	<u>\$ 1,177,802</u>	<u>\$ 11,104,472</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, 2016

Total Fund Balance, Governmental Funds	\$	8,723,356
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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.		35,716,780
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Certain other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.		304,360
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Deferred inflows and outflows of resources related to pension earnings are not recognized in governmental funds, however, they are recorded in net position under full accrual accounting.		2,152,933
--	--	-----------

Net pension assets are not current financial resources and therefore are not reported in the funds.		393,263
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(6,348,016)
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Net Position of Governmental Activities in the Statement of Net Position	\$	40,942,676
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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, 2016

	General Fund	Public Facilities Improvement Fund	Special Assessments Fund	Grant Fund
REVENUES				
Taxes:				
Property tax	\$ 4,754,953	\$ -	\$ -	\$ -
Franchise tax	1,498,701	-	-	-
Utility tax	1,494,848	-	-	-
Communications services tax	761,766	-	-	-
Local option gas tax	-	391,555	-	-
Licenses and Permits	189,053	-	-	-
Intergovernmental Revenue	1,813,431	808,759	-	155,204
Charges for Services	2,126,836	-	-	-
Fines and Forfeitures	142,797	-	-	-
Special Assessments	-	48,643	97,973	-
Investment Earnings	1,638	12,391	1,377	95
Miscellaneous Revenue	291,120	-	13,080	-
Total revenues	<u>13,075,143</u>	<u>1,261,348</u>	<u>112,430</u>	<u>155,299</u>
EXPENDITURES				
Current:				
General government	3,376,100	-	-	-
Public safety	7,552,073	-	-	188,500
Physical environment	-	-	108,052	-
Highways and streets	1,273,232	-	-	-
Sanitation	1,031,532	-	-	-
Parks and recreation	969,179	-	-	-
Debt Service:				
Principal	322,298	-	-	-
Interest and other charges	39,783	-	-	-
Capital Outlay	255,185	535,185	-	4,150
Total expenditures	<u>14,819,382</u>	<u>535,185</u>	<u>108,052</u>	<u>192,650</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,744,239)</u>	<u>726,163</u>	<u>4,378</u>	<u>(37,351)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,470,943	-	-	37,351
Transfers Out	(37,351)	-	-	-
Notes Payable Issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,433,592</u>	<u>-</u>	<u>-</u>	<u>37,351</u>
Net Change in Fund Balances	(310,647)	726,163	4,378	-
Fund Balances - beginning	4,277,523	2,425,419	(178,849)	-
Fund Balances - ending	<u>\$ 3,966,876</u>	<u>\$ 3,151,582</u>	<u>\$ (174,471)</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
\$ -	\$ -	\$ 4,754,953
-	-	1,498,701
-	-	1,494,848
-	-	761,766
-	-	391,555
-	327,333	516,386
1,500	-	2,778,894
-	658,695	2,785,531
-	93,241	236,038
-	-	146,616
3,863	5,575	24,939
21,215	9,103	334,518
<u>26,578</u>	<u>1,093,947</u>	<u>15,724,745</u>
23,000	-	3,399,100
-	245,820	7,986,393
-	225,087	333,139
-	-	1,273,232
-	-	1,031,532
-	-	969,179
-	34,800	357,098
-	3,789	43,572
950,076	299,081	2,043,677
<u>973,076</u>	<u>808,577</u>	<u>17,436,922</u>
<u>(946,498)</u>	<u>285,370</u>	<u>(1,712,177)</u>
-	-	1,508,294
-	(325,670)	(363,021)
1,312,571	-	1,312,571
<u>1,312,571</u>	<u>(325,670)</u>	<u>2,457,844</u>
366,073	(40,300)	745,667
277,639	1,175,957	7,977,689
<u>\$ 643,712</u>	<u>\$ 1,135,657</u>	<u>\$ 8,723,356</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, 2016

Net Change in Fund Balances - total governmental funds:	\$	745,667
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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	1,668,799	
Current Year Depreciation	<u>(2,284,364)</u>	(615,565)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position	(29,506)
---	----------

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

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position	(262,907)
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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	(261,676)	
Accrued interest	(21,586)	
Compensated absences	<u>(94,722)</u>	(377,984)

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.

Note Payable	(1,312,571)	
Principal Payments	<u>357,098</u>	(955,473)

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>(91,539)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(1,587,307)</u></u>
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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 4,695,392	\$ 4,695,392	\$ 4,754,953	\$ 59,561
Franchise tax	1,719,450	1,719,450	1,498,701	(220,749)
Utility tax	1,529,408	1,529,408	1,494,848	(34,560)
Communications services tax	797,925	797,925	761,766	(36,159)
Licenses and Permits	264,708	264,708	189,053	(75,655)
Intergovernmental Revenue	1,535,456	1,535,456	1,524,937	(10,519)
Charges for Services	2,192,754	2,192,754	2,126,836	(65,918)
Fines and Forfeitures	150,258	150,258	142,797	(7,461)
Investment Earnings	8,502	8,502	1,638	(6,864)
Miscellaneous Revenue	194,779	194,779	291,120	96,341
Total revenues	13,088,632	13,088,632	12,786,649	(301,983)
EXPENDITURES				
Current:				
General government:				
City commission	40,057	43,984	43,719	265
City clerk	178,055	178,055	158,779	19,276
City manager	306,153	306,872	306,868	4
City attorney	160,000	144,541	142,313	2,228
Personnel	682,567	682,567	663,035	19,532
Purchasing	94,180	93,745	87,707	6,038
Finance	328,197	327,607	313,762	13,845
Utility billing	269,053	313,990	300,420	13,570
Community development	724,206	724,206	591,175	133,031
Other-unclassified	1,290,313	1,324,262	1,130,403	193,859
Total general government	4,072,781	4,139,829	3,738,181	401,648
Public safety:				
Police	4,359,501	4,322,724	3,788,360	534,364
Fire	3,734,629	3,703,834	3,475,219	228,615
Total public safety	8,094,130	8,026,558	7,263,579	762,979

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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Highways and streets:				
Streets and fleet	\$ 1,437,351	\$ 1,397,294	\$ 1,273,232	\$ 124,062
Total highways and streets	1,437,351	1,397,294	1,273,232	124,062
Sanitation	1,020,000	1,031,532	1,031,532	-
Parks and recreation:				
Recreational programs	1,011,065	1,014,865	969,179	45,686
Total parks and recreation	1,011,065	1,014,865	969,179	45,686
Capital Outlay	225,945	292,089	255,185	36,904
Total expenditures	15,861,272	15,902,167	14,530,888	1,371,279
Excess (deficiency) of revenues over expenditures	(2,772,640)	(2,813,535)	(1,744,239)	1,069,296
OTHER FINANCING SOURCES (USES)				
Transfers In	1,470,943	1,470,943	1,470,943	-
Transfers Out	(68,500)	(68,500)	(37,351)	31,149
Total Other Financing Sources (Uses)	1,402,443	1,402,443	1,433,592	31,149
Net Change in Fund Balances	(1,370,197)	(1,411,092)	(310,647)	1,100,445
Fund Balance - beginning	4,277,523	4,277,523	4,277,523	-
Fund Balance - ending	\$ 2,907,326	\$ 2,866,431	\$ 3,966,876	\$ 1,100,445

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Beautification Assessments	\$ 101,328	\$ 101,328	\$ 97,973	\$ (3,355)
Investment Earnings	150	150	1,377	1,227
Miscellaneous Revenue	-	-	13,080	13,080
Total revenues	101,478	101,478	112,430	10,952
EXPENDITURES				
Current:				
Physical environment:				
Streets and fleet	78,801	108,056	108,052	4
Total expenditures	78,801	108,056	108,052	4
Excess (Deficiency) of Revenues Over Expenditures	22,677	(6,578)	4,378	10,956
Fund Deficit - beginning	(178,849)	(178,849)	(178,849)	-
Fund Deficit - ending	\$ (156,172)	\$ (185,427)	\$ (174,471)	\$ 10,956

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 661,355	\$ 661,355	\$ 155,204	\$ (506,151)
Interest	-	-	95	95
Total revenues	661,355	661,355	155,299	(506,056)
EXPENDITURES				
Current:				
Public safety:				
Police	27,500	186,863	186,907	(44)
Fire	496,182	338,413	1,593	336,820
Total public safety	523,682	525,276	188,500	336,776
Capital Outlay	346,173	344,579	4,150	340,429
Total expenditures	869,855	869,855	192,650	677,205
Excess (Deficiency) of Revenues Over Expenditures	(208,500)	(208,500)	(37,351)	171,149
OTHER FINANCING SOURCES (USES)				
Transfers In	208,500	208,500	37,351	(171,149)
Total Other Financing Sources and Uses	208,500	208,500	37,351	(171,149)
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, 2016

	<u>Public Utilities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,110,661
Accounts receivable, net	702,907
Restricted cash-customer deposits	<u>211,348</u>
Total current assets	<u>2,024,916</u>
Noncurrent assets:	
Impact fees and assessments receivable	176,557
Capital Assets:	
Not being depreciated	1,714,440
Being depreciated, net	<u>13,972,211</u>
Total noncurrent assets	<u>15,863,208</u>
Total assets	<u>17,888,124</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pension earnings	<u>54,945</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	136,390
Capital lease payable	34,800
Compensated absences	5,361
Customer deposits	<u>211,348</u>
Total current liabilities	<u>387,899</u>
Noncurrent liabilities:	
Compensated absences	48,250
Net pension liability	149,827
OPEB	68,406
Capital lease payable	<u>104,400</u>
Total noncurrent liabilities	<u>370,883</u>
Total liabilities	<u>758,782</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pension earnings	<u>47,168</u>
NET POSITION	
Net investment in capital assets	15,547,451
Unrestricted	<u>1,589,668</u>
Total net position	<u>\$ 17,137,119</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, 2016

	<u>Public Utilities</u>
Operating Revenues:	
Charges for sales and services	\$ 3,881,750
Miscellaneous	<u>22,607</u>
Total operating revenues	<u>3,904,357</u>
Operating Expenses:	
Personnel	691,100
Supplies and services	1,273,178
Amortization	142,396
Depreciation	<u>578,918</u>
Total operating expenses	<u>2,685,592</u>
Operating income	<u>1,218,765</u>
Nonoperating Revenues (Expenses):	
Investment earnings	10,573
Gain on disposal of capital assets	310
Interest expense	<u>(3,423)</u>
Total nonoperating expenses	<u>7,460</u>
Income before contributions and transfers	1,226,225
Transfers Out	<u>(1,145,273)</u>
Change in Net Position	80,952
Net Position - beginning	<u>17,056,167</u>
Net Position - ending	<u><u>\$ 17,137,119</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, 2016**

	Business-Type Activities
	Public Utilities
Cash Flows From Operating Activities:	
Receipts from customers	\$ 4,173,692
Payments to suppliers	(1,335,689)
Payments to employees	(781,813)
Net cash provided by operating activities	<u>2,056,190</u>
Cash Flows From Noncapital Financing Activities:	
Transfers to other funds	(1,145,273)
Net cash used in noncapital financing activities	<u>(1,145,273)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(2,005,839)
Interest payments	(3,423)
Principal payments on capital leases	(34,800)
Proceeds from sales of capital assets	310
Net cash provided(used) in capital and related financing activities	<u>(2,043,752)</u>
Cash Flows From Investing Activities:	
Investment income	10,573
Net cash provided by investing activities	<u>10,573</u>
Net Decrease in Cash and Cash Equivalents	(1,122,262)
Cash and Cash Equivalents - beginning of year	2,444,271
Cash and Cash Equivalents - end of year	<u>\$ 1,322,009</u>
Classified as:	
Cash and cash equivalents	\$ 1,110,661
Restricted cash - customer deposits	211,348
Total cash and cash equivalents	<u>\$ 1,322,009</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	<u>\$ 1,218,765</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	578,918
Amortization expense	142,396
Increase in accounts receivable	(8,604)
Increase in deferred outflows	(27,123)
Decrease in assessments receivable	353,089
Decrease in accounts payable	(62,511)
Increase in OPEB	14,324
Decrease in compensated absences	(8,988)
Decrease in customer deposits	(75,150)
Decrease in deferred inflows	(59,165)
Decrease in net pension liability	(9,761)
Net cash provided by operating activities	<u>\$ 2,056,190</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, 2016

	<u>Pension Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 104,260
Receivables:	
Employer and employee	344,375
Total receivables	<u>344,375</u>
Investments, at fair value:	
U.S. Government obligations	5,134,830
Equities	<u>7,793,473</u>
Total Investments	<u>12,928,303</u>
Total assets	<u>13,376,938</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>\$ 13,376,938</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, 2016

	<u>Pension Fund</u>
ADDITIONS	
Contributions:	
City	\$ 267,486
State	288,494
Employee	40,529
Total contributions	<u>596,509</u>
Investment Earnings:	
Net decrease in the fair value of investments	<u>969,227</u>
Net investment earnings(loss)	<u>969,227</u>
Total additions	<u>1,565,736</u>
DEDUCTIONS	
Refunds of Contributions	53,374
Administrative Expenses	<u>54,619</u>
Total deductions	<u>107,993</u>
Change in net position	1,457,743
Net Position - beginning	<u>11,919,195</u>
Net Position - ending	<u><u>\$ 13,376,938</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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, 2016

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, 2016

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

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

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

Major Governmental Funds

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

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

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, 2016

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 \$800 available for petty cash.

Investments for the City are reported at fair value within the fair value hierarchy established in accordance with GASB Statement No. 72, Fair Value Measurement and Application, except for the position in the Florida State Board of Administration's and Florida Safe's Local Government Surplus Investment Pools (LGIP). In accordance with state law, the LGIP's operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the LGIP's qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Florida State Board of Administration is subject to regulatory oversight by the State of Florida, although it is not registered with the SEC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

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.

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, 2016 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

3. Inventory and Prepaid Items

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

4. Restricted Assets

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

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 2016.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

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.

7. Long-term Obligations

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

8. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted net position in the government-wide 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-net position to have been depleted before unrestricted net position is applied.

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 does not meet the definition of "net investment in capital assets" 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, 2016

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

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

11. Use of Estimates

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

12. New GASB Statements Implemented

In fiscal year 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. This statement updates the disclosure requirements for investments. There was no effect on beginning balances of the City.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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	\$ 1,813,431	\$ 7,552,073
Nonbudgeted On-behalf Payments	(288,494)	(288,494)
Budgetary Basis	<u>\$ 1,524,937</u>	<u>\$ 7,263,579</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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 2016 the City made several amendments to the budget.
5. The City cannot legally exceed the budget; however, at any time during the year, the City Commission may, by ordinance, transfer part or all of any unencumbered appropriation balance among programs within a department and/or transfer part or all of any unencumbered appropriation balance from one department to another. The legal level of budgetary control is at the program level, since the City Manager may transfer funds between line items within a program.
6. Unexpended and unencumbered appropriations lapse at year-end.

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

B. Deficit Fund Equity

The Special Assessments Special Revenue Fund has a deficit fund balance of \$174,471 and the Police Education Special Revenue Fund has a deficit fund balance of \$2,923 at September 30, 2016.

C. Appropriations in Excess of Funds Available

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 4 - Deposits and Investments:

A. Deposits

At September 30, 2016, the carrying amount of the City's deposits was \$6,242,111 and the bank balance was \$7,006,476. Fiduciary fund cash of \$104,260 is held by the Florida Municipal Investment Trust Fund, not in the City's bank.

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

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

B. Investments

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

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

The City does not have an investment policy that addresses credit risk, concentration of credit risk, custodial credit risk, or interest rate risk. However, all deposits are potentially subject to custodial credit risk. The City policy requires that bank deposits be secured as provided by Chapter 280, Florida Statutes. This law requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida, and creates the Public Deposit Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. At September 30, 2016, all of the City's bank deposits were in qualified public depositories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 4 - Deposits and Investments (Continued):**B. Investments (Continued)**

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

Investments held by the City at September 30, 2016 are detailed below:

Investment Type	Fair Value	Credit Rating	Weighted Avg. Maturity
LGIP:			
Florida Prime	\$ 4,556,706	AAAm	50 days

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses a market approach in measuring fair value that uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities.

Assets or liabilities are classified into one of three levels. Level 1 is the most reliable and is based on quoted price for identical assets, or liabilities, in an active market. Level 2 uses significant other observable inputs when obtaining quoted prices for identical or similar assets, or liabilities, in markets that are not active. Level 3 is the least reliable, and uses significant unobservable inputs that uses the best information available under the circumstances, which includes the City's own data in measuring unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2016:

Investments Valued by Fair Value Level		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs
		(Level 1)	(Level 2)
Pension Fixed Income Securities	\$ 5,134,830	\$ -	\$ 5,134,830
Pension Equity Securities	7,793,473	-	7,793,473
	<u>\$ 12,928,303</u>	<u>\$ -</u>	<u>\$ 12,928,303</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 4 - Deposits and 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, 2016 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	\$ 5,134,830	5.90 years	AA / V4
Equities	<u>7,793,473</u>	N/A	Not rated
Total investments	12,928,303		
Cash and cash equivalents	<u>104,260</u>		
Total cash and investments	<u>\$ 13,032,563</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, 2016, 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, 2016, there were no security investments in the Trust that were over their respective limitations.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 5 - Receivables:

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

	Accounts Receivable	Allowance for Uncollectible Accounts	Accounts Receivable, net
Governmental Funds:			
General fund	\$ 171,219	\$ (9,604)	\$ 161,615
Public facilities improvement fund	230,048	-	230,048
Special assessments fund	74,312	-	74,312
Stormwater management fund	102,624	(39,491)	63,133
	578,203	(49,095)	529,108
Proprietary Fund:			
Public utilities	736,767	(33,860)	702,907
	<u>\$ 1,314,970</u>	<u>\$ (82,955)</u>	<u>\$ 1,232,015</u>

\$230,048 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, \$74,312 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 \$304,360 are reported as deferred inflows of resources in the governmental funds balance sheet.

In the Public Utilities Proprietary Fund, the amount of \$432,817 is the current gross accounts receivable before deduction for allowance for uncollectible accounts at September 30, 2016. The remaining balance of \$303,950 is the current portion of the note receivable discussed below.

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

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,504,969	\$ 167,083		\$ 5,672,052
Construction in progress	482,298	264,050	(366,812)	379,536
Total capital assets, not being depreciated	5,987,267	431,133	(366,812)	6,051,588
Capital assets, being depreciated:				
Buildings	4,950,584	28,414	-	4,978,998
Improvements other than buildings	7,493,233	54,602	-	7,547,835
Infrastructure	31,372,931	366,812	-	31,739,743
Vehicles and equipment	8,634,440	1,154,650	(172,378)	9,616,712
Total capital assets, being depreciated	52,451,188	1,604,478	(172,378)	53,883,288
Less accumulated depreciation for:				
Buildings	(2,203,377)	(116,896)		(2,320,273)
Improvements other than buildings	(1,864,917)	(369,637)	-	(2,234,554)
Infrastructure	(12,188,165)	(743,264)	-	(12,931,429)
Vehicles and equipment	(5,820,145)	(1,054,567)	142,872	(6,731,840)
Total accumulated depreciation	(22,076,604)	(2,284,364)	142,872	(24,218,096)
Total capital assets, being depreciated, net	30,374,584	(679,886)	(29,506)	29,665,192
Governmental Activities Capital Assets, net	\$ 36,361,851	\$ (248,753)	\$ (396,318)	\$ 35,716,780

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CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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	822,951	864,244	(23,355)	1,663,840
Total capital assets, not being depreciated	873,551	864,244	(23,355)	1,714,440
Capital assets, being depreciated:				
Buildings	114,235	-	-	114,235
Improvements other than buildings	26,049,655	50,589	-	26,100,244
Vehicles and equipment	1,407,003	131,373	(28,661)	1,509,715
Intangibles	4,712,862	982,988	-	5,695,850
Total capital assets, being depreciated	32,283,755	1,164,950	(28,661)	33,420,044
Less accumulated depreciation for:				
Buildings	(72,733)	(3,041)	-	(75,774)
Improvements other than buildings	(15,029,690)	(489,210)	-	(15,518,900)
Vehicles and equipment	(1,113,090)	(86,668)	28,661	(1,171,097)
Intangibles	(2,539,667)	(142,395)	-	(2,682,062)
Total accumulated depreciation	(18,755,180)	(721,314)	28,661	(19,447,833)
Total capital assets, being depreciated, net	13,528,575	443,636	-	13,972,211
Business-type Activities Capital Assets, net	<u>\$ 14,402,126</u>	<u>\$ 1,307,880</u>	<u>\$ (23,355)</u>	<u>\$ 15,686,651</u>

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

Governmental Activities:	
General government	\$ 195,918
Public safety	759,300
Highways and streets	1,081,630
Parks and recreation	247,516
Total depreciation expense - governmental activities	<u>\$ 2,284,364</u>
Business-type Activities:	
Public utilities	<u>\$ 721,314</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 2016, \$982,988 additional units were acquired, and amortization was recorded in the amount of \$142,395, resulting in unamortized sewer capacity balance of \$3,013,788 at September 30, 2016.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 7 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances at September 30, 2016 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Assessments Fund	\$ 140,000
Public Facilities Improvement Fund	Special Assessments Fund	215,000
General Fund	Grant Fund	40,622
General Fund	Nonmajor Governmental	3,158

The outstanding balances payable by the Special Assessments Fund resulted from advances made that are expected to be collected and repaid as collected in future years.

The composition of interfund transfers for the year ended September 30, 2016 is:

Transfers In			
	General Fund	Grant Fund	Total
Transfer Out:			
General Fund	\$ -	\$ 37,351	\$ 37,351
Nonmajor Governmental Funds	325,670	-	325,670
Public Utilities Fund	1,145,273	-	1,145,273
Total	\$ 1,470,943	\$ 37,351	\$ 1,508,294

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 8 - Leases:**As lessee:**

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

	Governmental Activities	Business-type Activities
Asset:		
Vehicles and equipment	\$ 3,285,689	\$ -
Less: accumulated depreciation	(2,407,695)	-
	<u>\$ 877,994</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016 were as follows:

Fiscal year ending September 30,	Governmental Activities	Business-type Activities
2017	\$ 286,209	\$ 37,456
2018	284,655	36,698
2019	283,101	35,939
2020	164,039	35,180
2021	91,601	-
Total minimum lease payments	1,109,605	145,273
Less: amount representing interest	(62,198)	(6,073)
Present value of minimum lease payments	<u>\$ 1,047,407</u>	<u>\$ 139,200</u>

As lessor:

As of September 30, 2016, the City leases certain property pursuant to operating lease agreements which expire in 2056. For the year ended September 30, 2016 rental income totaled \$75,257. Minimum future rentals in years subsequent to September 30, 2016 are:

Fiscal year ending September 30,	Amount
2017	\$ 60,758
2018	49,934
2019	48,522
2020	14,598
2021	14,598
Thereafter	510,930
	<u>\$ 699,340</u>

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 9 - Noncurrent Liabilities:

The City issued Capital Improvement Revenue Note, Series 2016 in the amount of \$1,312,571 with interest of 2.19% to finance the purchase of various vehicles and equipment. Note is secured by a covenant to budget and appropriate. Total principal and interest remaining to be paid on this series is \$1,478,998. For the fiscal year, interest paid on this series was \$9,662.

Debt service requires for the above note is as follows:

Fiscal year ending September 30,	Principal	Interest
2017	\$ 106,735	\$ 27,963
2018	106,735	25,591
2019	106,735	23,223
2020	106,735	20,907
2021	106,735	18,483
2022 - 2025	778,896	50,260
	<u>\$ 1,312,571</u>	<u>\$ 166,427</u>

A summary of noncurrent liability activity for the year ended September 30, 2016 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 1,404,505	\$ -	\$ (357,098)	\$ 1,047,407	\$ 261,437
Note payable	-	1,312,571	-	1,312,571	106,735
Net pension liability - FRS & HIS	1,395,855	843,922	-	2,239,777	-
OPEB liability	603,918	261,676	-	865,594	-
Compensated absences	766,359	428,427	(333,705)	861,081	86,108
	<u>\$ 4,170,637</u>	<u>\$ 2,846,596</u>	<u>\$ (690,803)</u>	<u>\$ 6,326,430</u>	<u>\$ 454,280</u>
Business-type Activities:					
Capital leases payable	\$ 174,000	\$ -	\$ (34,800)	\$ 139,200	\$ 34,800
Net pension liability - FRS & HIS	159,588	-	(9,761)	149,827	-
OPEB liability	54,082	14,324	-	68,406	-
Compensated absences	62,599	41,913	(50,901)	53,611	5,361
	<u>\$ 450,269</u>	<u>\$ 56,237</u>	<u>\$ (95,462)</u>	<u>\$ 411,044</u>	<u>\$ 40,161</u>

Long-term liabilities of governmental activities are generally liquidated by the General Fund. The City has a commitment from a financial institution for a line of credit up to \$7,650,000. This line of credit can be used for financing for municipal improvements and/or capital purchases and each draw requires approval by Commissioners. The current year note payable was used under this line.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 10 - Employee Retirement Systems and Pension Plans:

Florida Retirement System

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

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

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

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

Funding Policy:

The FRS has ten (10) classes of membership. Only three (3) classes are applicable to the City's eligible employees. These three (3) classes, with descriptions and contribution rates in effect during the period ended September 30, 2016 are as follows:

Regular Class - Members not qualifying for other classes (10.52% [includes 3% employee contribution] from July 1, 2016 through September 30, 2016 and 10.26% [includes 3% employee contribution] from October 1, 2015 through June 30, 2016.)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (25.57% [includes 3% employee contribution] from July 1, 2016 through September 30, 2016 and 25.04% [includes 3% employee contribution] from October 1, 2015 through June 30, 2016.)

DROP - Members in DROP program (12.99% from July 1, 2016 through September 30, 2016 and 18.75% from October 1, 2015 through June 30, 2016.)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Florida Retirement System (Continued)

Pension Plan (FRS)

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

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

Pension Plan (FRS)

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

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

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular-7.26% and 7.52%; Special Risk-22.04% and 22.57%; and DROP participants-18.75% and 12.99%.

These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Contributions (continued) - The City's contributions, including employee contributions, to the Pension Plan totaled \$211,311 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City reported a liability of \$1,886,066 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .00747 percent, which was a decrease of .0008 percent from its proportionate share measured as of June 30, 2015.

Pension Plan (FRS)

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$140,543. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 144,412	\$ 17,561
Change of Assumptions	114,101	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	487,525	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	573,884
Pension Plan Contributions Subsequent to the Measurement Date	45,770	-
	<u>\$ 791,808</u>	<u>\$ 591,445</u>

The deferred outflows of resources related to the Pension Plan, totaling \$45,770 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Florida Retirement System (Continued)

Pension Plan (FRS)

<u>Year Ended September 30,</u>	
2017	\$ (46,698)
2018	(46,698)
2019	143,370
2020	105,797
2021	(3,704)
Thereafter	2,526
	<u>\$ 154,593</u>

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

Inflation	2.60 %
Salary Increases	3.25%, average, including inflation
Investment Rate of Return	7.60%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.00%	3.00%	1.70%
Fixed Income	18.00%	4.70%	4.60%	4.60%
Global Equities	53.00%	8.10%	6.80%	17.20%
Real Estate	10.00%	6.40%	5.80%	12.00%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	11.10%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	<u>Discount Rate Minus 1% 6.60%</u>	<u>Current Discount Rate 7.60%</u>	<u>Discount Rate Plus 1% 8.60%</u>
City's Proportionate Share of Net Pension Liability (FRS)	\$ 3,472,376	\$ 1,886,066	\$ 565,673

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Florida Retirement System (Continued)

Pension Plan (FRS)

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

Payables to the Pension Plan - At September 30, 2016, the City reported a payable in the amount of \$26,095 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2016.

HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 was 1.26% and 1.66%, respectively. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City's contributions to the HIS Plan totaled \$22,288 for the fiscal year ended September 30, 2016.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the City reported a liability of \$503,538 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .0043 percent, which was a decrease of .0005 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$10,512. In addition, the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 79,018	\$ -
Differences Between Expected and Actual Experience	-	1,147
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	255	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	159,677
Pension Plan Contributions Subsequent to the Measurement Date	5,241	-
	<u>\$ 84,514</u>	<u>\$ 160,824</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

The deferred outflows of resources related to the HIS Plan, totaling \$5,241 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2017	\$ (17,334)
2018	(17,334)
2019	(17,383)
2020	(17,406)
2021	(11,659)
Thereafter	(435)
	<u>\$ (81,551)</u>

Actuarial Assumptions - The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary Increases	3.25%, average, including inflation
Municipal Bond Rate	2.85 % net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	Discount Rate Minus 1% 1.85%	Current Discount Rate 2.85%	Discount Rate Plus 1% 3.85%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 577,672	\$ 503,538	\$ 442,010

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

Investment Plan

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Florida Retirement System (Continued)

Investment Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

There was no pension expense for the City's Investment Plan for the fiscal year ended September 30, 2016, since none of the employees participating in the Florida Retirement System elected the Investment Plan.

Florida Municipal Pension Trust Fund (MPF)

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

Plan descriptions and contribution information

Membership of the Police and Firefighters Pension Plan consisted of the following at September 30, 2016:

	Police and Firefighters' Pension Trust
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	48
Active Plan Members	68
	<u>118</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.

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

Contributions - Employees must make a minimum mandatory contribution of 1%, in order to take advantage of the insurance premium tax rebate provided for in the statutes. City and State contributions are the remaining amount necessary to pay current costs and amortize unfunded past service costs, if any, as provided in Part VII of Chapter 112, Florida Statutes. The actuarially determined employer/state contribution for the year ended September 30, 2016 was 15.58% of covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

Net Pension Liability - The City's net pension liability was measured as of September 30, 2016, and the pension liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016. The components of the net pension liability of the sponsor on September 30, 2016 were as follows:

Total Pension Liability	\$ 10,896,402
Less Fiduciary Net Position	<u>(11,289,665)</u>
Net Pension Liability (Asset)	<u>\$ (393,263)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.61%

The above plan fiduciary net position, or market value, does not agree to the Statement of Fiduciary Net Position on page 31 because the actuary is not including The DRAGO (Defined Retirement Accumulation Group Obligation) balance of \$2,087,274. This balance is Chapter 175/185 contributions received in excess of the "base amount" which are deposited into the DRAGO Fund.

Actuarial Assumptions - The Total Pension Liability was determined by an actuarial valuation as of October 1, 2015 updated to September 30, 2016 using the following actuarial assumptions:

Inflation	2.92%
Salary Increase	4%
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality rates were based on the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Code (IRC) section 430; future generational improvements in mortality have not been reflected. Assumed disability is based on gender and age and ranges from .067% for males and .040% for females at age 25 to 1.00% for males and .84% for females at age 55.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

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

Asset Class	Target Allocation	Expected Long-Term Real Return
Core Bonds	16.00%	.58% per annum
Multi-sector	24.00%	1.08% per annum
U.S. Large Cap Equity	39.00%	6.08% per annum
U.S. Small Cap Equity	11.00%	6.83% per annum
Non-U.S. Equity	10.00%	6.83% per annum
Total or Weighted Arithmetic Average	100.00%	4.08% per annum

Discount rate - The discount rate used to measure the total pension liability at September 30, 2016 was 7.00%, which decreased from 9.08% at September 30, 2015. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2015	\$ 6,795,670	\$ (9,968,473)	\$ (3,172,803)
Changes for a Year:			
Service Cost	618,506	-	618,506
Expected interest growth	512,750	(714,602)	(201,852)
Unexpected investment income	-	(118,074)	(118,074)
Demographic experience	191,162	-	191,162
Assumption changes	2,831,688	-	2,831,688
Contributions-employer & state	-	(555,980)	(555,980)
Contributions-employee	-	(40,529)	(40,529)
Benefit payments and refunds	(53,374)	53,374	-
Administrative Expense	-	54,619	54,619
Balances at September 30, 2016	<u>\$ 10,896,402</u>	<u>\$ (11,289,665)</u>	<u>\$ (393,263)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one (1) percentage point lower (6.00%) or one (1) percentage point higher (8.00%) than the current rate adopted by the Plan's board.

	Discount Rate Minus 1% 6.00%	Current Discount Rate 7.00%	Discount Rate Plus 1% 8.00%
Police and Firefighters':			
Net Pension Liability (Asset)	\$ 1,475,826	\$ (393,263)	\$ (1,903,429)

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2016 the City recognized pension expense of \$221,961. On September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on MPF pension plan investments	\$ 620,189	\$ 115,021
Net difference of demographic gain/loss	170,451	313,290
Net changes of assumptions	2,524,896	850,567
Total change	<u>3,315,536</u>	<u>1,278,878</u>

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

<u>Year Ended September 30,</u>	<u>MPF</u>
2017	\$ 347,197
2018	347,199
2019	357,478
2020	150,750
2021	174,364
Thereafter	659,670
	<u>\$ 2,036,658</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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, 2016, employer contributions required and made totaled \$248,166.

At September 30, 2016. There were 67 active employees participating in the plan. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to reduce funding requirements in future years. For the year ended September 30, 2016, no forfeitures were used to reduce the City's pension expense. The plan does not issue a separate financial report.

Deferred Compensation Plan

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 11 - Other Post Employment Benefits (OPEB):

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

The latest actuarial report for the OPEB plan was prepared at October 1, 2015. The unfunded actuarial accrued liability (UAAL) for benefits was \$2,291,000. The covered payroll was \$5,784,000 and the ratio of UAAL to covered payroll was 39.6%.

The annual required contribution and Net OPEB Obligation for the fiscal year ended September 30, 2016 is as follows:

Annual Required Contribution	\$ 397,000
Interest on Net OPEB Obligation	26,000
Adjustment to Annual Required Contribution	<u>(57,000)</u>
Annual OPEB Cost	366,000
Employer Contributions	<u>(90,000)</u>
Increase in Net OPEB Obligation	276,000
Net OPEB Obligation (Beginning of Year)	<u>658,000</u>
Net OPEB Obligation (End of Year)	<u><u>\$ 934,000</u></u>

Three year trend information:

Fiscal year ending	Annual OPEB Cost	Actual contributed	Percent Contributed	Net OPEB Obligation
09/30/2014	\$ 86,800	\$ 53,000	61.1%	\$ 384,508
09/30/2015	363,493	90,000	24.8%	658,000
09/30/2016	366,000	90,000	24.6%	934,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Summary of actuarial methods and assumptions

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

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

Summary of actuarial methods and assumptions (continued)

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

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

Note 12 - Fund Balances:

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

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

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

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

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

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

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2016

Note 12 - Fund Balances (Continued):

At September 30, 2016, the City's governmental fund balances were classified as follows:

	General Fund	Public Facilities Improvement Fund	Special Assessments Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Prepays	\$ 4,756	\$ -	\$ -	\$ -		\$ 4,756
Advances	140,000	215,000	-	-	-	355,000
Restricted for:						
Public safety - Special						
law enforcement	-	-	-	-	255,361	255,361
Building permits and						
inspection	-	-	-	-	832,548	832,548
Committed to:						
Stormwater projects	-	-	-	-	50,671	50,671
Public facility improvement	-	2,936,582	-	-	-	2,936,582
Capital projects	-	-	-	643,712	-	643,712
Assigned to:						
Next year's budget	756,398	-	-	-	-	756,398
Unassigned	3,065,722	-	(174,471)	-	(2,923)	2,888,328
Total fund balance	<u>\$ 3,966,876</u>	<u>\$ 3,151,582</u>	<u>\$ (174,471)</u>	<u>\$ 643,712</u>	<u>\$ 1,135,657</u>	<u>\$ 8,723,356</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, 2016

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, 2016 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, 2016, the City had entered into contracts for construction in the amount of \$1,220,177.

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 October 2016, the City obtained a transportation improvement note, series 2016 for \$5,900,000. This financing is secured by pledged revenues.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

Other Post Employment Benefit Plan

Schedule of Funding Progress

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

Schedule of Contributions from Employers
and Other Contributing Entities

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

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contributed	Percentage of ARC Contributed	Net OPEB Obligation
09/30/2011	\$ 140,700	\$ 46,100	32.8%	\$ 291,208
09/30/2012	79,900	53,900	67.5%	317,708
09/30/2013	82,900	50,500	60.9%	350,708
09/30/2014	86,000	53,000	61.6%	384,508
09/30/2015	381,000	90,000	23.6%	658,000
09/30/2016	397,000	90,000	22.7%	934,000

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service Cost	\$ 474,397	\$ 362,084	\$ 618,506
Expected Interest Growth	544,108	685,935	512,750
Differences Between Expected and Actual Experience	-	-	-
Demographic Experience	-	(395,734)	191,162
Changes of Assumptions	-	(1,074,401)	2,831,688
Benefit Payments	(61,875)	(37,140)	(53,374)
Net Change in Total Pension Liability	956,630	(459,256)	4,100,732
Total Pension Liability-beginning	6,298,296	7,254,926	6,795,670
Total Pension Liability-ending (a)	<u>\$ 7,254,926</u>	<u>\$ 6,795,670</u>	<u>\$ 10,896,402</u>
Plan Fiduciary Net Position			
Contributions-employer	\$ 203,639	\$ 226,409	\$ 267,486
Contributions-state	306,831	279,151	288,494
Contributions-employee	30,855	34,304	40,529
Net Investment Income	750,974	(137,296)	832,676
Benefit Payments	(26,611)	(37,140)	(53,374)
Administrative Expense	(67,488)	(44,598)	(54,619)
Net Change in Plan Fiduciary Net Position	1,198,200	320,830	1,321,192
Plan Fiduciary Net Position- beginning	8,449,443	9,647,643	9,968,473
Plan Fiduciary Net Position- ending (b)	<u>\$ 9,647,643</u>	<u>\$ 9,968,473</u>	<u>\$ 11,289,665</u>
Net Pension Liability(Asset) - ending (a) - (b)	<u>\$ (2,392,717)</u>	<u>\$ (3,172,803)</u>	<u>\$ (393,263)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	132.98%	146.69%	103.61%
Covered-employee Payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

* Prior years' data is unavailable.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

Police and Firefighters' Pension Plan

Schedule of Contributions

Last 10 Fiscal Years*

	2014	2015	2016
Reconciliation of Plan Fiduciary Net Position to the Statement of			
Net Position for the Fiduciary Fund:			
Plan Fiduciary Net Position per RSI, end of year	\$ 9,647,643	\$ 9,968,473	\$ 11,289,665
Add DRAGO** account balance	1,823,105	1,950,722	2,087,273
Fiduciary Fund Net Position, end of year	<u>\$ 11,470,748</u>	<u>\$ 11,919,195</u>	<u>\$ 13,376,938</u>
Schedule of Contributions			
Actuarially Determined Contribution	\$ 493,914	\$ 471,925	\$ 631,429
Contributions in Relation to Actuarially Determined Contribution	493,914	471,925	555,980
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,449)</u>
Covered Employee Payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226
Contributions as a Percentage of Covered Employee Payroll	17.51%	16.82%	18.78%

Notes to Schedule

Valuation Date	10/1/2013	10/1/2014	10/1/2015
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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	Assumed to occur at normal retirement age
	Sex distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA.

Schedule of Investment Returns

	2014	2015	2016
Annual money-weighted rate of return, net of investment expense	8.45%	5.48%	4.08%

* Prior years' data is unavailable.

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

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00747%	0.00825%	0.01037%
City's Proportionate Share of the Net Pension Liability	\$ 1,886,066	\$ 1,065,428	\$ 632,976
City's Covered-employee Payroll	\$ 1,342,395	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	140.50%	76.32%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.88%	92.00%	96.09%

* Not available

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00432%	0.00480%	0.00604%
City's Proportionate Share of the Net Pension Liability	\$ 503,538	\$ 490,015	\$ 564,874
City's Covered-employee Payroll	\$ 1,342,395	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	37.51%	35.10%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.97%	0.50%	0.99%

* Not available

* only three years of data available

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

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

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 182,157	\$ 213,505
Contributions in Relation to the Contractually Required Contributions	<u>182,157</u>	<u>213,505</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,342,395	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	13.57%	15.29%

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

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 22,145	\$ 18,367
Contributions in Relation to the Contractually Required Contributions	<u>22,145</u>	<u>18,367</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,342,395	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	1.65%	1.32%

* only two years of data available

**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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Local option gas tax	\$ 379,617	\$ 379,617	\$ 391,555	\$ 11,938
Intergovernmental Revenue	778,680	778,680	808,759	30,079
Special Assessments	49,865	49,865	48,643	(1,222)
Investment Earnings	1,102	1,102	12,391	11,289
Total revenues	<u>1,209,264</u>	<u>1,209,264</u>	<u>1,261,348</u>	<u>52,084</u>
EXPENDITURES				
Current:				
Highways and streets:				
Public facilities improvements	1,025,000	1,025,000	535,185	489,815
Total expenditures	<u>1,025,000</u>	<u>1,025,000</u>	<u>535,185</u>	<u>489,815</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>184,264</u>	<u>184,264</u>	<u>726,163</u>	<u>541,899</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,000)	(140,000)	-	140,000
Total other financing sources and uses	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>140,000</u>
Net Change in Fund Balances	44,264	44,264	726,163	681,899
Fund Balances - beginning	2,425,419	2,425,419	2,425,419	-
Fund Balances - ending	<u>\$ 2,469,683</u>	<u>\$ 2,469,683</u>	<u>\$ 3,151,582</u>	<u>\$ 681,899</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 1,500	\$ 1,500
Investment Earnings	-	-	3,863	3,863
Miscellaneous revenue	-	-	21,215	21,215
Total revenues	-	-	26,578	26,578
EXPENDITURES				
Current:				
General	-	-	23,000	(23,000)
Capital Outlay	1,625,819	1,702,086	950,076	752,010
Total expenditures	1,625,819	1,702,086	973,076	729,010
Excess (Deficiency) of Revenues Over Expenditures	(1,625,819)	(1,702,086)	(946,498)	755,588
OTHER FINANCING SOURCES (USES)				
Notes payable issued	1,625,819	1,625,819	1,312,571	(313,248)
Total Other Financing Sources (Uses)	1,625,819	1,625,819	1,312,571	(313,248)
Net Change in Fund Balances	-	(76,267)	366,073	442,340
Fund Balances - beginning	277,639	277,639	277,639	-
Fund Balances - ending	\$ 277,639	\$ 201,372	\$ 643,712	\$ 442,340

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, 2016**

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 852,320	\$ -	\$ 262,349	\$ -	\$ 1,114,669
Accounts Receivable, net	-	-	-	63,133	63,133
Total assets	<u>\$ 852,320</u>	<u>\$ -</u>	<u>\$ 262,349</u>	<u>\$ 63,133</u>	<u>\$ 1,177,802</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 12,395	\$ 164	\$ 6,988	\$ 12,063	\$ 31,610
Accrued expenditures	1,892	-	-	-	1,892
Due to other funds	-	2,759	-	399	3,158
Due to other governments	1,991	-	-	-	1,991
Unearned revenue	3,494	-	-	-	3,494
Total liabilities	<u>19,772</u>	<u>2,923</u>	<u>6,988</u>	<u>12,462</u>	<u>42,145</u>
FUND BALANCES					
Spendable:					
Restricted	832,548		255,361	-	1,087,909
Committed	-	-	-	50,671	50,671
Unassigned	-	(2,923)	-	-	(2,923)
Total fund balances	<u>832,548</u>	<u>(2,923)</u>	<u>255,361</u>	<u>50,671</u>	<u>1,135,657</u>
Total Liabilities, deferred inflows and fund balances	<u>\$ 852,320</u>	<u>\$ -</u>	<u>\$ 262,349</u>	<u>\$ 63,133</u>	<u>\$ 1,177,802</u>

CITY OF LONGWOOD, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
REVENUES					
Licenses and Permits	\$ 327,333	\$ -	\$ -	\$ -	\$ 327,333
Charges for Services	-	-	-	658,695	658,695
Fines and Forfeitures	-	8,221	85,020	-	93,241
Investment Earnings	3,699	-	963	913	5,575
Miscellaneous	9,103	-	-	-	9,103
Total revenues	<u>340,135</u>	<u>8,221</u>	<u>85,983</u>	<u>659,608</u>	<u>1,093,947</u>
EXPENDITURES					
Current:					
Public safety	222,426	9,208	14,186	-	245,820
Physical environment	-	-	-	225,087	225,087
Debt service:					
Principal	-	-	-	34,800	34,800
Interest and other charges	-	-	-	3,789	3,789
Capital Outlay	-	-	6,988	292,093	299,081
Total expenditures	<u>222,426</u>	<u>9,208</u>	<u>21,174</u>	<u>555,769</u>	<u>808,577</u>
Excess (Deficiency) of Revenues Over Expenditures	117,709	(987)	64,809	103,839	285,370
OTHER FINANCING SOURCES (USES)					
Transfers out	(24,738)	-	-	(300,932)	(325,670)
Total other financing sources (uses)	<u>(24,738)</u>	<u>-</u>	<u>-</u>	<u>(300,932)</u>	<u>(325,670)</u>
Net Change in Fund Balances	92,971	(987)	64,809	(197,093)	(40,300)
Fund Balances - beginning	739,577	(1,936)	190,552	247,764	1,175,957
Fund Balances - ending	<u>\$ 832,548</u>	<u>\$ (2,923)</u>	<u>\$ 255,361</u>	<u>\$ 50,671</u>	<u>\$ 1,135,657</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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 465,341	\$ 465,341	\$ 327,333	\$ (138,008)
Investment Earnings	50	50	3,699	3,649
Miscellaneous	25,971	25,971	9,103	(16,868)
Total revenues	491,362	491,362	340,135	(151,227)
EXPENDITURES				
Building inspections	322,713	322,713	222,426	100,287
Total public safety	322,713	322,713	222,426	100,287
Total expenditures	322,713	322,713	222,426	100,287
Excess (deficiency) of revenues over expenditures	168,649	168,649	117,709	(50,940)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(34,738)	(34,738)	(24,738)	10,000
Total other financing sources(uses)	(34,738)	(34,738)	(24,738)	10,000
Net change in fund balances	133,911	133,911	92,971	(40,940)
Fund Balances - beginning	739,577	739,577	739,577	-
Fund Balances - ending	\$ 873,488	\$ 873,488	\$ 832,548	\$ (40,940)

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 8,221	\$ (16,779)
Total revenues	25,000	25,000	8,221	(16,779)
EXPENDITURES				
Current:				
Public safety	25,000	25,000	9,208	15,792
Total public safety	25,000	25,000	9,208	15,792
Excess (Deficiency) of				
Revenues Over Expenditures	-	-	(987)	(987)
Fund Balances - beginning	(1,936)	(1,936)	(1,936)	-
Fund Balances - ending	<u>\$ (1,936)</u>	<u>\$ (1,936)</u>	<u>\$ (2,923)</u>	<u>\$ (987)</u>

**CITY OF LONGWOOD
SPECIAL LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 90,000	\$ 90,000	\$ 85,020	\$ (4,980)
Investment Earnings	150	150	963	813
Total revenues	90,150	90,150	85,983	(4,167)
EXPENDITURES				
Current:				
Public safety	42,750	35,762	14,186	21,576
Total public safety	42,750	35,762	14,186	21,576
Capital Outlay	-	6,988	6,988	-
Total expenditures	42,750	42,750	21,174	21,576
Excess (Deficiency) of Revenues Over Expenditures	47,400	47,400	64,809	17,409
Fund Balances - beginning	190,552	190,552	190,552	-
Fund Balances - ending	\$ 237,952	\$ 237,952	\$ 255,361	\$ 17,409

**CITY OF LONGWOOD
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 687,725	\$ 687,725	\$ 658,695	\$ (29,030)
Investment Earnings	1,500	1,500	913	(587)
Total revenues	<u>689,225</u>	<u>689,225</u>	<u>659,608</u>	<u>(29,617)</u>
EXPENDITURES				
Current:				
Physical environment	325,108	368,651	263,676	104,975
Capital Outlay	1,529,766	1,486,223	292,093	1,194,130
Total expenditures	<u>1,854,874</u>	<u>1,854,874</u>	<u>555,769</u>	<u>1,299,105</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(1,165,649)	(1,165,649)	103,839	1,269,488
OTHER FINANCING SOURCES (USES)				
Capital Lease	1,100,000	1,100,000	-	(1,100,000)
Transfers Out	(300,932)	(300,932)	(300,932)	-
Total other financing sources and uses	<u>799,068</u>	<u>799,068</u>	<u>(300,932)</u>	<u>(1,100,000)</u>
Net change in fund balances	(366,581)	(366,581)	(197,093)	169,488
Fund Balances - beginning	247,764	247,764	247,764	-
Fund Balances - ending	<u>\$ (118,817)</u>	<u>\$ (118,817)</u>	<u>\$ 50,671</u>	<u>\$ 169,488</u>



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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	87
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	93
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	97
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	99
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	101
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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 26,966	\$ 28,830	\$ 30,685	\$ 29,623	\$ 32,831	\$ 33,426	\$ 34,732	\$ 34,534	\$ 34,957	\$ 33,357
Restricted	-	-	-	1,325	146	124	126	206	191	255
Unrestricted	10,709	9,841	7,828	8,328	8,748	7,706	6,573	7,133	7382	7331
Total Governmental Activities Net Position	<u>37,675</u>	<u>38,671</u>	<u>38,513</u>	<u>39,276</u>	<u>41,725</u>	<u>41,256</u>	<u>41,431</u>	<u>41,873</u>	<u>42,530</u>	<u>40,943</u>
Business-type Activities										
Net Investment in Capital Assets	14,868	14,409	14,583	14,545	14,073	14,044	14,037	14,756	14,228	15,547
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,810	1,912	1,543	1,474	2,314	2,986	2,969	2,258	2,828	1,590
Total Business-type Activities Net Position	<u>16,678</u>	<u>16,321</u>	<u>16,126</u>	<u>16,019</u>	<u>16,387</u>	<u>17,030</u>	<u>17,006</u>	<u>17,014</u>	<u>17,056</u>	<u>17,137</u>
Primary Government										
Net Investment in Capital Assets	41,834	43,239	45,268	44,168	46,904	47,470	48,769	49,290	49,185	48,904
Restricted	-	-	-	1,325	146	124	126	206	191	255
Unrestricted	12,519	11,753	9,371	9,802	11,062	10,692	9,542	9,391	10,210	8,921
Total Primary Government Net Position	<u>\$ 54,353</u>	<u>\$ 54,992</u>	<u>\$ 54,639</u>	<u>\$ 55,295</u>	<u>\$ 58,112</u>	<u>\$ 58,286</u>	<u>\$ 58,437</u>	<u>\$ 58,887</u>	<u>\$ 59,586</u>	<u>\$ 58,080</u>

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

	Fiscal Year									
Expenses	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities:										
General government	\$ 3,081	\$ 3,176	\$ 3,354	\$ 2,846	\$ 2,818	\$ 2,568	\$ 2,872	\$ 3,009	\$ 3,066	\$ 3,765
Public safety	8,890	8,913	8,825	8,263	7,973	6,667	7,705	8,280	8,679	9,098
Physical environment	1,593	358	450	178	128	1,530	800	252	289	740
Highways and streets	1,929	2,348	2,314	2,365	2,339	2,285	2,289	2,231	2,138	2,490
Sanitation	877	885	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032
Parks and recreation	1,861	1,250	1,301	980	1,080	1,122	868	847	1,159	1,176
Interest & other fiscal charges on long-term debt	-	61	53	44	41	61	66	51	35	65
Total Governmental Activities Expenses	<u>18,231</u>	<u>16,991</u>	<u>17,281</u>	<u>15,685</u>	<u>15,386</u>	<u>15,241</u>	<u>15,605</u>	<u>15,694</u>	<u>16,393</u>	<u>18,366</u>
Business-type Activities:										
Public Utilities	2,500	2,528	2,519	2,265	2,217	2,217	2,182	2,450	2,646	2,689
Total Primary Government Expense	<u>\$ 20,731</u>	<u>\$ 19,519</u>	<u>\$ 19,800</u>	<u>\$ 17,950</u>	<u>\$ 17,603</u>	<u>\$ 17,458</u>	<u>\$ 17,787</u>	<u>\$ 18,144</u>	<u>\$ 19,039</u>	<u>\$ 21,055</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 10	\$ 14	\$ 7	\$ 11	\$ 9	\$ 8	\$ 12	\$ 75	\$ 141	\$ 115
Public safety	1,031	1,088	1,050	1,106	1,272	1,248	1,315	1,604	1,794	1,554
Physical environment	679	718	710	691	703	724	708	712	718	713
Highways and streets	-	-	-	-	-	-	-	-	-	-
Sanitation	957	968	1,050	1,073	1,124	1,100	1,096	1,105	1,113	1,108
Parks and recreation	178	167	163	160	204	190	191	196	204	179
Operating grants and contributions	916	890	416	406	715	493	875	1,003	676	627
Capital grants and contributions	704	728	642	901	587	271	532	32	686	817
Total Governmental Activities Program Revenues	<u>\$ 4,475</u>	<u>\$ 4,573</u>	<u>\$ 4,038</u>	<u>\$ 4,348</u>	<u>\$ 4,614</u>	<u>\$ 4,034</u>	<u>\$ 4,729</u>	<u>\$ 4,727</u>	<u>\$ 5,332</u>	<u>\$ 5,113</u>
Business-type Activities:										
Charges for services:										
Public Utilities	2,728	2,555	2,824	2,785	3,390	3,473	3,059	3,314	3,685	3,882
Capital grants and contributions	244	133	63	4	186	75	177	185	548	-
Total Business-type Activities Program Revenues	<u>2,972</u>	<u>2,688</u>	<u>2,887</u>	<u>2,789</u>	<u>3,576</u>	<u>3,548</u>	<u>3,236</u>	<u>3,499</u>	<u>4,233</u>	<u>3,882</u>
Total Primary Government Program Revenues	<u>\$ 7,447</u>	<u>\$ 7,261</u>	<u>\$ 6,925</u>	<u>\$ 7,137</u>	<u>\$ 8,190</u>	<u>\$ 7,582</u>	<u>\$ 7,965</u>	<u>\$ 8,226</u>	<u>\$ 9,565</u>	<u>\$ 8,995</u>

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (13,756)	\$ (12,418)	\$ (13,243)	\$ (11,337)	\$ (10,772)	\$ (11,207)	\$ (10,876)	\$ (10,967)	\$ (11,061)	\$ (13,253)
Business-type Activities	(17,759)	(16,831)	(16,913)	524	1,359	1,331	1,054	1,049	1,587	1,193
Total Primary Government Net Expense	<u>\$ (31,515)</u>	<u>\$ (29,249)</u>	<u>\$ (30,156)</u>	<u>\$ (10,813)</u>	<u>\$ (9,413)</u>	<u>\$ (9,876)</u>	<u>\$ (9,822)</u>	<u>\$ (9,918)</u>	<u>\$ (9,474)</u>	<u>\$ (12,060)</u>

General Revenues and Other Changes in Net Position

Governmental Activities:										
Taxes										
Property taxes	\$ 5,183	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755
Franchise and utility taxes	3,075	2,999	3,089	3,256	3,111	2,965	2,813	2,936	2,971	2,994
Communications services tax	1,316	1,289	1,320	1,195	1,174	1,020	990	879	785	762
Unrestricted intergovernmental revenues	2,245	1,785	2,017	1,726	1,222	1,552	1,562	1,673	1,725	1,726
Unrestricted investment earnings	633	452	36	80	42	165	28	9	19	25
Gain on sale of capital assets	222	262	334	-	1,924	15	-	-	33	-
Miscellaneous revenues	132	123	99	148	269	122	65	276	172	259
Transfers in (out)	505	595	595	656	1,022	722	1,104	1,063	1,328	1,145
Total Governmental Activities	<u>\$ 13,311</u>	<u>\$ 13,414</u>	<u>\$ 13,086</u>	<u>\$ 12,099</u>	<u>\$ 13,221</u>	<u>\$ 10,739</u>	<u>\$ 11,051</u>	<u>\$ 11,409</u>	<u>\$ 11,678</u>	<u>\$ 11,666</u>
Business-type Activities:										
Investment earnings	47	34	7	3	3	5	4	1	11	10
Gain on sale of capital assets	18	15	7	-	-	-	-	-	5	-
Miscellaneous revenues	27	27	19	23	27	29	22	21	32	23
Transfers in (out)	(505)	(595)	(595)	(656)	(1,022)	(722)	(1,104)	(1,063)	(1,328)	(1,145)
Total Business-type Activities	<u>(413)</u>	<u>(519)</u>	<u>(562)</u>	<u>(630)</u>	<u>(992)</u>	<u>(688)</u>	<u>(1,078)</u>	<u>(1,041)</u>	<u>(1,280)</u>	<u>(1,112)</u>
Total Primary Government	<u>\$ 12,898</u>	<u>\$ 12,895</u>	<u>\$ 12,524</u>	<u>\$ 11,469</u>	<u>\$ 12,229</u>	<u>\$ 10,051</u>	<u>\$ 9,973</u>	<u>\$ 10,368</u>	<u>\$ 10,398</u>	<u>\$ 10,554</u>

Change in Net Assets

Governmental Activities	\$ (445)	\$ 996	\$ (157)	\$ 762	\$ 2,449	\$ (468)	\$ 175	\$ 442	\$ 617	\$ (1,587)
Business-type Activities	(18,172)	(17,350)	(17,475)	(106)	367	643	(24)	8	307	81
Total Primary Government	<u>\$ (18,617)</u>	<u>\$ (16,354)</u>	<u>\$ (17,632)</u>	<u>\$ 656</u>	<u>\$ 2,816</u>	<u>\$ 175</u>	<u>\$ 151</u>	<u>\$ 450</u>	<u>\$ 924</u>	<u>\$ (1,506)</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
2007	\$ 5,182	\$ 1,690	\$ 2,700	\$ 522	\$ 704	\$ 474	\$ 11,272
2008	\$ 5,908	\$ 1,633	\$ 2,653	\$ 462	\$ 655	\$ 428	\$ 11,739
2009	\$ 5,596	\$ 1,703	\$ 2,706	\$ 416	\$ 576	\$ 377	\$ 11,374
2010	\$ 5,038	\$ 1,733	\$ 2,719	\$ 407	\$ 567	\$ 376	\$ 10,840
2011	\$ 4,457	\$ 1,604	\$ 2,654	\$ 359	\$ 574	\$ 376	\$ 10,024
2012	\$ 4,178	\$ 1,584	\$ 2,400	\$ 332	\$ 154	\$ 378	\$ 9,026
2013	\$ 4,489	\$ 1,462	\$ 2,341	\$ 361	\$ 5	\$ 391	\$ 9,049
2014	\$ 4,573	\$ 1,501	\$ 2,314	\$ 364	\$ -	\$ 406	\$ 9,158
2015	\$ 4,645	\$ 1,537	\$ 2,219	\$ 379	\$ 528	\$ 431	\$ 9,739
2016	\$ 4,755	\$ 1,499	\$ 2,257	\$ 292	\$ 809	\$ 441	\$ 10,053

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013*</u>	<u>2014*</u>	<u>2015*</u>	<u>2016*</u>
Fiscal Year										
General Fund										
Reserved	\$ 1,014	\$ 788	\$ 621	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,457	6,092	5,191	5,870	-	-	-	-	-	-
Total General Fund	<u>\$ 7,471</u>	<u>\$ 6,880</u>	<u>\$ 5,812</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 1,822	\$ 2,320	\$ 999	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,317	1,227	941	1,243	-	-	-	-	-	-
Capital projects funds	174	(526)	151	540	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,313</u>	<u>\$ 3,021</u>	<u>\$ 2,091</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund										
Nonspendable			\$ 502	\$ 271	\$ 143	\$ 145	\$ 140	\$ 144		
Assigned			2,572	1,795	1,367	1,488	1,370	757		
Unassigned			3,183	2,977	3,041	3,083	2,768	3,066		
Total General Fund	<u>\$ 6,257</u>	<u>\$ 5,043</u>	<u>\$ 4,551</u>	<u>\$ 4,716</u>	<u>\$ 4,551</u>	<u>\$ 4,716</u>	<u>\$ 4,278</u>	<u>\$ 3,967</u>		
All Other Governmental Funds										
Nonspendable	\$ 215	\$ 217	\$ 445	\$ 215	\$ 215	\$ 2	\$ -			
Restricted	146	124	169	462	462	930	1,088			
Committed	2,779	3,022	2,163	2,776	2,776	2,949	3,846			
Unassigned	(290)	(207)	(255)	(201)	(255)	(181)	(178)			
Total All Other Governmental Funds	<u>\$ 2,850</u>	<u>\$ 3,156</u>	<u>\$ 2,522</u>	<u>\$ 3,252</u>	<u>\$ 3,252</u>	<u>\$ 3,700</u>	<u>\$ 4,756</u>			

* City Implemented GASB Statement No. 54 in 2011, prior years information has not been restated

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes										
Property	\$ 5,182	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755
Local Option Gas Tax	522	462	416	407	359	332	361	365	379	392
Franchise and utility taxes	4,391	4,288	4,409	4,451	4,257	3,985	3,803	3,815	3,756	3,755
Licenses and Permits	380	433	378	348	402	384	380	615	892	516
Intergovernmental	3,343	2,880	2,657	1,929	2,679	1,886	2,441	2,518	2,708	2,779
Charges for Services	2,276	2,303	2,419	2,388	2,640	2,597	2,703	2,752	2,756	2,786
Impact Fees/Assessments	94	106	114	123	143	122	147	151	147	147
Fines and Forfeitures	200	189	154	275	230	223	188	270	219	236
Investment Earnings	633	452	36	79	41	165	(65)	32	19	25
Miscellaneous	134	123	99	148	303	264	163	185	326	334
Total revenues	\$ 17,155	\$ 17,145	\$ 16,278	\$ 15,186	\$ 15,511	\$ 14,136	\$ 14,610	\$ 15,276	\$ 15,847	\$ 15,725
Expenditures										
General Government	2,863	3,125	3,393	2,743	2,745	2,995	2,658	2,731	3,125	3,399
Public Safety	7,307	9,162	8,682	7,703	7,455	7,320	7,699	7,505	8,082	7,986
Physical Environment	295	796	1,237	284	272	200	311	310	280	333
Highways and Streets	1,745	1,596	1,869	1,717	1,516	1,432	1,411	1,356	1,261	1,273
Sanitation	878	885	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032
Parks and Recreation	1,102	1,391	1,314	795	910	992	772	819	879	969
Capital Outlay	5,537	1,770	1,513	73	5,254	2,696	2,914	1,222	2,449	2,044
Debt Service										
Principal	33	201	210	219	339	550	627	725	384	357
Interest	8	62	53	44	42	62	66	51	35	44
Total expenditures	\$ 19,768	\$ 18,988	\$ 19,255	\$ 14,587	\$ 19,540	\$ 17,255	\$ 17,463	\$ 15,743	\$ 17,522	\$ 17,437
Excess of Revenues Over (Under) Expenditures	(2,613)	(1,843)	(2,977)	599	(4,029)	(3,119)	(2,853)	(467)	(1,675)	(1,712)
Other Financing Sources (Uses)										
Transfers In	756	595	595	775	1,716	1,152	1,430	1,255	1,628	1,508
Transfers Out	(250)	-	-	(120)	(693)	(445)	(326)	(192)	(300)	(363)
Notes Payable Issued	-	-	-	-	-	-	-	-	-	1,313
Capital Lease Proceeds	1,324	-	-	-	805	1,340	480	206	357	-
Sale of Capital Assets	346	394	385	7	2,144	164	143	93	-	-
Total Other Financing Sources (Uses)	2,176	989	980	662	3,972	2,211	1,727	1,362	1,685	2,458
Net Change in Fund Balances	\$ (437)	\$ (854)	\$ (1,997)	\$ 1,261	\$ (57)	\$ (908)	\$ (1,126)	\$ 895	\$ 10	\$ 746
Debt Service as a Percentage of Noncapital Expenditures	0.29%	1.53%	1.48%	1.81%	2.67%	4.20%	4.76%	5.34%	2.78%	2.54%

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
2007	\$ 1,383,380	-	\$ 151,343	\$ 454	\$ 425,575	\$ 1,109,602	4.9900	\$ 1,535,178	72.28%
2008	\$ 1,100,656	-	\$ 119,595	\$ 531	\$ 409,620	\$ 1,220,782	4.9900	\$ 1,630,402	74.88%
2009	\$ 1,047,252	-	\$ 105,282	\$ 504	\$ 426,691	\$ 1,153,038	4.9900	\$ 1,579,729	72.99%
2010	\$ 938,255	-	\$ 103,584	\$ 521	\$ 290,832	\$ 1,042,360	4.9900	\$ 1,333,192	78.19%
2011	\$ 828,635	-	\$ 91,167	\$ 469	\$ 324,271	\$ 920,271	4.9900	\$ 1,244,542	73.94%
2012	\$ 778,999	-	\$ 83,268	\$ 518	\$ 298,342	\$ 862,785	4.9900	\$ 1,161,127	74.31%
2013	\$ 758,526	-	\$ 84,706	\$ 526	\$ 277,483	\$ 843,758	5.5000	\$ 1,121,241	75.25%
2014	\$ 797,789	-	\$ 77,146	\$ 564	\$ 322,683	\$ 857,723	5.5000	\$ 1,136,735	75.45%
2015	\$ 774,314	-	\$ 82,861	\$ 547	\$ 304,917	\$ 872,391	5.5000	\$ 1,177,308	74.10%
2016	\$ 864,803	-	\$ 73,632	\$ 601	\$ 345,700	\$ 894,793	5.5000	\$ 1,240,493	72.13%

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					
2007	4.9900	-	4.9900	4.9989	0.1451	5.1440	7.7530	-	7.7530	0.4620	18.3490			
2008	4.9900	-	4.9900	4.3578	0.1451	4.5029	7.4130	-	7.4130	0.4158	17.3217			
2009	4.9900	-	4.9900	4.5153	0.1451	4.6604	7.5430	-	7.5430	0.4158	17.6092			
2010	4.9900	-	4.9900	4.9000	0.1451	5.0451	7.7230	-	7.7230	0.4158	18.1739			
2011	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.8010	-	7.8010	0.4158	18.2519			
2012	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.7220	-	7.7220	0.3313	18.0884			
2013	5.5000	-	5.5000	4.8751	0.1700	5.0451	7.5530	-	7.5530	0.3313	18.4294			
2014	5.5000	-	5.5000	4.8751	-	4.8751	8.3610	-	8.3610	0.3283	19.0644			
2015	5.5000	-	5.5000	4.8751	-	4.8751	7.8970	-	7.8970	0.3164	18.5885			
2016	5.5000	-	5.5000	4.8751	-	4.8751	7.5570	-	7.5570	0.2885	18.2206			

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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CMCP-Island Lake LLC	\$ 13,744	1	1.60%	\$ 13,578	3	1.66%
Duke Energy Florida Inc/Florida Power	11,406	3	1.33%	11,426	4	1.40%
American Industrial Central LTD	11,431	2	1.33%	14,142	1	1.73%
United Parcel Service, Inc.	8,155	4	0.95%	14,051	2	1.72%
1944 Unionport Assoc LLC	7,527	5	0.88%	10,953	6	1.34%
American Industrial Center IX	7,411	6	0.86%	8,712	7	1.07%
GS Realty	6,954	7	0.81%	-	-	-
Woods Family Properties DJW	6,469	8	0.75%	7,309	10	0.89%
Garrison Orlando Flex	-		0.00%	-	-	-
Orlando MOB Owners	-		0.00%	-	-	0.00%
Longwood Business Association	-		0.00%	-	-	0.00%
Courtesy Auto Group	-		0.00%	7,520	9	0.92%
Gar Shing Properties LLC			0.00%	7,864	8	0.96%
Longwood Flex LLC			0.00%	10,964	5	1.34%
RCS-Longwood 371 LLC et al	5,428	9	0.63%			0.00%
Delnice Corp	4,868	10	0.57%			0.00%
Totals	<u>\$ 83,393</u>		<u>9.72%</u>	<u>\$ 106,519</u>		<u>13.03%</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
2007	\$ 5,377	\$ 5,140	95.59%	\$ 42	\$ 5,182	96.37%
2008	\$ 6,090	\$ 5,865	96.31%	\$ 43	\$ 5,908	97.01%
2009	\$ 5,753	\$ 5,553	96.52%	\$ 42	\$ 5,595	97.25%
2010	\$ 5,201	\$ 4,983	95.81%	\$ 55	\$ 5,038	96.87%
2011	\$ 4,604	\$ 4,456	96.79%	\$ -	\$ 4,456	96.79%
2012	\$ 4,319	\$ 4,134	95.72%	\$ 44	\$ 4,178	96.74%
2013	\$ 4,653	\$ 4,448	95.59%	\$ 41	\$ 4,489	96.48%
2014	\$ 4,727	\$ 4,531	95.85%	\$ 42	\$ 4,573	96.74%
2015	\$ 4,798	\$ 4,645	96.81%	\$ 45	\$ 4,690	97.75%
2016	\$ 4,943	\$ 4,703	95.14%	\$ 52	\$ 4,755	96.20%

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
	Notes Payable	Capital Leases	Revenue Bonds	Capital Leases	Water Revenue Bonds				
2007	n/a	\$ 1,472	n/a	n/a	n/a	\$ 1,472	0.45%	\$	105
2008	n/a	\$ 1,271	n/a	n/a	n/a	\$ 1,271	0.34%	\$	92
2009	n/a	\$ 1,061	n/a	n/a	n/a	\$ 1,061	0.28%	\$	77
2010	n/a	\$ 842	n/a	n/a	n/a	\$ 842	0.23%	\$	62
2011	n/a	\$ 1,308	n/a	n/a	n/a	\$ 1,308	0.38%	\$	96
2012	n/a	\$ 2,099	n/a	n/a	n/a	\$ 2,099	0.59%	\$	159
2013	n/a	\$ 1,951	n/a	n/a	n/a	\$ 1,951	0.50%	\$	142
2014	n/a	\$ 1,432	n/a	n/a	n/a	\$ 1,432	0.38%	\$	106
2015	n/a	\$ 1,405	n/a	\$ 174	n/a	\$ 1,579	0.36%	\$	104
2016	\$ 1,313	\$ 1,047	n/a	\$ 139	n/a	\$ 2,499	0.65%	\$	175

Note: No Revenue Bond Debt

City of Longwood, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016
(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	\$ 1,186	100.00%	\$ 1,186
City of Longwood Notes Payable	\$ 1,313	100.00%	\$ 1,313
Total direct and overlapping debt	<u>\$ 1,186</u>		<u>\$ 1,186</u>

Sources:

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

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

<u>Fiscal Year</u>	<u>Population ¹</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income ¹</u>	<u>Median Age ¹</u>	<u>Education Level in Years of Formal Schooling ¹</u>	<u>School Enrollment ²</u>	<u>Unemploy- ment Rate ³</u>
2007	14,062	\$ 326,576	\$ 23,224	40.2	13.60	3,335	4.6%
2008	13,820	\$ 375,987	\$ 27,206	40.4	13.33	3,267	6.7%
2009	13,855	\$ 377,133	\$ 27,220	40.5	13.33	3,563	9.2%
2010	13,491	\$ 361,559	\$ 26,800	41.6	13.47	4,071	7.5%
2011	13,657	\$ 347,502	\$ 25,445	39.4	13.47	3,907	9.7%
2012	13,212	\$ 357,887	\$ 27,088	35.4	13.64	2,230 **	7.7%
2013	13,733	\$ 391,638	\$ 28,518	42.1	13.68	2,325 **	6.3%
2014	13,553	\$ 379,416	\$ 27,995	42.7	13.46	2,261 **	4.9%
2015	13,741	\$ 394,229	\$ 28,690	43.1	13.526	2,650 **	4.1%
2016	14,311	\$ 383,893	\$ 26,825	42.8	12.888	2,638	4.3%

* Data not available

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

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

Employer	2016			2007		Percentage of Total City Employment ²
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	
South Seminole Hospital	964	1	6.23%	1003	1	5.02%
UPS	506	2	3.27%	*	*	*
D&A Building Services	274	3	1.77%	*	*	*
Seminole County Schools	222	4	1.44%	300	5	1.51%
Collis Roofing	207	5	1.34%	*	*	*
Comprehensive Energy Services	189	6	1.22%	*	*	*
Sears Home Improvement Products	181	7	1.17%	778	2	3.89%
Protection One Alarm Monitoring	169	8	1.09%	*	*	*
Opis Management Resources, LLC	163	9	1.05%	*	*	*
City of Longwood	156	10	1.01%	*	*	*
Total	3,031		19.59%	3,254		16.27%

Sources:

1 Per City of Longwood's Economic Development Department

2 Per Orlando Economic Development (www.orlandoedc.com), the City of Longwood has an estimated workplace population of 15,117 with approximately 1,786 business establishments for 2015.

3 * Information is not available.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government ¹	30	25	28	26	24	23	25	27	27	28
Public Safety:										
Police										
Sworn Officers	40	40	40	40	40	40	40	40	42	43
Non sworn Officers	2	2	3	2	2	2	2	2	2	2
Civilians	5	5	5	5	5	5	5	5	4	5
Fire										
Firefighters and Officers	39	39	39	39	39	39	45	45	40	47
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works	30	26	26	28	28	28	27	25	22	25
Parks and Recreations	13	14	13	11	12	12	10	10	12	14
Total	<u>160</u>	<u>152</u>	<u>155</u>	<u>152</u>	<u>151</u>	<u>150</u>	<u>155</u>	<u>155</u>	<u>150</u>	<u>165</u>

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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Auto Accidents	1,232	1,212	1,046	1,039	1,012	737	812	808	899	915
Physical arrests	671	1,123	1,003	1,087	1,644	917	1,061	808	912	891
Criminal Investigations Conducted	751	829	872	590	476	426	473	438	467	508
Total Calls for Service	40,427	46,389	48,808	54,277	49,793	44,380	41,577	40,103	43,982	45,288
911 Calls Received	1,758	1,835	3,850	3,832	3,741	3,544	3,634	3,356	3,453	3,557
Evidence Processed (pieces)	1,715	1,921	1,631	1,261	2,625	2,502	1,930	1,936	2,312	2,290
Fire										
Number of emergency calls answered	3,848	3,636	3,641	3,757	3,681	4,038	4,138	4,130	4,551	4,200
Medical Transports	1,697	1,782	1,679	1,911	1,890	1,994	2,122	2,042	2,234	2,271
Highways and streets										
Streets paved (miles)	0.7	1.2	1.0	0.0	60.5	60.9	61.1	61.1	61.1	61.1
Streets resurfaced (tons/asphalt)	0	0	0	0	0	0	0	0	0	0
Sidewalks/bike paths built or repaired (feet)	7,926	6,600	5,280	5,000	5,163	5,180	3,200	1,500	2,600	8,380
Culture and recreation										
Sports Complex ball games & field rentals	2,281	2,269	2,301	2,127	2,112	2,115	2,134	1,970	2,140	2,135
Community Bldg rentals	158	123	118	169	176	175	195	224	188	150
Water										
New connections	*	*	*	5	8	13	0	0	4	214
Number of customers	5,559	5,788	5,853	5,787	5,795	5,809	5,829	5,510	6,054	6,184
Water main breaks	5	7	3	2	0	0	0	6	5,913	3
Average daily consumption (millions of gallons)	1.5	2.2	2.1	1,9368	2	1,947	2	1,897	1,826	1,815
Meter reads	66,708	69,456	68,400	62,436	66,570	69,600	67,250	67,269	69,984	71,679
General Government										
Employment applications received	244	352	422	463	304	325	161	201	239	248
Personnel actions processed	321	364	515	630	197	250	205	270	272	311
Legal Notices published	73	72	61	75	64	41	33	48	39	67
Business Tax Licenses issued:										
New Licenses	455	427	381	384	302	102	243	235	201	204
Renewals	1,842	1,972	1,843	1,779	1,768	1,508	1,460	1,227	1,422	1,345
Accidents & Injuries reviewed	58	*	42	59	46	31	51	20	32	39
Land Use changes	0	6	14	70	10	2	3	13	5	3
Site Plan Reviews	15	7	1	17	11	7	4	3	8	3
Total Permits Issued	1,219	1,032	940	1,064	1,179	1,132	1,050	1,200	1,478	1,167
Construction inspections	3,324	1,953	1,755	2,673	2,943	2,743	2,715	3,100	4,058	1,986
PR Checks issued	4,341	4,304	4,402	4,199	4,256	4,134	4,180	3,991	4,039	4,281
A/P Checks issued	4,747	4,545	4,311	3,705	3,621	3,663	2,662	2,400	2,760	4,045
Purchase orders processed	627	577	492	407	448	406	360	364	370	437

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	47	46	40	54	47	51	53	52	52	58
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)	57.1	58.25	59.25	59.25	60.5	60.85	61.1	61.1	61.1	61.1
Streets - unpaved (miles)	3.53	2.38	1.38	1.38	0.63	0.38	0.13	0.13	0.13	0.13
Street lights	812	812	813	814	814	814	814	818	814	814
Traffic Signals	18	18	18	18	24	24	24	24	24	24
Culture and recreation										
Park acreage	41	42	42	42	42	42	42	42	42	42
City playgrounds & passive parks	9	9	9	9	9	9	10	10	10	10
Tennis courts	5	5	4	4	4	4	5	5	5	5
Basketball courts	5	5	5	5.5	5.5	5.5	6	6	6	6
Futsal courts (soccer)	0	0	0	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Historical Museum	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	68	68.5	68.6	68.8	68.8	69	69	85	69.5	69.75
Fire hydrants	584	560	560	561	561	564	548	545	544	551
Maximum daily capacity (millions of gallons)	7	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Sewer										
Sanitary sewers (miles)	22.27	22.27	22.27	22.37	22.5	22.5	22.7	40.9	23	23.5
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%
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%
2015	\$ (9,679)	\$ 567,427	\$ -	\$ 37,140	\$ -	\$ 44,598	8.1%
2016	\$ 969,227	\$ 596,509	\$ 51,945	\$ 1,429	\$ 21,360	\$ 33,259	16.0%

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, 2016**

	<u>2016</u>
Date of Incorporation	1923
Form of government	Commission/Manager
Number of municipal employees (including police and fire)	165
Population	13,822
City of Longwood facilities and services:	
Miles of streets:	
Paved	61.1
Unpaved	0.13
Parks and recreation:	
Park acreage	42
Community Center	1
Athletic Fields	7
Tennis Courts	5
Futsal Courts (soccer)	1
Basketball Courts	6
City playgrounds and passive parks	10
Fire Protection:	
Stations	2
Employees	48
Police Protection:	
Stations	1
Employees	50
Wastewater collection system:	
Miles of sanitary sewers	23.5
Lift Stations	33
Daily average treatment	*
Plants(s) capacity (MGD)	*
Disposal plants	*
Water distribution system:	
Miles of water mains	69.75
Daily average:	
Consumption (Millions/Gallons)	1.8
Plant capacity (Millions/Gallons)	7.2
Service connections	6128
Deep wells	5
Fire hydrants	551
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	133
Hospitals:	
Number of hospitals	1
Number of patient beds	206

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

Sources:

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



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OTHER REPORTS



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

Honorable Mayor and City Commissioners
City of Longwood, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Longwood, Florida (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 24, 2017.

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.

McDiernit Davis & Company, LLC

Orlando, Florida
April 24, 2017

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, 2016, and have issued our report thereon dated April 24, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 24, 2017 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

934 NORTH MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the *City of Longwood, Florida* has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the *City of Longwood, Florida* did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the *City of Longwood, Florida* for the fiscal year ended September 30, 2016, 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, 2016. 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
April 24, 2017

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, 2016, and have issued our report thereon dated April 24, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

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

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. There have been no initial selection of accounting policies and no change in significant accounting policies or their application during 2016. 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 April 24, 2017.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Very truly yours,

McDiernit Davis & Company, LLC

Orlando, Florida
April 24, 2017



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

The Honorable Mayor and City Commissioners
City of Longwood, Florida

We have examined City of Longwood's, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2016. 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, 2016.

McDirmit Davis & Company, LLC

Orlando, Florida
April 24, 2017

MCDIRMIT DAVIS & COMPANY, LLC
934 N. MAGNOLIA AVENUE, SUITE 100 ORLANDO, FLORIDA 32803
TELEPHONE: 407-843-5406 FAX: 407-649-9339 EMAIL: INFO@MCDIRMITDAVIS.COM