

CITY OF LONGWOOD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017



This page intentionally left blank

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**CITY OF LONGWOOD,
FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

Prepared by:

Department of Financial Services

CITY OF LONGWOOD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2017

	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i
GFOA Certificate of Achievement	ix
Principal City Officials	x
Organizational Chart	xi
Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	24
Special Assessments Fund	26
Grant Fund	27
Statement of Net Position - Proprietary Fund	28
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	29
Statement of Cash Flows - Proprietary Fund	30
Statement of Fiduciary Net Position - Fiduciary Fund	31
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	32
Notes to the Financial Statements	33
Required Supplementary Information:	
Other Post Employment Benefit Plan	75
Police and Firefighters' Pension Plan Liability	76
Police and Firefighters' Pension Contributions and Investment Returns	77
Schedule of City's Proportionate Share of Net Pension Liability For Florida Retirement System and HIS Plan	78
Schedule of City's Contributions for Florida Retirement System and HIS Plan	79

CITY OF LONGWOOD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2017

	<u>Page</u>
Financial Section (Continued):	
Combining and Individual Fund Statements and Schedules:	
Major Governmental Funds:	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Budget and Actual:	
Public Facilities Improvement Fund	80
Capital Projects Fund	81
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes	
In Fund Balances - Nonmajor Governmental Funds	83
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual:	
Building Permits and Inspections Fund	84
Police Education Fund	85
Special Law Enforcement Trust Fund	86
Stormwater Fund	87
Statistical Section:	
Financial Trends	
Net Position by Component	88
Changes in Net Position	89
Governmental Activities Tax Revenues by Source	91
Fund Balances of Governmental Funds	92
Changes in Fund Balances of Governmental Funds	93
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	94
Property Tax Rates, Direct and Overlapping Governments	95
Principal Property Taxpayers	96
Property Tax Levies and Collections	97
Debt Capacity	
Ratios of Outstanding Debt by Type	98
Direct and Overlapping Governmental Activities Debt	99
Demographic and Economic Information	
Demographic Statistics	100
Principal Employers	101
Operating Information	
Full-time Equivalent City Government Employees by Function	102
Operating Indicators by Function	103
Capital Assets Statistics by Function	104
Schedule of Revenues by Source and Expense by Type - Police	
Officers and Firefighters Pension Fund	105
Miscellaneous Statistics	106

CITY OF LONGWOOD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2017

	<u>Page</u>
Other Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing</i> <i>Standards</i>	107
Independent Auditor's Report on Compliance for Each Major State Project And Report on Internal Control Over Compliance Required by Chapter 10.550, <i>Rules of the Auditor General</i>	109
Schedule of Expenditures of State Financial Assistance	111
Notes to Schedule of Expenditures of State Financial Assistance	112
Schedule of Findings and Questioned Costs - State Financial Assistance Projects	113
Management Letter	114
Communication with Those Charged with Governance	116
Independent Auditor's Report on Compliance with the Requirements Of Section 218.415, Florida Statutes	119

INTRODUCTORY SECTION



This page intentionally left blank



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

April 27, 2018

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 nine 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, 2017.

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

McDermitt Davis & Company, LLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2017, 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, 2017, are fairly presented in conformity with generally



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

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 14,718. 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

Fostering citizen trust and cultivating a prosperous community

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

Local Economy

In the 1950's, the City began transitioning from a "bedroom" community to a mixed retail and employment center with established neighborhoods. Today, with a population of 14,718 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 1,544 businesses that employ 16,787 individuals.

Top Longwood employers include South Seminole Hospital (979 employees), D & A Building Services (308 employees) and Seminole County School District (257 employees). The County's unemployment rate for 2017 is estimated at 3.6% which compares favorably to the State's rate of 4.2%. The median age in the city is 43.3 with more than 26% 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 22 percent of general fund expenditures while unassigned fund balance represents 12.7 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 19, 2016 for fiscal years 2017-18 through 2021-22. The CIP is a multi-year prioritized



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

schedule of improvements that lists each capital improvement by the year it is intended to be purchased or commenced; the amount to be spent each year and the method of financing such 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

The City has seen a nearly unprecedented wave of growth in recent years following a sustained effort to promote economic and community development. In 2017 alone, the City approved more residential units than the entire prior decade. With the Oakmont Reserve and Baymeadow Farms at Longwood subdivisions, the high-end townhomes of the Reserve at Lake Wildmere, and WaterVUE Apartments joining the successful Weston Park and Heritage Village Commons apartment projects, the City has benefitted from a tremendous boom across all housing types which contributed to Longwood being lauded in 2016 as the region's fastest-growing community.

Longwood's commitment to being open for business has led to a number of exciting announcements from national brands. Publix, LA Fitness, and Taco Bell have all announced their intention to locate in the City, and AutoNation completed a large redevelopment project on the key U.S. 17-92 corridor. Computech City, an award-winning medical IT company, completed the relocation of their headquarters to Longwood. Combined with a number of expansions from local businesses including Bentley Architects and Pemberton Attachments as well as the renovation and re-opening of historic Longwood Elementary, the Longwood community has been fortunate to see significant investment in all sectors.

With a Complete Streets program recognized as one of the best in the state, the City continued to implement multi-modal improvements City-wide to help take advantage of the SunRail commuter rail service and provide residents with transportation alternatives. The Church Avenue project nears completion with new bike lanes, on-street parking, and portions of brick streets supporting the soon-to-be-completed Reiter Park. Planning and design was completed on the Florida Central Parkway Complete Street project, which will see sidewalks installed in the City's densest employment area. The Ronald Reagan Blvd. Complete Street project is nearly ready for construction and will provide on-street parking and bike lanes to support businesses and residents alike while furthering the goals of the Heritage Village Redevelopment Strategy. Both the Ronald Reagan and Florida Central Parkway projects were primarily designed and funded using grant funding sought and received by the City.



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

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.

During this budget year, the Fire Department took possession of a new F550 Rescue truck custom built for our needs. The addition of this unit will allow for an older unit to be rotated to reserve status providing a much needed backup during scheduled maintenance or unexpected repairs.

Additional equipment has been purchased for our department to provide a higher level of service and enhanced safety for firefighters. First, we purchased (2) Four Gas Meters by RAE Manufacturing to provide our crews with the ability to detect explosive and harmful gases prior to entering a hazardous environment. Secondly, we received our first ballistic protection for our crews. This includes vests and helmets to provide a level of safety to our personnel entering an active shooter incident.

In addition to the aforementioned improvements, the department was able to replace two of our aging staff vehicles. This will provide for a more dependable fleet with reduced maintenance costs annually.

Lastly, we have begun to focus on employee development by making it possible for our employees to attend local conferences as well as pursue job related courses at accredited teaching institutions. This not only allows for the sharing of new ideas, but also common solutions to the problems all fire departments face. We are investing in our next generation of leaders within the department.

The police department continued to serve the law enforcement needs of its residents and those that work and travel through the city. Additionally, there was a strong emphasis on community relations which ensured a strong partnership between the police department and the community it serves while helping to improve the overall quality of life. This dedication to community relations had officers meeting regularly at neighborhood meetings and attending community events at schools, churches and daycares. Members of the department also participated in the annual City of Longwood National Night Out event and helped to coordinate the Christmas Parade.

The police department assigned a new school resource officer to the newly opened Longwood Elementary School. This officer kept the school safe and helped parents and children with counseling and mentoring services. Additionally, the school resource officer completed the first FOCUS on Safety training class with the fifth grade students which taught the children important safety and decision making skills.



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

The City of Longwood was directly impacted by Hurricane Matthew and Hurricane Irma. All members of the police department helped residents prepare for the storm, provided emergency assistance during the hurricanes and immediately started recovery efforts to assist those most heavily impacted after the hurricanes.

The Longwood Police Department is accredited through the Commission for Florida Law Enforcement Accreditation (C.F.A.). During the year, the police department extended its accreditation status by demonstrating compliance with all required standards. This accreditation status is confirmation of the department's dedication to professionalism.

The Public Works Department completed a variety of citywide projects. As part of the Water Meter Replacement Program, the Utilities Division continues with the replacement and assessments of residential water meters citywide. The Utilities Department has also completed Phase 1 of the South Longwood Septic Tank Abatement project. This project took 240 septic tanks out of service and installed over 3 miles of gravity sewer system. The Stormwater Irrigation Pond project and pump station progressed and will be finished in the next FY. Completion of the Windsor Manor Drainage Rehabilitation project successfully aided in the relief overflow discharge from Island Lake. The City remains 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. Stormwater technicians conducted a number of storm drain rehabilitations including relining of the storm drain at Maine Avenue and Grant Street for approximately 60ft. The City of Longwood was successful with recovery efforts from Hurricanes Matthew and Irma. During Hurricane Matthew, approximately 7,000 sandbags were handed out to Longwood residents and storm debris recovery efforts were completed over a 2 week period. Prior to Hurricane Irma, over 20,000 sandbags were issued to residents County-wide. Alongside our local contractors, city personnel had recovered Irma storm related debris within a 7 week period. Paving of Florida Central Parkway has been completed. Construction of sidewalks on both sides of Florida Central Parkway as well as installation of stormwater piping have been included as part of this project and is underway. The City's Street Division continues with the ongoing Church Avenue Paving Capital Improvement project. Construction of the drainage facilities, curbing, pavers, sidewalks, and bike lanes, are underway.

A major initiative for the Leisure Services Department continued to be working towards the conclusion of Reiter Park's development. During the 2016/2017 the City procured a general contractor to oversee the construction of Reiter Park. Actual construction on the park began and is currently underway. To date, the City has been awarded three Land and Water Conservation Fund Grants, a Cultural Facilities Grant, a Recreation Trails Program Grant and is currently working to secure an Urban and Community Forestry Grant as well as a Historic Special Category Grant to assist with the Reiter Park development.



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

Another major initiative for the Leisure Services Department was to continue updates to Candyland Park. A complete renovation of the Candyland Park bathrooms was initiated. Both men and women's bathrooms have been improved and the entire outside of the building was re-painted. Complete overhauls of the infields on two different fields occurred and curbing leading down the driveway to the concession stand was installed. The City also received two Florida Recreation Development Assistance Program (FRDAP) grants totaling \$100,000.00 with no match needed. These funds have been used for additional field renovations at Candyland Park as well as the replacement of all of our current scoreboards. With the help of these grants, the City was able to start the renovation work on the park during the 2016/2017 fiscal year and currently awaits completion and reimbursement from the state for funds expended by the city.

In reference to events, the Leisure Services department has managed to revive the Farmers Market. The planning and implementation for this market occurred throughout the span of several months and the market was successfully launched in October of 2017. Currently the market is booming and there is a vendor wait list. The Leisure Services Department was also tasked with taking over the organization and implementation of the former Longwood Arts and Crafts Festival, which had waned in popularity over the last several years. Planning for this event was initiated in the 2016/2017 fiscal year and helped pave the way for an extremely successful event in November of 2017.

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, 2016. This was the twenty first year that the City has achieved this prestigious award.

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

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

Preparation of this Comprehensive Annual Financial Report on a timely basis was made possible through the efficient, dedicated and professional efforts of everyone in the Financial Services Department. The significant amount of year-end closing procedures required prior to the audit



CITY OF LONGWOOD

Fostering citizen trust and cultivating a prosperous community

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,

A handwritten signature in black ink, appearing to read "David Dowda".

David Dowda
Acting City Manager

A handwritten signature in black ink, appearing to read "Lisa Snead".

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, 2016

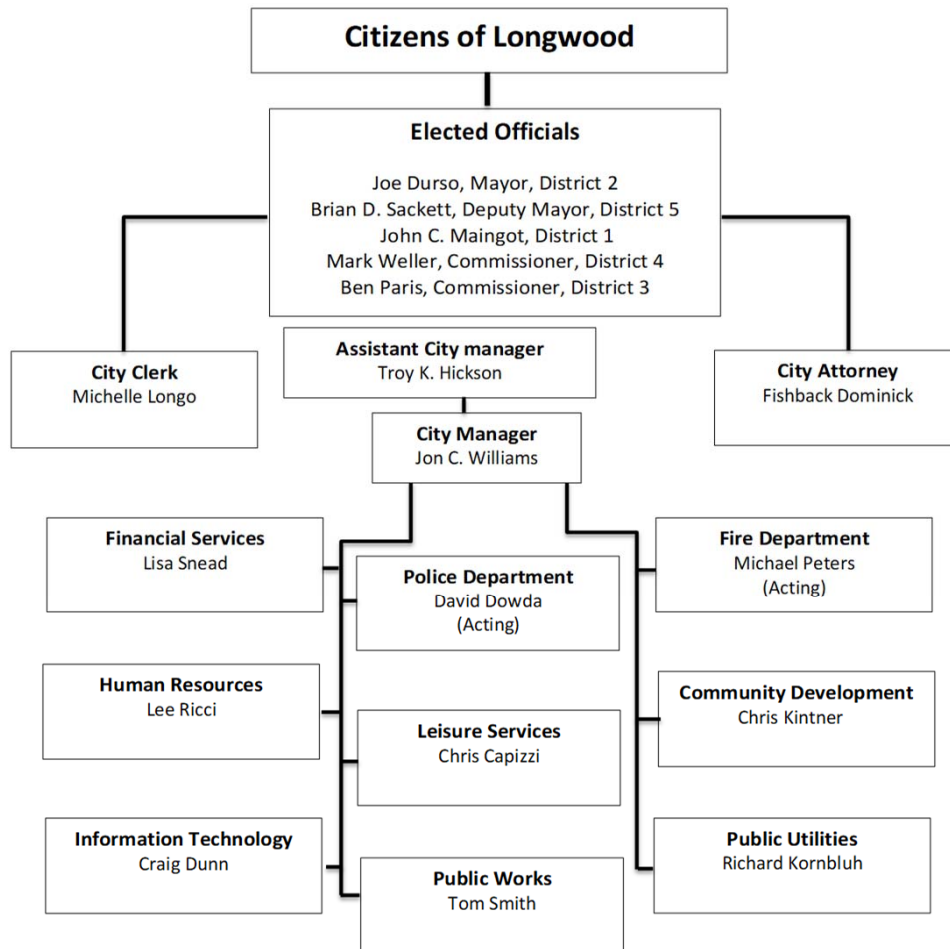
Christopher P. Morill

Executive Director/CEO

**CITY OF LONGWOOD, FLORIDA
PRINCIPAL CITY OFFICIALS
SEPTEMBER 30, 2017**

MAYOR	Joe Durso
DEPUTY MAYOR	Brian Sackett
COMMISSIONER	John C. Maingot
COMMISSIONER	Ben Paris
COMMISSIONER	Mark Weller
CITY MANAGER	Jon Williams
ASSITANT CITY MANAGER	Troy Hickson
CITY ATTORNEY	Daniel Langley
CITY CLERK	Michelle Longo
POLICE CHIEF	David Dowda
FIRE CHIEF	Michael Peters
DIRECTOR OF FINANCIAL SERVICES	Lisa Snead
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

Organizational Chart





This page intentionally left blank

FINANCIAL SECTION



This page intentionally left blank

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, 2017, 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, 2017, 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 75 through 79, 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, and the Schedule of Expenditures of State Financial Assistance (the Schedule) as required by Chapter 10.550, *Rules of the Auditor General*, 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, and the Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McDiarmid Davis & Company, LLC

Orlando, Florida
April 27, 2018

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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, 2017 by \$59,983,603 (net position). Of this amount, \$9,691,919 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As a result of the current year's activities, the City's total net position increased by \$1,903,808 or 3.3%.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$12,821,746, an increase of \$4,098,390. Approximately 13.4% of this total amount, \$1,716,663, 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 \$1,950,734 or 12.7% of total general fund expenditures.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by \$2,634,752 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, 2017**

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, 2017**

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 33-74 of this report.

Required Supplementary Information (RSI). RSI can be found on pages 75-79 of this report.

Other Information. The budget schedules for the two major capital projects funds are on pages 80-81 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 82-87 of this report.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$59,983,603 at the close of the most recent fiscal year.

Over half (\$49,369,978 or 82.3%) 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 \$921,706 (or 1.5%) represents resources that are subject to external restrictions on how they may be used. Assets restricted include the Special Law Enforcement Trust Fund, and amounts restricted for renewal and replacement of the Public Utilities.

Unrestricted net position (\$9,691,919 or 16.2%) may be used to meet the City's ongoing obligations to citizens and creditors.

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.

*** THIS SECTION INTENTIONALLY LEFT BLANK ***

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**City of Longwood, Florida
Statement of Net Position
As of September 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 15,901,741	\$ 11,098,955	\$ 2,577,260	\$ 2,201,473	\$ 18,479,001	\$ 13,300,428
Capital assets	40,127,499	35,716,780	22,362,396	15,686,651	62,489,895	51,403,431
Total assets	56,029,240	46,815,735	24,939,656	17,888,124	80,968,896	64,703,859
Deferred Outflows of Resources						
Deferred outflow of pension earnings	5,039,910	4,136,912	96,324	54,945	5,136,234	4,191,857
Liabilities:						
Current liabilities	2,935,578	1,699,562	2,347,590	136,390	5,283,168	1,835,952
Long-term liabilities	15,804,330	6,326,430	2,286,963	411,044	18,091,293	6,737,474
Other liabilities	-	-	199,713	211,348	199,713	211,348
Total liabilities	18,739,908	8,025,992	4,834,266	758,782	23,574,174	8,784,774
Deferred Inflows of Resources						
Deferred inflow of pension earnings	2,470,663	1,983,979	76,690	47,168	2,547,353	2,031,147
Net Position:						
Net investment in capital assets	28,923,345	33,356,802	20,446,633	15,547,451	49,369,978	48,904,253
Restricted for:						
Renewal and replacement	-	-	858,018	-	858,018	-
Special law enforcement	63,688	255,361	-	-	63,688	255,361
Unrestricted	10,871,546	7,330,513	(1,179,627)	1,589,668	9,691,919	8,920,181
Total net position	\$ 39,858,579	\$ 40,942,676	\$ 20,125,024	\$ 17,137,119	\$ 59,983,603	\$ 58,079,795

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

Note that the City's net position increased by \$1,903,808 or 3.28% in fiscal year 2017. The previous fiscal year, 2016, net position decreased by \$1,506,355 or 2.5%.

Governmental activities decreased net position by \$1,084,097 in fiscal year 2017 compared to a decrease of \$1,587,307 in 2016. The decrease in 2017 is due to expenses, including additional interest on long-term debt exceeding revenues.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type activities increased net position by \$2,987,905 in fiscal year 2017 compared to an increase of \$80,952 in 2016. This is primarily the result of increased grant revenues.

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 City's Funds** 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.

*** THIS SECTION INTENTIONALLY LEFT BLANK ***

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

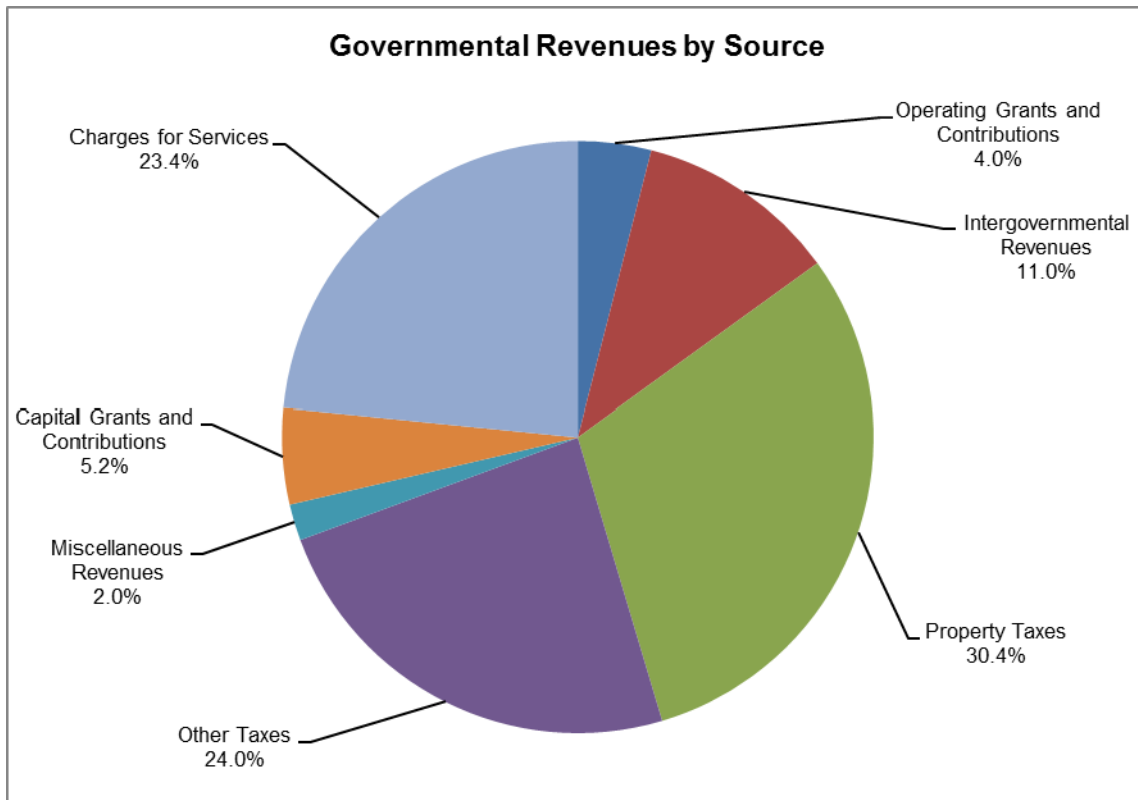
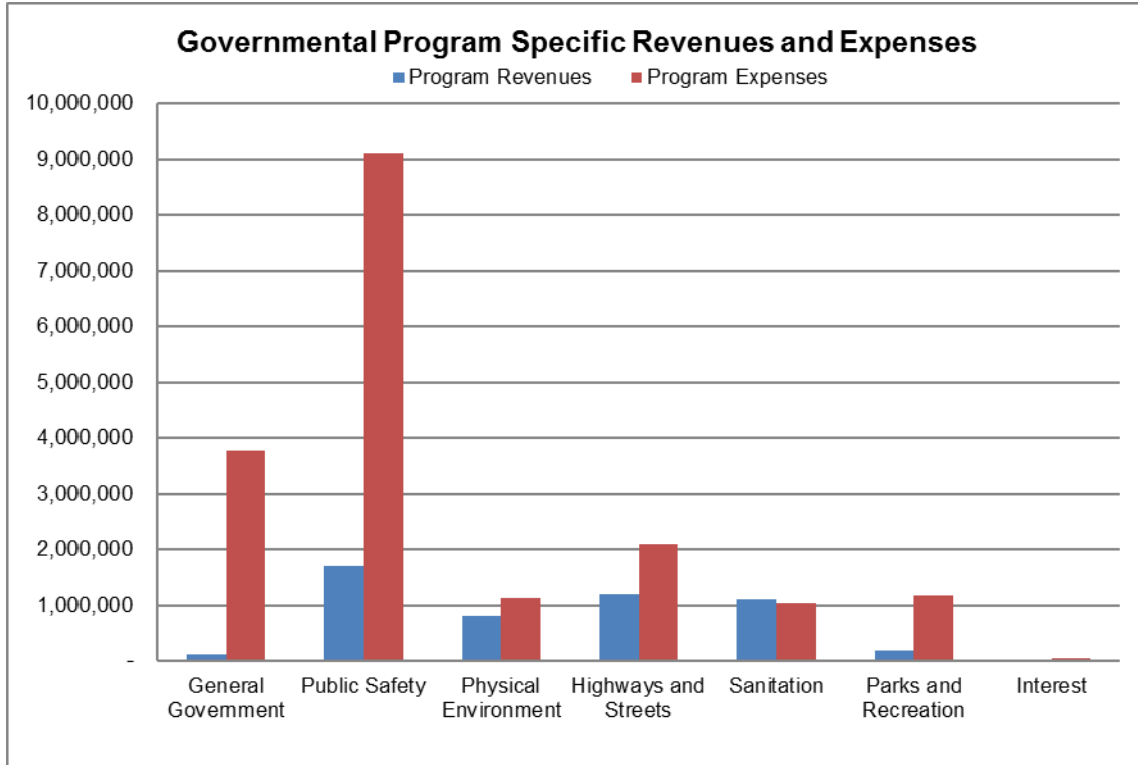
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 4,040,583	\$ 3,668,289	\$ 5,298,510	\$ 3,881,750	\$ 9,339,093	\$ 7,550,039
Operating grants and contributions	656,988	626,951	-	-	656,988	626,951
Capital grants and contributions	1,093,789	817,201	2,129,281	-	3,223,070	817,201
General revenues:						
Property taxes	5,002,183	4,754,953	-	-	5,002,183	4,754,953
Other taxes	3,874,717	3,755,315	-	-	3,874,717	3,755,315
Other	1,797,389	2,010,497	10,970	33,490	1,808,359	2,043,987
Total revenues	<u>16,465,649</u>	<u>15,633,206</u>	<u>7,438,761</u>	<u>3,915,240</u>	<u>23,904,410</u>	<u>19,548,446</u>
Expenses:						
General government	4,319,728	3,765,317	-	-	4,319,728	3,765,317
Public safety	9,546,105	9,098,061	-	-	9,546,105	9,098,061
Physical environment	311,652	740,017	-	-	311,652	740,017
Highways and streets	2,245,024	2,489,553	-	-	2,245,024	2,489,553
Sanitation	1,030,835	1,031,532	-	-	1,030,835	1,031,532
Parks and recreation	1,111,402	1,176,148	-	-	1,111,402	1,176,148
Interest on long-term debt	305,208	65,158	-	-	305,208	65,158
Public utilities	-	-	3,130,648	2,689,015	3,130,648	2,689,015
Total expenses	<u>18,869,954</u>	<u>18,365,786</u>	<u>3,130,648</u>	<u>2,689,015</u>	<u>22,000,602</u>	<u>21,054,801</u>
Increase (Decrease) in Net Position Before Transfers	(2,404,305)	(2,732,580)	4,308,113	1,226,225	1,903,808	(1,506,355)
Transfers	<u>1,320,208</u>	<u>1,145,273</u>	<u>(1,320,208)</u>	<u>(1,145,273)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>(1,084,097)</u>	<u>(1,587,307)</u>	<u>2,987,905</u>	<u>80,952</u>	<u>1,903,808</u>	<u>(1,506,355)</u>
Net Position - October 1	<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>
Net Position - September 30	<u>\$ 39,858,579</u>	<u>\$ 40,942,676</u>	<u>\$ 20,125,024</u>	<u>\$ 17,137,119</u>	<u>\$ 59,983,603</u>	<u>\$ 58,079,795</u>

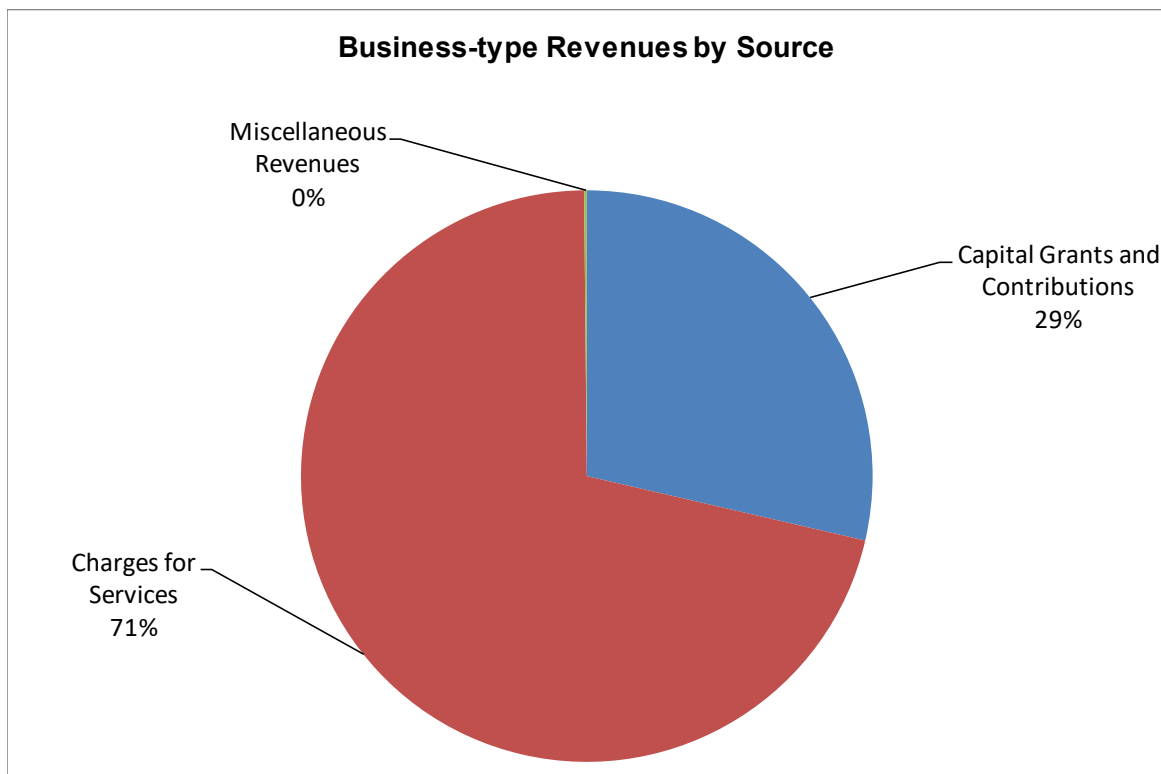
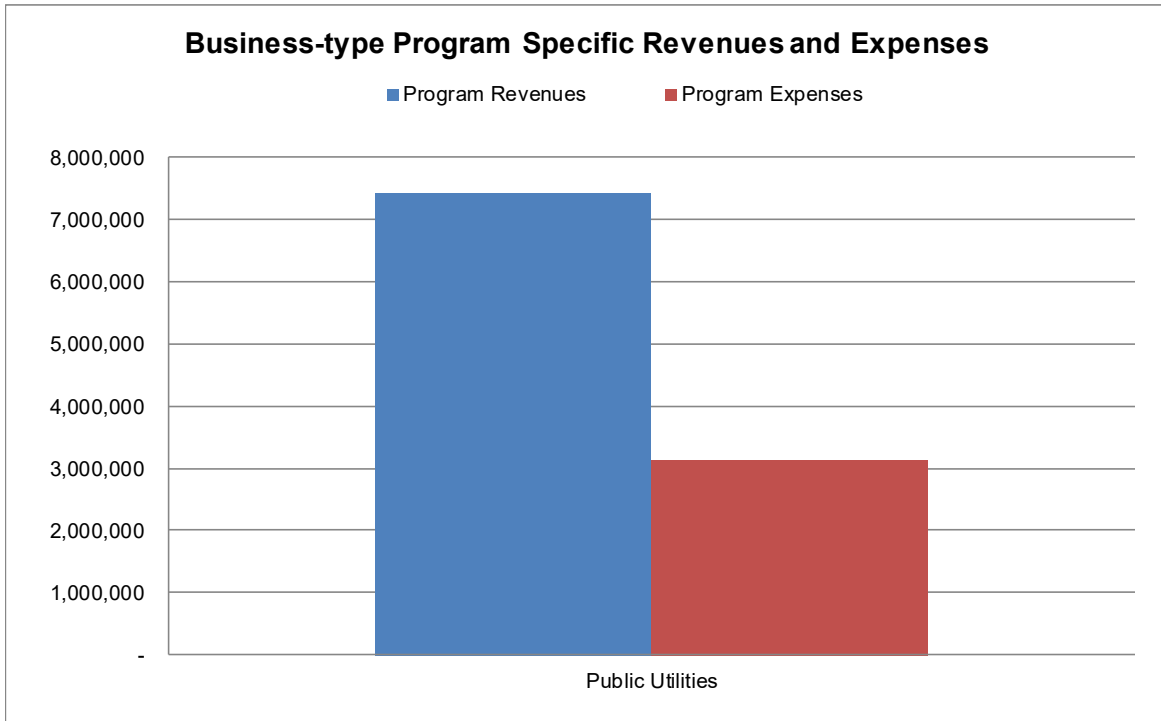
**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

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, 2017, the City's governmental funds reported combined ending fund balances of \$12,821,746, an increase of \$4,098,390, from the prior year. Approximately 13.4% or \$1,716,663 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$11,105,083, 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, 2017, the unassigned fund balance of the General Fund was \$1,950,734 while the total fund balance was \$3,322,369. 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 13% of total General Fund expenditures, while total fund balance represents 22% of that same amount. The fund balance of the General Fund decreased by \$644,507 due to the fact that expenditures continue to be higher than available revenues.

The Public Facilities Improvement Fund has a total fund balance of \$5,734,469. The fund realized an increase in total fund balance of \$2,582,887 in 2017 due to capital outlay being less than budgeted.

The Special Assessments Fund has a total deficit fund balance of \$(156,249) 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 \$18,222 due to collection of assessments.

The Capital Projects Fund has a total fund balance of \$2,682,831, of which all is committed for future acquisition of capital equipment. The fund realized an increase in total fund balance of \$2,039,119 due to debt proceeds exceeding capital expenditures.

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

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, 2017, unrestricted net position of the Public Utilities Enterprise Fund amounted to \$(1,179,627) and total net position increased \$2,987,905. This increase is due to loan proceeds for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original General Fund budgeted expenditures and transfers out and the final amended General Fund budget amounted to \$1,753,059. The increase in appropriations are due an increase in operating associated with Hurricane Matthew and Irma.

Actual expenditures were less than final appropriations by \$1,850,112, a variance of 11%, due to timing of Hurricane expenditures hitting in FY17/18 rather than FY16/17 as budget was amended.

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, 2017 amounts to \$62,489,895 (net of accumulated depreciation), for an increase of \$11,086,464 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 21.6% (a 12.3% increase for governmental activities, and a 42.6% increase for business-type activities).

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

- 434 Widening Project- \$13,750
- Skylark Water Main Project- \$ 1,340,906
- Historic District Signage- Way finder signs- \$21,415

Major capital assets included in construction in progress:

- Reiter Park- \$1,798,840
- W. Church Ave. drainage and road resurfacing- \$1,973,039
- Bennett Drive Drainage Improvements- \$1,175
- SR 434 Median Landscape Design- \$5,865
- Stormwater refuse system- \$711,538
- Lake Horton Restoration- \$225
- Winsor Manor Drainage- \$310,340
- SRF Loan-Tank Abatement- \$29,165
- Septic Tank Abatement- \$5,088,783
- Island Lake Sanitary Sewer- \$246,344
- CR 427 Extension- \$35,683
- Candyland Park- Phase I- \$92,637

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital assets. (Continued)

- Florida Central Parkway Improvements- \$1,126,084
- Ronald Regan Improvements- \$118,300
- Florida Central Parkway Pedestrian Improvements- \$18,798
- City Hall Relocation- \$19,978
- Replace Asbestos Water Main- \$40,764
- Lake Ruth Septic Tank Abatement- \$102,380
- SW Main Wildmere- \$50,791
- Landscape Design I-4 and SR434- \$30,943
- Gateway Improvements - SR 434 & 17-92- \$2,728

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	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,672,052	\$ 5,672,052	\$ 462,581	\$ 50,600	\$ 6,134,633	\$ 5,722,652
Buildings	2,541,415	2,658,725	35,421	38,461	2,576,836	2,697,186
Improvements Other Than Buildings	4,959,839	5,313,281	11,441,964	10,581,344	16,401,803	15,894,625
Infrastructure	18,061,827	18,808,314	-	-	18,061,827	18,808,314
Vehicles and Equipment	2,626,484	2,884,872	290,345	338,618	2,916,829	3,223,490
Intangibles	-	-	3,294,710	3,013,788	3,294,710	3,013,788
Construction in Progress	6,265,882	379,536	6,837,375	1,663,840	13,103,257	2,043,376
Total capital assets, net	<u>\$ 40,127,499</u>	<u>\$ 35,716,780</u>	<u>\$ 22,362,396</u>	<u>\$ 15,686,651</u>	<u>\$ 62,489,895</u>	<u>\$ 51,403,431</u>

**CITY OF LONGWOOD, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Noncurrent Liabilities. At September 30, 2017, 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	
	2017	2016	2017	2016	2017	2016
Capital Leases	\$ 786,318	\$ 1,047,407	\$ 104,400	\$ 139,200	\$ 890,718	\$ 1,186,607
Note Payable	10,417,836	1,312,571	1,791,364	-	12,209,200	1,312,571
Net Pension liability	2,539,171	2,239,777	238,756	149,827	2,777,927	2,389,604
OPEB Liability	1,110,757	865,594	99,243	68,406	1,210,000	934,000
Compensated Absences	950,248	861,081	53,200	53,611	1,003,448	914,692
Total	<u>\$ 15,804,330</u>	<u>\$ 6,326,430</u>	<u>\$ 2,286,963</u>	<u>\$ 411,044</u>	<u>\$ 18,091,293</u>	<u>\$ 6,737,474</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the current fiscal year, fund balance in the General Fund decreased by \$644,507 to \$3,322,369. The City has appropriated \$1,226,219 of this amount for spending in the 2017/2018 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 2017/2018 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.



This page intentionally left blank

BASIC FINANCIAL STATEMENTS



This page intentionally left blank

CITY OF LONGWOOD, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 9,316,648	\$ -	\$ 9,316,648
Investments	4,606,199	-	4,606,199
Accounts Receivable, net of allowance	492,820	521,967	1,014,787
Due From Other Governmental Units	658,032	1,678,194	2,336,226
Internal balances	822,626	(822,626)	-
Prepays	5,416	-	5,416
Restricted Cash	-	1,057,731	1,057,731
Impact Fees and Assessments Receivable	-	141,994	141,994
Capital Assets:			
Not being depreciated	11,937,934	7,299,956	19,237,890
Being depreciated, net	28,189,565	15,062,440	43,252,005
Total assets	<u>56,029,240</u>	<u>24,939,656</u>	<u>80,968,896</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Pension Earnings	5,039,910	96,324	5,136,234
Total deferred outflows of resources	<u>5,039,910</u>	<u>96,324</u>	<u>5,136,234</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	2,576,051	2,347,590	4,923,641
Due to Other Governmental Units	17,907	-	17,907
Unearned Revenues	265,581	-	265,581
Customer Deposits	-	199,713	199,713
Accrued interest	76,039	-	76,039
Noncurrent Liabilities:			
Due within one year	1,421,000	138,797	1,559,797
Due in more than one year	14,383,330	2,148,166	16,531,496
Total liabilities	<u>18,739,908</u>	<u>4,834,266</u>	<u>23,574,174</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Pension Earnings	2,470,663	76,690	2,547,353
Total deferred inflows of resources	<u>2,470,663</u>	<u>76,690</u>	<u>2,547,353</u>
NET POSITION			
Net Investment in Capital Assets	28,923,345	20,446,633	49,369,978
Restricted for:			
Renewal and Replacement	-	858,018	858,018
Special law enforcement	63,688	-	63,688
Unrestricted	10,871,546	(1,179,627)	9,691,919
Total net position	<u>\$ 39,858,579</u>	<u>\$ 20,125,024</u>	<u>\$ 59,983,603</u>

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



This page intentionally left blank

**CITY OF LONGWOOD, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 4,319,728	\$ 129,551	\$ -	\$ -	\$ (4,190,177)	\$ -	\$ (4,190,177)
Public Safety	9,546,105	1,872,638	148,738	1,317	(7,523,412)	-	(7,523,412)
Physical Environment	311,652	733,713	103,474	134,710	660,245	-	660,245
Highways & Streets	2,245,024	-	404,776	862,071	(978,177)	-	(978,177)
Sanitation	1,030,835	1,118,379	-	-	87,544	-	87,544
Parks and Recreation	1,111,402	186,302	-	95,691	(829,409)	-	(829,409)
Interest on Long-term debt	305,208	-	-	-	(305,208)	-	(305,208)
Total governmental activities	18,869,954	4,040,583	656,988	1,093,789	(13,078,594)	-	(13,078,594)
Business-type activities:							
Public Utilities	3,130,648	5,298,510	-	2,129,281	-	4,297,143	4,297,143
Total business-type activities	3,130,648	5,298,510	-	2,129,281	-	4,297,143	4,297,143
Total primary government	\$ 22,000,602	\$ 9,339,093	\$ 656,988	\$ 3,223,070	(13,078,594)	4,297,143	(8,781,451)
General Revenues:							
Taxes:							
Property taxes					5,002,183	-	5,002,183
Franchise and utility taxes					3,107,013	-	3,107,013
Communications services tax					767,704	-	767,704
Unrestricted intergovernmental revenues					1,518,757	-	1,518,757
Unrestricted investment earnings					74,779	10,970	85,749
Miscellaneous					135,853	-	135,853
Gain on Sale of Capital Assets					68,000	-	68,000
Transfers					1,320,208	(1,320,208)	-
Total general revenues and transfers					11,994,497	(1,309,238)	10,685,259
Change in net position					(1,084,097)	2,987,905	1,903,808
Net Position - beginning					40,942,676	17,137,119	58,079,795
Net Position - ending					\$ 39,858,579	\$ 20,125,024	\$ 59,983,603

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

CITY OF LONGWOOD, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 5,809,114	\$ 198,534	\$ -
Investments	4,606,199	-	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	202,926	181,456	39,000	-
Due From Other Funds	-	-	-	-
Due From Other Governmental Units	296,070	97,170	1,509	128,573
Prepays	5,416	-	-	-
Advances to Other Funds	140,000	215,000	-	-
Total assets	<u>\$ 5,250,611</u>	<u>\$ 6,302,740</u>	<u>\$ 239,043</u>	<u>\$ 128,573</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 1,264,061	\$ 386,815	\$ 1,292	\$ -
Accrued liabilities	199,346	-	-	-
Due to other funds	194,267	-	-	128,573
Advances from other funds	-	-	355,000	-
Due to other governments	8,982	-	-	-
Unearned revenue	261,586	-	-	-
Total liabilities	<u>1,928,242</u>	<u>386,815</u>	<u>356,292</u>	<u>128,573</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>181,456</u>	<u>39,000</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	145,416	-	-	-
Spendable:				
Restricted	-	-	-	-
Committed	-	5,734,469	-	-
Assigned	1,226,219	-	-	-
Unassigned	1,950,734	-	(156,249)	-
Total fund balances	<u>3,322,369</u>	<u>5,734,469</u>	<u>(156,249)</u>	<u>-</u>
Total Liabilities, deferred inflows and fund balances(deficits)	<u>\$ 5,250,611</u>	<u>\$ 6,302,740</u>	<u>\$ 239,043</u>	<u>\$ 128,573</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,964,509	\$ 1,344,491	\$ 9,316,648
-	-	4,606,199
-	69,438	492,820
1,264,489	-	1,264,489
-	134,710	658,032
-	-	5,416
-	-	355,000
<u>\$ 3,228,998</u>	<u>\$ 1,548,639</u>	<u>\$ 16,698,604</u>
\$ 546,167	\$ 171,871	\$ 2,370,206
-	6,499	205,845
-	119,023	441,863
-	-	355,000
-	8,925	17,907
-	3,995	265,581
<u>546,167</u>	<u>310,313</u>	<u>3,656,402</u>
-	-	220,456
-	-	145,416
-	1,316,148	1,316,148
2,682,831	-	8,417,300
-	-	1,226,219
-	(77,822)	1,716,663
<u>2,682,831</u>	<u>1,238,326</u>	<u>12,821,746</u>
<u>\$ 3,228,998</u>	<u>\$ 1,548,639</u>	<u>\$ 16,698,604</u>

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



This page intentionally left blank

**CITY OF LONGWOOD, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

Total Fund Balance, Governmental Funds	\$ 12,821,746
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.	40,127,499
Certain other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	220,456
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.	2,569,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,880,369)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 39,858,579</u></u>

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

CITY OF LONGWOOD, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
REVENUES				
Taxes:				
Property tax	\$ 5,002,183	\$ -	\$ -	\$ -
Franchise tax	1,580,707	-	-	-
Utility tax	1,526,306	-	-	-
Communications services tax	767,704	-	-	-
Local option gas tax	-	404,776	-	-
Licenses and Permits	191,047	-	-	-
Intergovernmental Revenue	1,612,592	862,071	-	245,746
Charges for Services	2,049,895	-	-	-
Fines and Forfeitures	134,771	-	-	-
Special Assessments	-	48,926	90,872	-
Investment Earnings	2,131	57,486	1,407	169
Miscellaneous Revenue	186,109	-	-	-
Total revenues	<u>13,053,445</u>	<u>1,373,259</u>	<u>92,279</u>	<u>245,915</u>
EXPENDITURES				
Current:				
General government	3,550,289	-	-	-
Public safety	7,927,298	-	-	150,908
Physical environment	-	-	74,057	-
Highways and streets	1,444,878	-	-	-
Sanitation	1,030,835	-	-	-
Parks and recreation	993,475	-	-	-
Debt Service:				
Principal	325,288	688,000	-	-
Interest and other charges	48,401	144,660	-	-
Capital Outlay	66,533	3,857,712	-	95,691
Total expenditures	<u>15,386,997</u>	<u>4,690,372</u>	<u>74,057</u>	<u>246,599</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,333,552)</u>	<u>(3,317,113)</u>	<u>18,222</u>	<u>(684)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,689,729	-	-	684
Transfers Out	(684)	-	-	-
Notes Payable Issued	-	5,900,000	-	-
Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,689,045</u>	<u>5,900,000</u>	<u>-</u>	<u>684</u>
Net Change in Fund Balances	(644,507)	2,582,887	18,222	-
Fund Balances - beginning	3,966,876	3,151,582	(174,471)	-
Fund Balances - ending	<u>\$ 3,322,369</u>	<u>\$ 5,734,469</u>	<u>\$ (156,249)</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
\$ -	\$ -	\$ 5,002,183
-	-	1,580,707
-	-	1,526,306
-	-	767,704
-	-	404,776
-	831,089	1,022,136
9,639	134,710	2,864,758
-	677,819	2,727,714
-	23,514	158,285
-	-	139,798
4,626	8,960	74,779
-	26,298	212,407
<u>14,265</u>	<u>1,702,390</u>	<u>16,481,553</u>
-	-	3,550,289
-	305,570	8,383,776
-	211,877	285,934
-	-	1,444,878
-	-	1,030,835
584	-	994,059
-	42,536	1,055,824
53,012	4,682	250,755
2,003,957	665,535	6,689,428
<u>2,057,553</u>	<u>1,230,200</u>	<u>23,685,778</u>
<u>(2,043,288)</u>	<u>472,190</u>	<u>(7,204,225)</u>
-	-	1,690,413
-	(369,521)	(370,205)
4,000,000	-	9,900,000
82,407	-	82,407
<u>4,082,407</u>	<u>(369,521)</u>	<u>11,302,615</u>
2,039,119	102,669	4,098,390
643,712	1,135,657	8,723,356
<u>\$ 2,682,831</u>	<u>\$ 1,238,326</u>	<u>\$ 12,821,746</u>

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



This page intentionally left blank

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, 2017

Net Change in Fund Balances - total governmental funds:	\$	4,098,390
---	----	-----------

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	6,760,394	
Current Year Depreciation	<u>(2,335,268)</u>	4,425,126

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and disposals) is to decrease net position	(14,407)
---	----------

Cash pension contributions reported in the funds were more than the calculated pension expense on the statement of activities, and therefore increased net position	(276,343)
---	-----------

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	(245,163)	
Accrued interest	(54,453)	
Compensated absences	<u>(89,167)</u>	(388,783)

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	(9,900,000)	
Principal Payments	<u>1,055,824</u>	(8,844,176)

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>(83,904)</u>
--	-----------------

Change in Net Position of Governmental Activities	\$	<u><u>(1,084,097)</u></u>
---	----	---------------------------

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

CITY OF LONGWOOD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property taxes	\$ 4,906,558	\$ 4,906,558	\$ 5,002,183	\$ 95,625
Franchise tax	1,617,104	1,617,104	1,580,707	(36,397)
Utility tax	1,508,791	1,508,791	1,526,306	17,515
Communications services tax	718,279	718,279	767,704	49,425
Licenses and Permits	196,402	196,402	191,047	(5,355)
Intergovernmental Revenue	1,578,472	1,578,472	1,610,340	31,868
Charges for Services	2,168,872	2,170,203	2,049,895	(120,308)
Fines and Forfeitures	150,149	150,149	134,771	(15,378)
Investment Earnings	8,577	8,577	2,131	(6,446)
Miscellaneous Revenue	239,381	239,381	186,109	(53,272)
Total revenues	<u>13,092,585</u>	<u>13,093,916</u>	<u>13,051,193</u>	<u>(42,723)</u>
EXPENDITURES				
Current:				
General government:				
City commission	53,245	53,360	43,843	9,517
City clerk	324,182	344,158	327,502	16,656
City manager	167,782	174,796	168,060	6,736
City attorney	160,000	159,884	148,827	11,057
Personnel	689,984	765,204	750,830	14,374
Purchasing	89,257	92,606	87,011	5,595
Finance	318,289	338,614	310,476	28,138
Utility billing	290,041	321,370	296,057	25,313
Community development	704,124	743,222	571,738	171,484
Other-unclassified	912,642	981,959	918,735	63,224
Total general government	<u>3,709,546</u>	<u>3,975,173</u>	<u>3,623,079</u>	<u>352,094</u>
Public safety:				
Police	4,360,573	4,417,975	4,307,069	110,906
Fire	4,015,320	4,026,104	3,913,134	112,970
Total public safety	<u>8,375,893</u>	<u>8,444,079</u>	<u>8,220,203</u>	<u>223,876</u>

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

**CITY OF LONGWOOD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Highways and streets:				
Streets and fleet	\$ 1,282,127	\$ 2,505,742	\$ 1,444,878	\$ 1,060,864
Total highways and streets	1,282,127	2,505,742	1,444,878	1,060,864
Sanitation	1,020,000	1,030,836	1,030,835	1
Parks and recreation:				
Recreational programs	1,064,032	1,117,863	999,217	118,646
Total parks and recreation	1,064,032	1,117,863	999,217	118,646
Capital Outlay	30,200	161,164	66,533	94,631
Total expenditures	15,481,798	17,234,857	15,384,745	1,850,112
Excess (deficiency) of revenues over expenditures	(2,389,213)	(4,140,941)	(2,333,552)	1,807,389
OTHER FINANCING SOURCES (USES)				
Transfers In	1,635,317	1,689,729	1,689,729	-
Transfers Out	(2,500)	(2,500)	(684)	1,816
Total Other Financing Sources (Uses)	1,632,817	1,687,229	1,689,045	1,816
Net Change in Fund Balances	(756,396)	(2,453,712)	(644,507)	1,809,205
Fund Balance - beginning	3,966,876	3,966,876	3,966,876	-
Fund Balance - ending	\$ 3,210,480	\$ 1,513,164	\$ 3,322,369	\$ 1,809,205

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Beautification Assessments	\$ 87,473	\$ 87,473	\$ 90,872	\$ 3,399
Investment Earnings	150	150	1,407	1,257
Total revenues	87,623	87,623	92,279	4,656
EXPENDITURES				
Current:				
Physical environment:				
Streets and fleet	80,158	123,591	74,057	49,534
Total expenditures	80,158	123,591	74,057	49,534
Excess (Deficiency) of				
Revenues Over Expenditures	7,465	(35,968)	18,222	54,190
Fund Deficit - beginning	(174,471)	(174,471)	(174,471)	-
Fund Deficit - ending	<u>\$ (167,006)</u>	<u>\$ (210,439)</u>	<u>\$ (156,249)</u>	<u>\$ 54,190</u>

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

**CITY OF LONGWOOD, FLORIDA
GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 1,110,802	\$ 1,110,802	\$ 245,746	\$ (865,056)
Interest	-	-	169	169
Total revenues	1,110,802	1,110,802	245,915	(864,887)
EXPENDITURES				
Current:				
Public safety:				
Police	183,302	199,034	150,908	48,126
Total public safety	183,302	199,034	150,908	48,126
Capital Outlay	1,550,000	1,534,268	95,691	1,438,577
Total expenditures	1,733,302	1,733,302	246,599	1,486,703
Excess (Deficiency) of				
Revenues Over Expenditures	(622,500)	(622,500)	(684)	621,816
OTHER FINANCING SOURCES (USES)				
Transfers In	622,500	622,500	684	(621,816)
Total Other Financing Sources and Uses	622,500	622,500	684	(621,816)
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, 2017

	<u>Public Utilities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable, net	521,967
Restricted cash	1,057,731
Receivables from other governments	<u>1,678,194</u>
Total current assets	<u>3,257,892</u>
Noncurrent assets:	
Impact fees and assessments receivable	141,994
Capital Assets:	
Not being depreciated	7,299,956
Being depreciated, net	<u>15,062,440</u>
Total noncurrent assets	<u>22,504,390</u>
Total assets	<u>25,762,282</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pension earnings	<u>96,324</u>
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	1,792,668
Retainage payable	554,922
Due to other funds	822,626
Capital lease payable	34,800
Compensated absences	5,320
Customer deposits	199,713
Notes payable	<u>98,677</u>
Total current liabilities	<u>3,508,726</u>
Noncurrent liabilities:	
Compensated absences	47,880
Net pension liability	238,756
OPEB	99,243
Capital lease payable	69,600
Notes payable	<u>1,692,687</u>
Total noncurrent liabilities	<u>2,148,166</u>
Total liabilities	<u>5,656,892</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pension earnings	<u>76,690</u>
NET POSITION	
Net investment in capital assets	20,446,633
Restricted for renewal and replacement	858,018
Unrestricted	<u>(1,179,627)</u>
Total net position	<u><u>\$ 20,125,024</u></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, 2017

	<u>Public Utilities</u>
Operating Revenues:	
Charges for sales and services	\$ 5,206,181
Miscellaneous	<u>92,329</u>
Total operating revenues	<u>5,298,510</u>
Operating Expenses:	
Personnel	816,358
Supplies and services	1,563,844
Amortization	153,250
Depreciation	<u>594,540</u>
Total operating expenses	<u>3,127,992</u>
Operating income	<u>2,170,518</u>
Nonoperating Revenues (Expenses):	
Investment earnings	10,970
Interest expense	<u>(2,656)</u>
Total nonoperating expenses	<u>8,314</u>
Income before contributions and transfers	2,178,832
Capital Contributions	2,129,281
Transfers Out	<u>(1,320,208)</u>
Change in Net Position	2,987,905
Net Position - beginning	<u>17,137,119</u>
Net Position - ending	<u><u>\$ 20,125,024</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, 2017**

	Business-Type Activities Public Utilities
Cash Flows From Operating Activities:	
Receipts from customers	\$ 5,502,378
Payments to suppliers	(1,554,845)
Payments to employees	(708,860)
Net cash provided by operating activities	<u>3,238,673</u>
Cash Flows From Noncapital Financing Activities:	
due to other funds	822,626
Transfers to other funds	(1,320,208)
Net cash used in noncapital financing activities	<u>(497,582)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(5,221,334)
Interest payments	(2,656)
Grants	451,087
Principal payments on capital leases	(34,800)
Proceeds from notes payable	1,791,364
Net cash provided(used) in capital and related financing activities	<u>(3,016,339)</u>
Cash Flows From Investing Activities:	
Investment income	10,970
Net cash provided by investing activities	<u>10,970</u>
Net Decrease in Cash and Cash Equivalents	(264,278)
Cash and Cash Equivalents - beginning of year	1,322,009
Cash and Cash Equivalents - end of year	<u><u>\$ 1,057,731</u></u>
Classified as:	
Cash and cash equivalents	\$ -
Restricted cash - customer deposits	1,057,731
Total cash and cash equivalents	<u><u>\$ 1,057,731</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 2,170,518
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	594,540
Amortization expense	153,250
Increase in accounts receivable	180,940
Increase in deferred outflows	(41,379)
Decrease in assessments receivable	34,563
Decrease in accounts payable	8,999
Increase in OPEB	30,837
Decrease in compensated absences	(411)
Decrease in customer deposits	(11,635)
Decrease in deferred inflows	29,522
Decrease in net pension liability	88,929
Net cash provided by operating activities	<u><u>\$ 3,238,673</u></u>
Noncash capital and financing activities:	
Transfers of capital assets to governmental capital assets	<u><u>\$ -</u></u>

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

**CITY OF LONGWOOD, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2017**

	<u>Pension Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 61,468
Receivables:	
Employer and employee	644,611
Total receivables	<u>644,611</u>
Investments, at fair value:	
U.S. Government obligations	5,962,427
Equities	9,343,184
Total Investments	<u>15,305,611</u>
Total assets	<u>16,011,690</u>
 NET POSITION	
Net Position Restricted for Pensions	<u><u>16,011,690</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, 2017

	<u>Pension Fund</u>
ADDITIONS	
Contributions:	
City	\$ 879,225
State	2,252
Employee	41,578
Total contributions	<u>923,055</u>
Investment Earnings:	
Net decrease in the fair value of investments	<u>1,808,976</u>
Net investment earnings(loss)	<u>1,808,976</u>
Total additions	<u>2,732,031</u>
DEDUCTIONS	
Refunds of Contributions	53,435
Administrative Expenses	43,844
Total deductions	<u>97,279</u>
Change in net position	2,634,752
Net Position - beginning	<u>13,376,938</u>
Net Position - ending	<u><u>\$ 16,011,690</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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, 2017

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, 2017

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, 2017

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

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

Major Proprietary Fund

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

Fiduciary Fund

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

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City currently holds \$1,000 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, 2017

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, 2017 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, 2017

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 and amounts for renewal and replacement 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 acquisition 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 2017.

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, 2017

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, 2017

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, 2017

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.

*** THIS SECTION INTENTIONALLY LEFT BLANK ***

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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	\$ 1,612,592	\$ 7,927,298
Principal and Interest	-	295,157
Nonbudgeted On-behalf Payments	(2,252)	(2,252)
Budgetary Basis	<u>\$ 1,610,340</u>	<u>\$ 8,220,203</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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 2017 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 \$156,249, the Police Education Special Revenue Fund has a deficit fund balance of \$1,339 and the Stormwater fund has a deficit fund balance of \$76,483 at September 30, 2017.

C. Appropriations in Excess of Funds Available

Appropriations for the Special Assessments, and Police Education 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, 2017

Note 4 - Deposits and Investments:

A. Deposits

At September 30, 2017, the carrying amount of the City's deposits was \$10,374,379 and the bank balance was \$10,662,027. Fiduciary fund cash of \$61,468 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, 2017, all of the City's bank deposits were in qualified public depositories.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017 are detailed below:

Investment Type	Fair Value	Credit Rating	Weighted Avg. Maturity
LGIP:			
Florida Prime	\$ 4,606,199	AAAm	51 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 September 30, 2017:

Investments Valued by Fair Value Level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Pension Fixed Income Securities	\$ 5,962,427	\$ -	\$ 5,962,427
Pension Equity Securities	9,343,184	-	9,343,184
	<u>\$ 15,305,611</u>	<u>\$ -</u>	<u>\$ 15,305,611</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017 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	\$ 5,962,427	6.10 years	Aaf/S4
Equities	<u>9,343,184</u>	N/A	Not rated
Total investments	15,305,611		
Cash and cash equivalents	<u>61,468</u>		
Total cash and investments	<u>\$ 15,367,079</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, 2017, 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, 2017, there were no security investments in the Trust that were over their respective limitations.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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	\$ 212,414	\$ (9,488)	\$ 202,926
Public facilities improvement fund	181,456	-	181,456
Special assessments fund	39,000	-	39,000
Stormwater management fund	109,267	(39,829)	69,438
	<u>542,137</u>	<u>(49,317)</u>	<u>492,820</u>
Proprietary Fund:			
Public utilities	<u>563,854</u>	<u>(41,887)</u>	<u>521,967</u>
	<u>\$ 1,105,991</u>	<u>\$ (91,204)</u>	<u>\$ 1,014,787</u>

\$181,456 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, \$39,000 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 \$220,456 are reported as deferred inflows of resources in the governmental funds balance sheet.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

Note 6 - Capital Assets:

Capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,672,052	\$ -	\$ -	\$ 5,672,052
Construction in progress	379,536	5,912,957	(26,611)	6,265,882
Total capital assets, not being depreciated	6,051,588	5,912,957	(26,611)	11,937,934
Capital assets, being depreciated:				
Buildings	4,978,998	-	-	4,978,998
Improvements other than buildings	7,547,835	-	-	7,547,835
Infrastructure	31,739,743	5,196	-	31,744,939
Vehicles and equipment	9,616,712	868,852	(444,568)	10,040,996
Total capital assets, being depreciated	53,883,288	874,048	(444,568)	54,312,768
Less accumulated depreciation for:				
Buildings	(2,320,273)	(117,310)		(2,437,583)
Improvements other than buildings	(2,234,554)	(353,442)	-	(2,587,996)
Infrastructure	(12,931,429)	(751,683)	-	(13,683,112)
Vehicles and equipment	(6,731,840)	(1,112,833)	430,161	(7,414,512)
Total accumulated depreciation	(24,218,096)	(2,335,268)	430,161	(26,123,203)
Total capital assets, being depreciated, net	29,665,192	(1,461,220)	(14,407)	28,189,565
Governmental Activities Capital Assets, net	<u>\$ 35,716,780</u>	<u>\$ 4,451,737</u>	<u>\$ (41,018)</u>	<u>\$ 40,127,499</u>

*** THIS SECTION INTENTIONALLY LEFT BLANK ***

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

Note 6 - Capital Assets (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 50,600	\$ 411,981	\$ -	\$ 462,581
Construction in progress	1,663,840	6,522,996	(1,349,461)	6,837,375
Total capital assets, not being depreciated	1,714,440	6,934,977	(1,349,461)	7,299,956
Capital assets, being depreciated:				
Buildings	114,235	-	-	114,235
Improvements other than buildings	26,100,244	1,349,461	-	27,449,705
Vehicles and equipment	1,509,715	54,386	(14,970)	1,549,131
Intangibles	5,695,850	434,172	-	6,130,022
Total capital assets, being depreciated	33,420,044	1,838,019	(14,970)	35,243,093
Less accumulated depreciation for:				
Buildings	(75,774)	(3,040)	-	(78,814)
Improvements other than buildings	(15,518,900)	(488,841)	-	(16,007,741)
Vehicles and equipment	(1,171,097)	(102,659)	14,970	(1,258,786)
Intangibles	(2,682,062)	(153,250)	-	(2,835,312)
Total accumulated depreciation	(19,447,833)	(747,790)	14,970	(20,180,653)
Total capital assets, being depreciated, net	13,972,211	1,090,229	-	15,062,440
Business-type Activities Capital Assets, net	<u>\$ 15,686,651</u>	<u>\$ 8,025,206</u>	<u>\$ (1,349,461)</u>	<u>\$ 22,362,396</u>

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

Governmental Activities:	
General government	\$ 687,436
Public safety	758,749
Highways and streets	814,902
Parks and recreation	74,181
Total depreciation expense - governmental activities	<u>\$ 2,335,268</u>
Business-type Activities:	
Public utilities	<u>\$ 747,790</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 2017, \$434,172 additional units were acquired, and amortization was recorded in the amount of \$153,250, resulting in unamortized sewer capacity balance of \$3,294,710 at September 30, 2017.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

Note 7 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances at September 30, 2017 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Assessments Fund	\$ 140,000
Public Facilities Improvement Fund	Special Assessments Fund	215,000
Capital Projects Fund	General Fund	194,267
Capital Projects Fund	Grant Fund	128,573
Capital Projects Fund	Nonmajor Governmental Funds	119,023
Capital Projects Fund	Public Utilities Fund	822,626

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, 2017 is:

	Transfers In		
	General Fund	Grant Fund	Total
Transfer Out:			
General Fund	\$ -	\$ 684	\$ 684
Nonmajor Governmental Funds	369,521	-	369,521
Public Utilities Fund	1,320,208	-	1,320,208
Total	\$ 1,689,729	\$ 684	\$ 1,690,413

The transfers in to the General Fund are to cover costs of 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.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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	\$ 2,901,689	\$ -
Less: accumulated depreciation	(2,397,603)	-
	<u>\$ 504,086</u>	<u>\$ -</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017 were as follows:

Fiscal year ending September 30,	Governmental Activities	Business-type Activities
2018	\$ 284,655	\$ 36,698
2019	283,100	35,939
2020	164,038	35,180
2021	91,950	-
Total minimum lease payments	823,743	107,817
Less: amount representing interest	(37,425)	(3,417)
Present value of minimum lease payments	<u>\$ 786,318</u>	<u>\$ 104,400</u>

As lessor:

As of September 30, 2017, the City leases certain property pursuant to operating lease agreements which expire in 2056. For the year ended September 30, 2017 rental income totaled \$76,554. Minimum future rentals in years subsequent to September 30, 2017 are:

Fiscal year ending September 30,	Amount
2018	\$ 60,614
2019	14,598
2020	14,598
2021	14,598
2022	14,598
Thereafter	452,538
	<u>\$ 571,544</u>

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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 \$1,344,300. For the fiscal year, principal and interest paid on this series was \$134,698.

The City issued Transportation Improvement Revenue Note, Series 2016 in the amount of \$5,900,000 with interest of 1.45% to finance various transportation improvements. Note is secured local option gas tax and the infrastructure sales surtax. Total principal and interest remaining to be paid on this series is \$5,518,632. For the fiscal year, principal and interest paid on this series was \$765,470 and total pledged revenue was \$1,266,847.

The City issued Capital Improvement Revenue Note, Series 2017 in the amount of \$4,000,000 with interest of 2.78% to finance park and recreational improvements. Note is secured by a covenant to budget and appropriate. Total principal and interest remaining to be paid on this series is \$4,904,157. For the fiscal year, no principal and interest was due.

In 2017, the City executed the Clean Water State Revolving Fund Loan agreement WW590500 for the South Longwood Septic Tank Abatement Phase I project. This agreement provides for total funding of \$4,089,103. The loan period is for 20 years with an interest rate of .91 percent. The note is secured by gross revenues from the water and sewer systems net of operations and maintenance costs. Principal and interest remaining to be paid on this series is \$1,870,747. The first payment on this loan is due September 15, 2018.

Annual debt service requirements to maturity for revenue notes are as follows:

Year ending September 30,	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	Principal	Interest	Principal	Interest
2018	\$ 1,080,729	\$ 167,267	\$ 98,677	\$ 15,598
2019	1,051,443	193,847	213,631	14,919
2020	1,068,692	174,798	215,580	12,970
2021	1,084,863	155,560	217,546	11,004
2022	1,102,716	135,549	219,530	9,020
2023-2027	3,525,673	392,753	826,400	15,872
2028-2032	1,503,720	129,479	-	-
	<u>\$10,417,836</u>	<u>\$1,349,253</u>	<u>\$1,791,364</u>	<u>\$ 79,383</u>

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

Note 9 - Noncurrent Liabilities (Continued):

A summary of noncurrent liability activity for the year ended September 30, 2017 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 1,047,407	\$ -	\$ (261,089)	\$ 786,318	\$ 245,246
Notes payable	1,312,571	9,900,000	(794,735)	10,417,836	1,080,729
Net pension liability -					
FRS & HIS	2,239,777	-	(49,682)	2,190,095	-
Police and Fire	-	349,076	-	349,076	-
OPEB liability	865,594	245,163	-	1,110,757	-
Compensated absences	861,081	608,584	(519,417)	950,248	95,025
	<u>\$ 6,326,430</u>	<u>\$ 11,102,823</u>	<u>\$ (1,624,923)</u>	<u>\$ 15,804,330</u>	<u>\$ 1,421,000</u>
Business-type Activities:					
Capital leases payable	\$ 139,200	\$ -	\$ (34,800)	\$ 104,400	\$ 34,800
SRF loan payable	-	1,791,364	-	1,791,364	98,677
Net pension liability -					
FRS & HIS	149,827	88,929	-	238,756	-
OPEB liability	68,406	30,837	-	99,243	-
Compensated absences	53,611	35,894	(36,305)	53,200	5,320
	<u>\$ 411,044</u>	<u>\$ 1,947,024</u>	<u>\$ (71,105)</u>	<u>\$ 2,286,963</u>	<u>\$ 138,797</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. In the prior year \$1,312,571 was used under this line, and in the current year \$4,000,000 was used under this line.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017 are as follows:

Regular Class - Members not qualifying for other classes (10.92% [includes 3% employee contribution] from July 1, 2017 through September 30, 2017 and 10.52% [includes 3% employee contribution] from October 1, 2016 through June 30, 2017.)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (26.27% [includes 3% employee contribution] from July 1, 2017 through September 30, 2017 and 25.57% [includes 3% employee contribution] from October 1, 2016 through June 30, 2017.)

DROP - Members in DROP program (13.26% from July 1, 2017 through September 30, 2017 and 12.99% from October 1, 2016 through June 30, 2017.)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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.

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, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular-7.52% and 7.92%; Special Risk-22.57% and 23.27%; and DROP participants-12.99% and 13.26%.

These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively.

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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

Contributions (continued) - The City's contributions, including employee contributions, to the Pension Plan totaled \$183,096 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the City reported a liability of \$2,025,647 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was .00685 percent, which was a decrease of .0006 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$175,296. 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	\$ 185,906	\$ 11,221
Change of Assumptions	680,760	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	50,201
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	508,091
Pension Plan Contributions Subsequent to the Measurement Date	50,591	-
	<u>\$ 917,257</u>	<u>\$ 569,513</u>

The deferred outflows of resources related to the Pension Plan, totaling \$50,591 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, 2018. 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, 2017

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

Florida Retirement System (Continued)

Pension Plan (FRS)

<u>Year Ended September 30,</u>	
2018	\$ (56,983)
2019	117,274
2020	87,325
2021	(8,073)
2022	113,081
Thereafter	44,529
	<u>\$ 297,153</u>

Actuarial Assumptions - The total pension liability in the June 30, 2017 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	7.10%, 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, 2017, 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, 2017

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00%	4.50%	4.40%	4.20%
Global Equities	53.00%	7.80%	6.60%	17.00%
Real Estate	10.00%	6.60%	5.90%	12.80%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	9.70%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. 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 7.10%, 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 (6.10%) or one percentage point higher (8.10%) than the current rate:

	Discount Rate Minus 1% 6.10%	Current Discount Rate 7.10%	Discount Rate Plus 1% 8.10%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 3,666,298	\$ 2,025,647	\$ 663,530

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017, the City reported a payable in the amount of \$29,626 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

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, 2017, 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, 2017, the HIS contribution for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 was 1.66% 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 \$20,465 for the fiscal year September 30, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017, the City reported a liability of \$403,204 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the City's proportionate share was .0038 percent, which was a decrease of .0005 percent from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$8,173. 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
Change of Assumptions	\$ 56,677	\$ 34,866
Differences Between Expected and Actual Experience	-	840
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	224	-
Changes in Proportion and Differences Between Pension Plan Contributions and Proportionate Share of Contributions	-	174,950
Pension Plan Contributions Subsequent to the Measurement Date	5,749	-
	<u>\$ 62,650</u>	<u>\$ 210,656</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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 \$5,749 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, 2018. 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>	
2018	\$ (32,233)
2019	(32,275)
2020	(32,295)
2021	(26,309)
2022	(14,993)
Thereafter	(15,650)
	<u>\$ (153,755)</u>

Actuarial Assumptions - The total pension liability in the July 1, 2017, 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	3.58 % 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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.58%. 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, 2017

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

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	Discount Rate Minus 1% 2.58%	Current Discount Rate 3.58%	Discount Rate Plus 1% 4.58%
City's Proportionate Share of Net Pension Liability (FRS)	\$ 460,109	\$ 403,204	\$ 355,805

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017, 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, 2017, 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, 2017

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, 2017:

	Police and Firefighters' Pension Trust
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	52
Active Plan Members	67
	<u>121</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, 2017 was 21.2% of covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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 September 30, 2017, and the pension liability was determined by an actuarial valuation as of October 1, 2016 updated to September 30, 2017. The components of the net pension liability of the sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 14,127,366
Less Fiduciary Net Position	<u>(13,778,290)</u>
Net Pension Liability (Asset)	<u>\$ 349,076</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.53%

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 \$2,233,400. 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, 2016 updated to September 30, 2017 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 sex-distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB. 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, 2017

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%	.50% per annum
Multi-sector	24.00%	1.00% per annum
U.S. Large Cap Equity	39.00%	6.00% per annum
U.S. Small Cap Equity	11.00%	6.75% per annum
Non-U.S. Equity	10.00%	6.75% per annum
Total or Weighted Arithmetic Average	<u>100.00%</u>	4.08% per annum

Discount rate - The discount rate used to measure the total pension liability at September 30, 2017 was 7.00%. 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, 2017

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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2016	\$ 10,896,402	\$ (11,289,665)	\$ (393,263)
Changes for a Year:			
Service Cost	853,537	-	853,537
Expected interest growth	815,869	(818,689)	(2,820)
Unexpected investment income	-	(844,178)	(844,178)
Demographic experience	1,208,857	-	1,208,857
Assumption changes	406,136	-	406,136
Contributions-employer & state	-	(881,459)	(881,459)
Contributions-employee	-	(41,578)	(41,578)
Benefit payments and refunds	(53,435)	53,435	-
Administrative Expense	-	43,844	43,844
Balances at September 30, 2017	<u>\$ 14,127,366</u>	<u>\$ (13,778,290)</u>	<u>\$ 349,076</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)	\$ 2,800,844	\$ 349,076	\$ (1,617,105)

CITY OF LONGWOOD, FLORIDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017 the City recognized pension expense of \$1,271,313. On September 30, 2017, 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	\$ 413,459	\$ 756,466
Net difference of demographic gain/loss	1,178,975	272,068
Net changes of assumptions	2,563,893	738,650
Total change	<u>\$ 4,156,327</u>	<u>\$ 1,767,184</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>
2018	\$ 418,332
2019	428,611
2020	221,883
2021	245,499
2022	414,333
Thereafter	660,485
	<u>\$ 2,389,143</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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, 2017, employer contributions required and made totaled \$261,474.

At September 30, 2017. There were 58 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, 2017, \$110,192 in 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, 2017

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. AT that point in time, the unfunded actuarial accrued liability (UAAL) for benefits was \$2,291,000 and the funded ratio was 0%. 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, 2017 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>934,000</u>
Net OPEB Obligation (End of Year)	<u>\$ 1,210,000</u>

Three year trend information:

Fiscal year ending	Annual OPEB Cost	Actual contributed	Percent Contributed	Net OPEB Obligation
09/30/2015	\$ 363,493	\$ 90,000	24.8%	\$ 658,000
09/30/2016	366,000	90,000	24.6%	934,000
09/30/2017	366,000	90,000	24.6%	1,210,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2017

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 2017. 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, 2016 through September 30, 2017 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, 2017

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, 2017

Note 12 - Fund Balances (Continued):

At September 30, 2017, 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	\$ 5,416	\$ -	\$ -	\$ -		\$ 5,416
Advances	140,000	-	-	-	-	140,000
Restricted for:						
Public safety - Special						
law enforcement	-	-	-	-	63,688	63,688
Building permits and						
inspection	-	-	-	-	1,252,460	1,252,460
Committed to:						
Public facility improvement	-	5,734,469	-	-	-	5,734,469
Capital projects	-	-	-	2,682,831	-	2,682,831
Assigned to:						
Next year's budget	1,226,219	-	-	-	-	1,226,219
Unassigned	1,950,734	-	(156,249)	-	(77,822)	1,716,663
Total fund balance	<u>\$ 3,322,369</u>	<u>\$ 5,734,469</u>	<u>\$ (156,249)</u>	<u>\$ 2,682,831</u>	<u>\$ 1,238,326</u>	<u>\$ 12,821,746</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, 2017

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, 2017 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, 2017, the City had entered into contracts for construction in the amount of \$8,894,448.

Note 15 - Subsequent Events:

In December 2017, the City obtained a Capital Improvement Note, Series 2017B for \$2,000,000 to fund parks, recreation and capital improvements.

In January 2018, the City obtained a note payable for \$2,622,050 to Finance the South Longwood Septic Tank Abatement Phase II Project.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2017

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
09/30/2012	\$ 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
09/30/2017	397,000	90,000	22.7%	1,210,000

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	\$ 474,397	\$ 362,084	\$ 618,506	\$ 853,537
Expected Interest Growth	544,108	685,935	512,750	815,869
Differences Between Expected and Actual Experience	-	(395,734)	191,162	1,208,857
Changes of Assumptions	-	(1,074,401)	2,831,688	406,136
Benefit Payments	(61,875)	(37,140)	(53,374)	(53,435)
Net Change in Total Pension Liability	956,630	(459,256)	4,100,732	3,230,964
Total Pension Liability-beginning	6,298,296	7,254,926	6,795,670	10,896,402
Total Pension Liability-ending (a)	<u>\$ 7,254,926</u>	<u>\$ 6,795,670</u>	<u>\$ 10,896,402</u>	<u>\$ 14,127,366</u>
Plan Fiduciary Net Position				
Contributions-employer	\$ 203,639	\$ 226,409	\$ 267,486	\$ 881,459
Contributions-state	306,831	279,151	288,494	-
Contributions-employee	30,855	34,304	40,529	41,578
Net Investment Income	750,974	(137,296)	832,676	1,662,867
Benefit Payments	(26,611)	(37,140)	(53,374)	(53,435)
Administrative Expense	(67,488)	(44,598)	(54,619)	(43,844)
Net Change in Plan Fiduciary Net Position	1,198,200	320,830	1,321,192	2,488,625
Plan Fiduciary Net Position- beginning	8,449,443	9,647,643	9,968,473	11,289,665
Plan Fiduciary Net Position- ending (b)	<u>\$ 9,647,643</u>	<u>\$ 9,968,473</u>	<u>\$ 11,289,665</u>	<u>\$ 13,778,290</u>
Net Pension Liability/(Asset) - ending (a) - (b)	<u>\$ (2,392,717)</u>	<u>\$ (3,172,803)</u>	<u>\$ (393,263)</u>	<u>\$ 349,076</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	132.98%	146.69%	103.61%	97.53%
Covered-employee Payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226	\$ 3,689,106
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	9.46%

* Prior years' data is unavailable.

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

Police and Firefighters' Pension Plan

Schedule of Contributions

Last 10 Fiscal Years*

	2014	2015	2016	2017
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	\$ 13,778,290
Add DRAGO** account balance	1,823,105	1,950,722	2,087,273	2,233,400
Fiduciary Fund Net Position, end of year	<u>\$ 11,470,748</u>	<u>\$ 11,919,195</u>	<u>\$ 13,376,938</u>	<u>\$ 16,011,690</u>
Schedule of Contributions				
Actuarially Determined Contribution	\$ 493,914	\$ 471,925	\$ 631,429	\$ 1,124,702
Contributions in Relation to Actuarially Determined Contribution	493,914	471,925	555,980	881,459
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,449)</u>	<u>\$ (243,243)</u>
Covered Employee Payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226	\$ 3,689,106
Contributions as a Percentage of Covered Employee Payroll	17.51%	16.82%	18.78%	23.89%

Notes to Schedule

Valuation Date	10/1/2013	10/1/2014	10/1/2015	10/1/2016
----------------	-----------	-----------	-----------	-----------

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
Mortality basis	Sex distinct rates set forth in the RP-2000 Blue Collar Mortality Table, with full generational improvements in mortality using Scale BB.

Schedule of Investment Returns	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	8.45%	5.48%	4.08%	8.55%

* 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

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00685%	0.00747%	0.00825%	0.01037%
City's Proportionate Share of the Net Pension Liability	\$ 2,025,647	\$ 1,886,066	\$ 1,065,428	\$ 632,976
City's Covered-employee Payroll	\$ 1,201,971	\$ 1,342,395	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	168.53%	140.50%	76.32%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	84.88%	92.00%	96.09%

* Not available

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00377%	0.00432%	0.00480%	0.00604%
City's Proportionate Share of the Net Pension Liability	\$ 403,204	\$ 503,538	\$ 490,015	\$ 564,874
City's Covered-employee Payroll	\$ 1,201,971	\$ 1,342,395	\$ 1,396,020	*
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	33.55%	37.51%	35.10%	*
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	0.97%	0.50%	0.99%

* Not available

* only four years of data available

CITY OF LONGWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 183,096	\$ 182,157	\$ 213,505
Contributions in Relation to the Contractually Required Contributions	<u>183,096</u>	<u>182,157</u>	<u>213,505</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,232,564	\$ 1,342,395	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	14.85%	13.57%	15.29%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 20,465	\$ 22,145	\$ 18,367
Contributions in Relation to the Contractually Required Contributions	<u>20,465</u>	<u>22,145</u>	<u>18,367</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,232,564	\$ 1,342,395	\$ 1,396,020
Contributions as a Percentage of Covered-employee Payroll	1.66%	1.65%	1.32%

* only three years of data available



This page intentionally left blank

**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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Local option gas tax	\$ 399,455	\$ 399,455	\$ 404,776	\$ 5,321
Intergovernmental Revenue	3,022,189	3,022,189	862,071	(2,160,118)
Special Assessments	35,572	35,572	48,926	13,354
Investment Earnings	-	-	57,486	57,486
Total revenues	<u>3,457,216</u>	<u>3,457,216</u>	<u>1,373,259</u>	<u>(2,083,957)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Public facilities improvements	766,928	831,174	832,660	(1,486)
Capital outlay	7,820,906	7,756,660	3,857,712	3,898,948
Total expenditures	<u>8,587,834</u>	<u>8,587,834</u>	<u>4,690,372</u>	<u>3,897,462</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>(5,130,618)</u>	<u>(5,130,618)</u>	<u>(3,317,113)</u>	<u>1,813,505</u>
OTHER FINANCING SOURCES (USES)				
Notes Issued	<u>5,900,000</u>	<u>5,900,000</u>	<u>5,900,000</u>	<u>-</u>
Total other financing sources and uses	<u>5,900,000</u>	<u>5,900,000</u>	<u>5,900,000</u>	<u>-</u>
Net Change in Fund Balances	769,382	769,382	2,582,887	1,813,505
Fund Balances - beginning	<u>3,151,582</u>	<u>3,151,582</u>	<u>3,151,582</u>	<u>-</u>
Fund Balances - ending	<u>\$ 3,920,964</u>	<u>\$ 3,920,964</u>	<u>\$ 5,734,469</u>	<u>\$ 1,813,505</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ -	\$ -	\$ 9,639	\$ 9,639
Investment Earnings	-	-	4,626	4,626
Miscellaneous revenue	-	580,000	-	(580,000)
Total revenues	-	580,000	14,265	(565,735)
EXPENDITURES				
Current:				
Parks and recreation	-	53,600	53,596	4
Capital Outlay	33,500	5,607,972	2,003,957	3,604,015
Total expenditures	33,500	5,661,572	2,057,553	3,604,019
Excess (Deficiency) of Revenues Over Expenditures	(33,500)	(5,081,572)	(2,043,288)	3,038,284
OTHER FINANCING SOURCES (USES)				
Notes payable issued	620,000	5,124,487	4,000,000	(1,124,487)
Transfer out	(620,000)	(620,000)	-	620,000
Sale of Capital Assets	-	-	82,407	82,407
Total Other Financing Sources (Uses)	-	4,504,487	4,082,407	(422,080)
Net Change in Fund Balances	(33,500)	(577,085)	2,039,119	2,616,204
Fund Balances - beginning	643,712	643,712	643,712	-
Fund Balances - ending	<u>\$ 610,212</u>	<u>\$ 66,627</u>	<u>\$ 2,682,831</u>	<u>\$ 2,616,204</u>

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, 2017**

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,280,803	\$ -	\$ 63,688	\$ -	\$ 1,344,491
Accounts Receivable, net	-	-	-	69,438	69,438
Due from other governmental units	-	-	-	134,710	134,710
Total assets	<u>\$ 1,280,803</u>	<u>\$ -</u>	<u>\$ 63,688</u>	<u>\$ 204,148</u>	<u>\$ 1,548,639</u>
LIABILITIES					
Liabilities:					
Accounts payable	\$ 8,924	\$ -	\$ -	\$ 162,947	\$ 171,871
Accrued expenditures	6,499	-	-	-	6,499
Due to other funds	-	1,339	-	117,684	119,023
Due to other governments	8,925	-	-	-	8,925
Unearned revenue	3,995	-	-	-	3,995
Total liabilities	<u>28,343</u>	<u>1,339</u>	<u>-</u>	<u>280,631</u>	<u>310,313</u>
FUND BALANCES					
Spendable:					
Restricted	1,252,460		63,688	-	1,316,148
Unassigned	-	(1,339)	-	(76,483)	(77,822)
Total fund balances	<u>1,252,460</u>	<u>(1,339)</u>	<u>63,688</u>	<u>(76,483)</u>	<u>1,238,326</u>
Total Liabilities, deferred inflows and fund balances	<u>\$ 1,280,803</u>	<u>\$ -</u>	<u>\$ 63,688</u>	<u>\$ 204,148</u>	<u>\$ 1,548,639</u>

CITY OF LONGWOOD, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
REVENUES					
Licenses and Permits	\$ 831,089	\$ -	\$ -	\$ -	\$ 831,089
Intergovernmental revenue	-	-	-	134,710	134,710
Charges for Services	-	-	-	677,819	677,819
Fines and Forfeitures	-	7,476	16,038	-	23,514
Investment Earnings	7,352	-	1,168	440	8,960
Miscellaneous	26,298	-	-	-	26,298
Total revenues	<u>864,739</u>	<u>7,476</u>	<u>17,206</u>	<u>812,969</u>	<u>1,702,390</u>
EXPENDITURES					
Current:					
Public safety	285,650	5,892	14,028	-	305,570
Physical environment	-	-	-	211,877	211,877
Debt service:					
Principal	3,697	-	-	38,839	42,536
Interest and other charges	968	-	-	3,714	4,682
Capital Outlay	9,132	-	194,851	461,552	665,535
Total expenditures	<u>299,447</u>	<u>5,892</u>	<u>208,879</u>	<u>715,982</u>	<u>1,230,200</u>
Excess (Deficiency) of Revenues Over Expenditures	565,292	1,584	(191,673)	96,987	472,190
OTHER FINANCING SOURCES (USES)					
Transfers out	(145,380)	-	-	(224,141)	(369,521)
Total other financing sources (uses)	<u>(145,380)</u>	<u>-</u>	<u>-</u>	<u>(224,141)</u>	<u>(369,521)</u>
Net Change in Fund Balances	419,912	1,584	(191,673)	(127,154)	102,669
Fund Balances - beginning	832,548	(2,923)	255,361	50,671	1,135,657
Fund Balances - ending	<u>\$ 1,252,460</u>	<u>\$ (1,339)</u>	<u>\$ 63,688</u>	<u>\$ (76,483)</u>	<u>\$ 1,238,326</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 260,492	\$ 260,492	\$ 831,089	\$ 570,597
Investment Earnings	50	50	7,352	7,302
Miscellaneous	16,116	16,116	26,298	10,182
Total revenues	<u>276,658</u>	<u>276,658</u>	<u>864,739</u>	<u>588,081</u>
EXPENDITURES				
Current:				
Building inspections	<u>336,000</u>	<u>342,140</u>	<u>290,315</u>	<u>51,825</u>
Total public safety	<u>336,000</u>	<u>342,140</u>	<u>290,315</u>	<u>51,825</u>
Capital outlay	<u>2,000</u>	<u>11,383</u>	<u>9,132</u>	<u>2,251</u>
Total expenditures	<u>338,000</u>	<u>353,523</u>	<u>299,447</u>	<u>54,076</u>
Excess (deficiency) of revenues over expenditures	<u>(61,342)</u>	<u>(76,865)</u>	<u>565,292</u>	<u>642,157</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(155,380)</u>	<u>(155,380)</u>	<u>(145,380)</u>	<u>10,000</u>
Total other financing sources(uses)	<u>(155,380)</u>	<u>(155,380)</u>	<u>(145,380)</u>	<u>10,000</u>
Net change in fund balances	(216,722)	(232,245)	419,912	652,157
Fund Balances - beginning	<u>832,548</u>	<u>832,548</u>	<u>832,548</u>	<u>-</u>
Fund Balances - ending	<u>\$ 615,826</u>	<u>\$ 600,303</u>	<u>\$ 1,252,460</u>	<u>\$ 652,157</u>

CITY OF LONGWOOD, FLORIDA
POLICE EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 7,956	\$ 7,956	\$ 7,476	\$ (480)
Total revenues	7,956	7,956	7,476	(480)
EXPENDITURES				
Current:				
Public safety	7,874	7,874	5,892	1,982
Total public safety	7,874	7,874	5,892	1,982
Excess (Deficiency) of Revenues Over Expenditures	82	82	1,584	1,502
Fund Balances - beginning	(2,923)	(2,923)	(2,923)	-
Fund Balances - ending	<u>\$ (2,841)</u>	<u>\$ (2,841)</u>	<u>\$ (1,339)</u>	<u>\$ 1,502</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 253,813	\$ 253,813	\$ 16,038	\$ (237,775)
Investment Earnings	150	150	1,168	1,018
Total revenues	253,963	253,963	17,206	(236,757)
EXPENDITURES				
Current:				
Public safety	43,325	43,325	14,028	29,297
Total public safety	43,325	43,325	14,028	29,297
Capital Outlay	202,500	202,500	194,851	7,649
Total expenditures	245,825	245,825	208,879	36,946
Excess (Deficiency) of Revenues Over Expenditures	8,138	8,138	(191,673)	(199,811)
Fund Balances - beginning	255,361	255,361	255,361	-
Fund Balances - ending	\$ 263,499	\$ 263,499	\$ 63,688	\$ (199,811)

**CITY OF LONGWOOD
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 689,205	\$ 689,205	\$ 677,819	\$ (11,386)
Intergovernmental	269,420	269,420	134,710	(134,710)
Investment Earnings	100	100	440	340
Total revenues	958,725	958,725	812,969	(145,756)
EXPENDITURES				
Current:				
Physical environment	334,718	349,859	254,430	95,429
Capital Outlay	1,359,000	1,343,859	461,552	882,307
Total expenditures	1,693,718	1,693,718	715,982	977,736
Excess (Deficiency) of Revenues Over Expenditures	(734,993)	(734,993)	96,987	831,980
OTHER FINANCING SOURCES (USES)				
Capital Lease	1,300,000	1,300,000	-	(1,300,000)
Transfers Out	(224,141)	(224,141)	(224,141)	-
Total other financing sources and uses	1,075,859	1,075,859	(224,141)	(1,300,000)
Net change in fund balances	340,866	340,866	(127,154)	(468,020)
Fund Balances - beginning	50,671	50,671	50,671	-
Fund Balances - ending	\$ 391,537	\$ 391,537	\$ (76,483)	\$ (468,020)



This page intentionally left blank

STATISTICAL SECTION



This page intentionally left blank

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	88
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	94
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	98
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	100
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	102
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.



This page intentionally left blank

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

	Fiscal Year									
	<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>	<u>2017</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 28,830	\$ 30,685	\$ 29,623	\$ 32,831	\$ 33,426	\$ 34,732	\$ 34,534	\$ 34,957	\$ 33,357	\$ 28,923
Restricted	-	-	1,325	146	124	126	206	191	255	64
Unrestricted	9,841	7,828	8,328	8,748	7,706	6,573	7,133	7,382	7,331	10,872
Total Governmental Activities Net Position	<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>	<u>39,859</u>
Business-type Activities										
Net Investment in Capital Assets	14,409	14,583	14,545	14,073	14,044	14,037	14,756	14,228	15,547	20,447
Restricted	-	-	-	-	-	-	-	-	-	858
Unrestricted	1,912	1,543	1,474	2,314	2,986	2,969	2,258	2,828	1,590	(1,180)
Total Business-type Activities Net Position	<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>	<u>20,125</u>
Primary Government										
Net Investment in Capital Assets	43,239	45,268	44,168	46,904	47,470	48,769	49,290	49,185	48,904	49,370
Restricted	-	-	1,325	146	124	126	206	191	255	922
Unrestricted	11,753	9,371	9,802	11,062	10,692	9,542	9,391	10,210	8,921	9,692
Total Primary Government Net Position	<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>	<u>\$ 59,984</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>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>	<u>2017</u>
Governmental Activities:										
General government	\$ 3,176	\$ 3,354	\$ 2,846	\$ 2,818	\$ 2,568	\$ 2,872	\$ 3,009	\$ 3,066	\$ 3,765	\$ 4,320
Public safety	8,913	8,825	8,263	7,973	6,667	7,705	8,280	8,679	9,098	9,546
Physical environment	358	450	178	128	1,530	800	252	289	740	312
Highways and streets	2,348	2,314	2,365	2,339	2,285	2,289	2,231	2,138	2,490	2,245
Sanitation	885	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032	1,031
Parks and recreation	1,250	1,301	980	1,080	1,122	868	847	1,159	1,176	1,111
Interest & other fiscal charges on long-term debt	61	53	44	41	61	66	51	35	65	305
Total Governmental Activities Expenses	<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>	<u>18,870</u>
Business-type Activities:										
Public Utilities	<u>2,528</u>	<u>2,519</u>	<u>2,265</u>	<u>2,217</u>	<u>2,217</u>	<u>2,182</u>	<u>2,450</u>	<u>2,646</u>	<u>2,689</u>	<u>3,131</u>
Total Primary Government Expense	<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>	<u>\$ 22,001</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 14	\$ 7	\$ 11	\$ 9	\$ 8	\$ 12	\$ 75	\$ 141	\$ 115	\$ 130
Public safety	1,088	1,050	1,106	1,272	1,248	1,315	1,604	1,794	1,554	1,873
Physical environment	718	710	691	703	724	708	712	718	713	734
Highways and streets	-	-	-	-	-	-	-	-	-	-
Sanitation	968	1,050	1,073	1,124	1,100	1,096	1,105	1,113	1,108	1,118
Parks and recreation	167	163	160	204	190	191	196	204	179	186
Operating grants and contributions	890	416	406	715	493	875	1,003	676	627	657
Capital grants and contributions	728	642	901	587	271	532	32	686	817	1,094
Total Governmental Activities Program Revenues	<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>	<u>\$ 5,792</u>
Business-type Activities:										
Charges for services:										
Public Utilities	2,555	2,824	2,785	3,390	3,473	3,059	3,314	3,685	3,882	5,299
Capital grants and contributions	133	63	4	186	75	177	185	548	-	2,129
Total Business-type Activities Program Revenues	<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>	<u>7,428</u>
Total Primary Government Program Revenues	<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>	<u>\$ 13,220</u>

	Fiscal Year									
	<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>	<u>2017</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (12,418)	\$ (13,243)	\$ (11,337)	\$ (10,772)	\$ (11,207)	\$ (10,876)	\$ (10,967)	\$ (11,061)	\$ (13,253)	\$ (13,078)
Business-type Activities	(16,831)	(16,913)	524	1,359	1,331	1,054	1,049	1,587	1,193	4,297
Total Primary Government Net Expense	<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>	<u>\$ (8,781)</u>

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes										
Property taxes	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755	\$ 5,002
Franchise and utility taxes	2,999	3,089	3,256	3,111	2,965	2,813	2,936	2,971	2,994	3,107
Communications services tax	1,289	1,320	1,195	1,174	1,020	990	879	785	762	768
Unrestricted intergovernmental revenues	1,785	2,017	1,726	1,222	1,552	1,562	1,673	1,725	1,726	1,519
Unrestricted investment earnings	452	36	80	42	165	28	9	19	25	74
Gain on sale of capital assets	262	334	-	1,924	15	-	-	33	-	68
Miscellaneous revenues	123	99	148	269	122	65	276	172	259	136
Transfers in (out)	595	595	656	1,022	722	1,104	1,063	1,328	1,145	1,320
Total Governmental Activities	<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>	<u>\$ 11,994</u>

Business-type Activities:

Investment earnings	34	7	3	3	5	4	1	11	10	11
Gain on sale of capital assets	15	7	-	-	-	-	-	5	-	-
Miscellaneous revenues	27	19	23	27	29	22	21	32	23	0
Transfers in (out)	(595)	(595)	(656)	(1,022)	(722)	(1,104)	(1,063)	(1,328)	(1,145)	(1,320)
Total Business-type Activities	<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>	<u>(1,309)</u>
Total Primary Government	<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>	<u>\$ 10,685</u>

Change in Net Assets

Governmental Activities	\$ 996	\$ (157)	\$ 762	\$ 2,449	\$ (468)	\$ 175	\$ 442	\$ 617	\$ (1,587)	\$ (1,084)
Business-type Activities	(17,350)	(17,475)	(106)	367	643	(24)	8	307	81	2,988
Total Primary Government	<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>	<u>\$ 1,904</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Fee</u>	<u>Utility Tax</u>	<u>Local Option Gas Tax</u>	<u>Sales Tax</u>	<u>State Revenue</u>	<u>Total</u>
					1		
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	\$ 392	\$ 809	\$ 441	\$ 10,153
2017	\$ 5,002	\$ 1,581	\$ 2,294	\$ 405	\$ 862	\$ 475	\$ 10,619

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

	Fiscal Year									
	<u>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>	<u>2017*</u>
General Fund										
Reserved	\$ 788	\$ 621	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,092	5,191	5,870	-	-	-	-	-	-	-
Total General Fund	<u>\$ 6,880</u>	<u>\$ 5,812</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 2,320	\$ 999	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,227	941	1,243	-	-	-	-	-	-	-
Capital projects funds	(526)	151	540	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 3,021</u>	<u>\$ 2,091</u>	<u>\$ 2,952</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund										
Nonspendable				\$ 502	\$ 271	\$ 143	\$ 145	\$ 140	\$ 144	\$ 145
Assigned				2,572	1,795	1,367	1,488	1,370	757	1,226
Unassigned				3,183	2,977	3,041	3,083	2,768	3,066	1,951
Total General Fund				<u>\$ 6,257</u>	<u>\$ 5,043</u>	<u>\$ 4,551</u>	<u>\$ 4,716</u>	<u>\$ 4,278</u>	<u>\$ 3,967</u>	<u>\$ 3,322</u>
All Other Governmental Funds										
Nonspendable				\$ 215	\$ 217	\$ 445	\$ 215	\$ 2	\$ -	\$ -
Restricted				146	124	169	462	930	1,088	1,316
Committed				2,779	3,022	2,163	2,776	2,949	3,846	8,417
Unassigned				(290)	(207)	(255)	(201)	(181)	(178)	(234)
Total All Other Governmental Funds				<u>\$ 2,850</u>	<u>\$ 3,156</u>	<u>\$ 2,522</u>	<u>\$ 3,252</u>	<u>\$ 3,700</u>	<u>\$ 4,756</u>	<u>\$ 9,499</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									
	<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>	<u>2017</u>
Revenues										
Taxes										
Property	\$ 5,909	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755	\$ 5,002
Local Option Gas Tax	462	416	407	359	332	361	365	379	392	405
Franchise and utility taxes	4,288	4,409	4,451	4,257	3,985	3,803	3,815	3,756	3,755	3,875
Licenses and Permits	433	378	348	402	384	380	615	892	516	1,022
Intergovernmental	2,880	2,657	1,929	2,679	1,886	2,441	2,518	2,708	2,779	2,865
Charges for Services	2,303	2,419	2,388	2,640	2,597	2,703	2,752	2,756	2,786	2,728
Impact Fees/Assessments	106	114	123	143	122	147	151	147	147	140
Fines and Forfeitures	189	154	275	230	223	188	270	219	236	158
Investment Earnings	452	36	79	41	165	(65)	32	19	25	75
Miscellaneous	123	99	148	303	264	163	185	326	334	212
Total revenues	<u>\$ 17,145</u>	<u>\$ 16,278</u>	<u>\$ 15,186</u>	<u>\$ 15,511</u>	<u>\$ 14,136</u>	<u>\$ 14,610</u>	<u>\$ 15,276</u>	<u>\$ 15,847</u>	<u>\$ 15,725</u>	<u>\$ 16,482</u>
Expenditures										
General Government	3,125	3,393	2,743	2,745	2,995	2,658	2,731	3,125	3,399	3,550
Public Safety	9,162	8,682	7,703	7,455	7,320	7,699	7,505	8,082	7,986	8,384
Physical Environment	796	1,237	284	272	200	311	310	280	333	286
Highways and Streets	1,596	1,869	1,717	1,516	1,432	1,411	1,356	1,261	1,273	1,445
Sanitation	885	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032	1,031
Parks and Recreation	1,391	1,314	795	910	992	772	819	879	969	994
Capital Outlay	1,770	1,513	73	5,254	2,696	2,914	1,222	2,449	2,044	6,689
Debt Service										
Principal	201	210	219	339	550	627	725	384	357	1056
Interest	62	53	44	42	62	66	51	35	44	251
Total expenditures	<u>\$ 18,988</u>	<u>\$ 19,255</u>	<u>\$ 14,587</u>	<u>\$ 19,540</u>	<u>\$ 17,255</u>	<u>\$ 17,463</u>	<u>\$ 15,743</u>	<u>\$ 17,522</u>	<u>\$ 17,437</u>	<u>\$ 23,686</u>
Excess of Revenues Over (Under) Expenditures	(1,843)	(2,977)	599	(4,029)	(3,119)	(2,853)	(467)	(1,675)	(1,712)	(7,204)
Other Financing Sources (Uses)										
Transfers In	595	595	775	1,716	1,152	1,430	1,255	1,628	1,508	1,690
Transfers Out	-	-	(120)	(693)	(445)	(326)	(192)	(300)	(363)	(370)
Notes Payable Issued	-	-	-	-	-	-	-	-	1,313	9,900
Capital Lease Proceeds	-	-	-	805	1,340	480	206	357	-	-
Sale of Capital Assets	394	385	7	2,144	164	143	93	-	-	82
Total Other Financing Sources (Uses)	<u>989</u>	<u>980</u>	<u>662</u>	<u>3,972</u>	<u>2,211</u>	<u>1,727</u>	<u>1,362</u>	<u>1,685</u>	<u>2,458</u>	<u>11,302</u>
Net Change in Fund Balances	<u>\$ (854)</u>	<u>\$ (1,997)</u>	<u>\$ 1,261</u>	<u>\$ (57)</u>	<u>\$ (908)</u>	<u>\$ (1,126)</u>	<u>\$ 895</u>	<u>\$ 10</u>	<u>\$ 746</u>	<u>\$ 4,098</u>
Debt Service as a Percentage of Noncapital Expenditures	1.53%	1.48%	1.81%	2.67%	4.20%	4.76%	5.34%	2.78%	2.54%	7.72%

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
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%
2017	\$ 936,085	-	\$ 79,243	\$ 589	\$ 378,436	\$ 937,802	5.5000	\$ 1,316,238	71.25%

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 Manage- ment District	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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	7.8490	-	7.8490	0.3023	18.5264
2017	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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Weston Park LP	\$ 24,882	1	2.65%	\$ -		0.00%
CMCP-Island Lake LLC	13,895	2	1.48%	13,581	2	1.11%
Duke Energy/Progress Energy	12,888	3	1.37%	8,490	7	0.70%
American Industrial Central LTD	12,574	4	1.34%	14,184	1	1.16%
United Parcel Service, Inc.	8,084	5	0.86%	11,512	4	0.94%
American Industrial Center IX	8,152	6	0.87%	9,983	6	0.82%
1944 Unionport Assoc LLC	8,279	7	0.88%	11,666	3	0.96%
Woods Family Properties DJW	7,042	8	0.75%	8,138	8	0.67%
GS Realty	7,349	9	0.78%	7,838	9	0.64%
RCS-Longwood 371 LLC et al	6,064	10	0.65%	-		0.00%
Courtesy Auto Group	-		0.00%	7,250	10	0.59%
Longwood Flex LLC	-		0.00%	11,241	5	0.92%
Totals	<u>\$ 109,209</u>		<u>11.64%</u>	<u>\$ 103,883</u>		<u>8.51%</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
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%
2017	\$ 5,158	\$ 4,945	95.87%	\$ 57	\$ 5,002	96.98%

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	Notes Payable			
2008	n/a	\$ 1,271	n/a	n/a	n/a	n/a	\$ 1,271	0.34%	\$ 92
2009	n/a	\$ 1,061	n/a	n/a	n/a	n/a	\$ 1,061	0.28%	\$ 77
2010	n/a	\$ 842	n/a	n/a	n/a	n/a	\$ 842	0.23%	\$ 62
2011	n/a	\$ 1,308	n/a	n/a	n/a	n/a	\$ 1,308	0.38%	\$ 96
2012	n/a	\$ 2,099	n/a	n/a	n/a	n/a	\$ 2,099	0.59%	\$ 159
2013	n/a	\$ 1,951	n/a	n/a	n/a	n/a	\$ 1,951	0.50%	\$ 142
2014	n/a	\$ 1,432	n/a	n/a	n/a	n/a	\$ 1,432	0.38%	\$ 106
2015	n/a	\$ 1,405	n/a	n/a	n/a	n/a	\$ 1,579	0.40%	\$ 104
2016	\$ 1,313	\$ 1,047	n/a	n/a	n/a	n/a	\$ 2,499	0.65%	\$ 100
2017	\$ 10,418	\$ 786	n/a	\$ 104	n/a	\$ 1,791	\$ 13,099	3.13%	\$ 890

Note: No Revenue Bond Debt

City of Longwood, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2017
(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	\$ 786,318	100.00%	\$ 786,318
City of Longwood Notes Payable	\$ 10,417,836	100.00%	\$ 10,417,836
Total direct and overlapping debt	<u>\$ 11,204,154</u>		<u>\$ 11,204,154</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>
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	13.53	2,650 **	4.1%
2016	14,311	\$ 383,893	\$ 26,825	42.8	12.89	2,638	4.3%
2017	14,718	\$ 418,183	\$ 28,413	43.3	13.64	2,550	3.6%

* 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	2017			2008		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ²
South Seminole Hospital	979	1	5.83%	1040	1	10.25%
UPS	516	2	3.07%	*	*	*
D&A Building Services	308	3	1.83%	*	*	*
Seminole County Schools	257	4	1.53%	*	*	0.00%
Comprehensive Energy Services	253	5	1.51%	130	8	1.28%
Collis Roofing	228	6	1.36%	450	3	4.43%
Valley Crest Landscape Maintenance	198	7	1.18%	*	*	*
Opis Management Resources, LLC	175	8	1.04%	*	*	*
Protection One Alarm Monitoring	173	9	1.03%	*	*	*
Sears Home Improvement Products	166	10	0.99%	613	2	6.04%
Total	<u>3,253</u>		<u>19.38%</u>	<u>2,233</u>		<u>16.27%</u>

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 16,787 with approximately 1,544 business establishments for 2017.

3 * Information is not available.

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

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government ¹	25	28	26	24	23	25	27	27	28	29
Public Safety:										
Police										
Sworn Officers	40	40	40	40	40	40	40	42	43	43
Non sworn Officers	2	3	2	2	2	2	2	2	2	2
Civilians	5	5	5	5	5	5	5	4	5	5
Fire										
Firefighters and Officers	39	39	39	39	39	45	45	40	47	40
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works	26	26	28	28	28	27	25	22	25	25
Parks and Recreations	14	13	11	12	12	10	10	12	14	14
Total	<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>	<u>159</u>

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

Function	Fiscal Year									
	<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>	<u>2017</u>
Police										
Auto Accidents	1212	1046	1039	1012	737	812	808	899	915	967
Physical arrests	1123	1003	1087	1644	917	1061	808	912	891	806
Criminal Investigations Conducted	829	872	590	476	426	473	438	467	508	453
Total Calls for Service	46389	48808	54277	49793	44380	41577	40103	43982	45288	41052
911 Calls Received	1835	3850	3832	3741	3544	3634	3356	3453	3587	3796
Evidence Processed (pieces)	1921	1631	1261	2625	2502	1930	1936	2312	2290	2020
Fire										
Number of emergency calls answered	3636	3641	3757	3681	4038	4138	4130	4551	4200	4538
Medical Transports	1782	1679	1911	1890	1994	2122	2042	2234	2271	2092
Highways and streets										
Streets paved (miles)	1.2	1	0	60.5	60.85	61.1	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)	6600	5280	5000	5163	5180	3200	1500	2600	8380	1035
Culture and recreation										
Sports Complex ball games & field rentals	2269	2301	2127	2112	2115	2134	1970	2140	2135	1400
Community Bldg rentals	123	118	169	176	175	195	224	188	150	189
Water										
New connections	*	*	5	8	13	0	0	4	6128	118
Number of customers	5788	5853	5787	5795	5809	5829	5510	6054	6184	6341
Water main breaks	7	3	2	0	0	0	6	5913	3	2
Average daily consumption (millions of gallons)	2.2	2.1	1.9368	2	1.947	2	1.897	1.826	1.815	1834
Meter reads	69456	68400	62436	66570	69600	67250	67269	69984	71679	73067
General Government										
Employment applications received	352	422	463	304	325	161	201	239	248	420
Personnel actions processed	364	515	630	197	250	205	270	272	311	355
Legal Notices published	72	61	75	64	41	33	48	39	67	68
Business Tax Licenses issued:										
	427	381	384	302	102	243	235	201	204	160
	1972	1843	1779	1768	1508	1460	1227	1422	1345	1138
Accidents & Injuries reviewed	*	42	59	46	31	51	20	32	39	43
Land Use changes	6	14	70	10	2	3	13	5	5	4
Site Plan Reviews	7	1	17	11	7	4	3	8	7	6
Total Permits Issued	1032	940	1064	1179	1132	1050	1200	1478	1167	1551
Construction inspections	1953	1755	2673	2943	2743	2715	3100	4058	1986	2344
PR Checks issued	4304	4402	4199	4256	4134	4180	3991	4039	4281	4225
A/P Checks issued	4545	4311	3705	3621	3663	2662	2400	2760	4045	3162
Purchase orders processed	577	492	407	448	406	360	364	370	213	387

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

Function	Fiscal Year									
	<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>	<u>2017</u>
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	46	40	54	47	51	53	52	52	58	61
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)	58.25	59.25	59.25	60.5	60.85	61.1	61.1	61.1	61.1	61.1
Streets - unpaved (miles)	2.38	1.38	1.38	0.63	0.38	0.13	0.13	0.13	0.13	0.13
Street lights	812	813	814	814	814	814	818	814	814	814
Traffic Signals	18	18	18	24	24	24	24	24	24	24
Culture and recreation										
Park acreage	42	42	42	42	42	42	42	42	42	42
City playgrounds & passive parks	9	9	9	9	9	10	10	10	10	10
Tennis courts	5	4	4	4	4	5	5	5	5	5
Basketball courts	5	5	5.5	5.5	5.5	6	6	6	6	6
Futsal courts (soccer)	0	0	1	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)	68.5	68.6	68.8	68.8	69	69	85	69.5	69.75	70.25
Fire hydrants	560	560	561	561	564	548	545	544	551	554
Maximum daily capacity (millions of gallons)	7.2	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	22.37	22.5	22.5	22.7	40.9	23	23.5	26.9
Storm sewers (miles)	*	*	*	*	*	*	*	*	*	*

Notes
 * Information not available

Sources:
 Various departments, City of Longwood

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

Year	Revenues by Source		Expenses by Type				City Contribution as a Percent of Payroll (1)
	Investment Income Net	Contributions	Benefits	Refunds	Investment Related Expenses	Admin. Expenses	
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%
2017	\$ 1,808,976	\$ 622,819	\$ 51,944	\$ 1,491	\$ 23,925	\$ 19,919	21.2%

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

**City of Longwood, Florida
Miscellaneous Statistics
September 30, 2017**

2017

Date of Incorporation	1923
Form of government	Commission/Manager
Number of municipal employees (including police and fire)	154
Population	14,718
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	39
Police Protection:	
Stations	1
Employees	46
Wastewater collection system:	
Miles of sanitary sewers	26.9
Lift Stations	35
Daily average treatment	*
Plants(s) capacity (MGD)	*
Disposal plants	*
Water distribution system:	
Miles of water mains	70.25
Daily average:	
Consumption (Millions/Gallons)	1.8
Plant capacity (Millions/Gallons)	7.2
Service connections	6246
Deep wells	5
Fire hydrants	554
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	140
Hospitals:	
Number of hospitals	1
Number of patient beds	206

* No treatment plant within the City. Flow to Seminole County 405,000 gallons per day.

Sources:

Various departments, City of Longwood
School Board of Seminole County
Orlando Regional Hospital (South Seminole Website)



This page intentionally left blank

OTHER REPORTS



This page intentionally left blank

**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, 2017, 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 27, 2018.

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 27, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on Compliance for Each Major State Project

We have audited the *City of Longwood's* (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major state projects for the year ended September 30, 2017. The City's major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Chapter 10.550, *Rules of the Auditor General*. Those standards and rules require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

MEMBERS: PRIVATE COMPANIES PRACTICE SECTION AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FLORIDA INSTITUTE OF CERTIFIED PUBLIC

Opinion on Each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state project for the year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

McDiernit Davis & Company, LLC

Orlando, Florida
April 27, 2018

CITY OF LONGWOOD, FLORIDA

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended September 30, 2017

Award type			
Grantor	CSFA	Agency or Pass-through	
Grantor program title	Number	Entity Grant Number	Expenditures
State Award			
State of Florida, Department of Environmental Protection			
Wastewater Treatment Facility Construction *	37.077	WW590500	\$ 3,497,184
State of Florida, Department of Environmental Protection			
Florida Recreation Development Assistance Program	37.017	A17012	50,000
Florida Recreation Development Assistance Program	37.017	A17013	50,000
Total state awards			<u>\$ 3,597,184</u>

* Denotes a major program

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

CITY OF LONGWOOD, FLORIDA

**NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE**

Year Ended September 30, 2017

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the City of Longwood (the City) under projects of the state government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, amounts reported on the Schedule are based on expenditures incurred as of September 30, 2017, even if grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.

CITY OF LONGWOOD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE FINANCIAL ASSISTANCE PROJECTS

Year Ended September 30, 2017

Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness identified?	____ Yes	<u> X </u> No
• Significant deficiency identified	____ Yes	<u> X </u> None reported
Noncompliance material to financial Statements noted?	____ Yes	<u> X </u> No

State Projects

Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Internal control over major Federal program:		
• Material weakness identified?	____ Yes	<u> X </u> No
• Significant deficiency identified	____ Yes	<u> X </u> None reported
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?	____ Yes	<u> X </u> No

Identification of major state projects CFSA No. 37.077 Wastewater Treatment Facility Construction

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as a low-risk auditee? ____ Yes X No

Section II - Financial Statement Findings: None

Section III - State Award Findings and Questioned Costs: None

Section IV - State Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended September 30, 2016.

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Longwood, Florida (the City), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated April 27, 2018.

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 Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Question Costs; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 27, 2018 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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 for the City. 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.

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

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, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 27, 2018

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, 2017, and have issued our report thereon dated April 27, 2018. 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 2017. 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.

Management's allocation of the net pension liability, deferred inflows/outflows and pension expense is based on the participating employees' contributions made. We evaluated the reasonableness of the allocation 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 27, 2018.

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 27, 2018

**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, 2017. 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, 2017.

McDirmit Davis & Company, LLC

Orlando, Florida
April 27, 2018

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