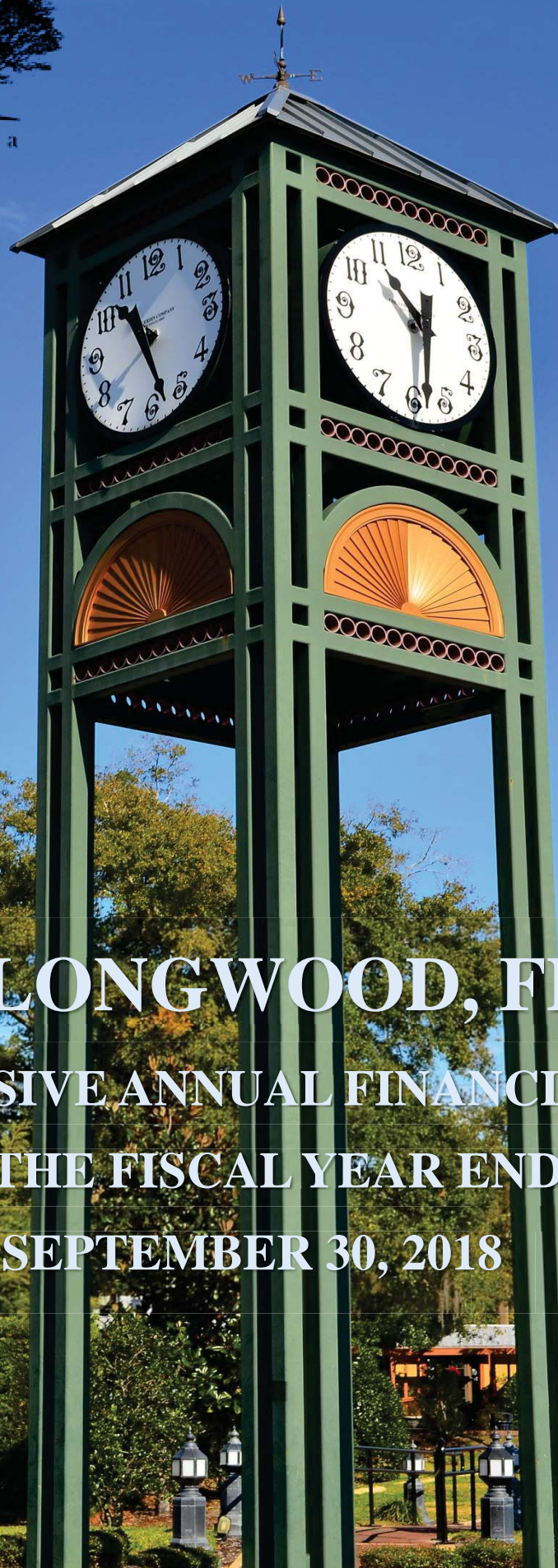


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LONGWOOD

Florida



CITY OF LONGWOOD, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018



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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**CITY OF LONGWOOD,
FLORIDA**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

Prepared by:

Department of Financial Services



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	<u>Page</u>
Introductory Section:	
Letter of Transmittal	i
GFOA Certificate of Achievement	x
Principal City Officials	xi
Organizational Chart	xii
Financial Section:	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
 Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
 Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	22
Special Assessments Fund	24
Grant Fund	25
Statement of Net Position - Proprietary Fund	26
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	27
Statement of Cash Flows - Proprietary Fund	28
Statement of Fiduciary Net Position - Fiduciary Fund	29
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	30
 Notes to the Financial Statements	31
 Required Supplementary Information:	
Other Post Employment Benefit Plan	65
Police and Firefighters' Pension Plan Liability	66
Police and Firefighters' Pension Contributions and Investment Returns	67
Schedule of City's Proportionate Share of Net Pension Liability For Florida Retirement System and HIS Plan	68
Schedule of City's Contributions for Florida Retirement System and HIS Plan	69

	<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	70
Capital Projects Fund	71
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures and Changes	
In Fund Balances - Nonmajor Governmental Funds	73
Schedule of Revenues, Expenditures and Changes in Fund	
Balances - Budget and Actual:	
Building Permits and Inspections Fund	74
Police Education Fund	75
Special Law Enforcement Trust Fund	76
Stormwater Fund	77
Statistical Section:	
Financial Trends	
Net Position by Component	78
Changes in Net Position	79
Governmental Activities Tax Revenues by Source	81
Fund Balances of Governmental Funds	82
Changes in Fund Balances of Governmental Funds	83
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	84
Property Tax Rates, Direct and Overlapping Governments	85
Principal Property Taxpayers	86
Property Tax Levies and Collections	87
Debt Capacity	
Ratios of Outstanding Debt by Type	88
Direct and Overlapping Governmental Activities Debt	89
Demographic and Economic Information	
Demographic Statistics	90
Principal Employers	91
Operating Information	
Full-time Equivalent City Government Employees by Function	92
Operating Indicators by Function	93
Capital Assets Statistics by Function	94
Schedule of Revenues by Source and Expense by Type - Police	
Officers and Firefighters Pension Fund	95
Miscellaneous Statistics	96

	<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 Standards</i>	97
Independent Auditor's Report on Compliance for Each Major Federal Program and State Project And Report on Internal Control Over Compliance Required by Chapter 10.550, <i>Rules of the Auditor General</i>	99
Schedule of Expenditures of Federal Awards and State Financial Assistance	101
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	102
Schedule of Findings and Questioned Costs - Federal Programs and State Financial Assistance Projects	103
Management Letter	104
Independent Auditor's Report on Compliance with the Requirements Of Section 218.415, Florida Statutes	106



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INTRODUCTORY SECTION



April 29, 2019

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, 2018.

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, 2018, 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, 2018, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

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 and is a growing community with a population expected to exceed 15,000. 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.

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 22-23 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 expected to exceed 15,000 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 1,494 businesses that employ 16,600 individuals.

Top Longwood employers include South Seminole Hospital (1005 employees), United Parcel Service UPS (703 employees), D & A Building Services (338 employees), Comprehensive Energy Services (272 employees), Collis Roofing (231 employees) and Seminole County Schools (222 employees). The County's unemployment rate for 2018 is estimated at 2.6% which compares favorably to the National rate of 3.5%. The median age in the city is 43.8 with more than 29% 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

The City continues to see healthy growth in property tax values, but is challenged by rising costs of health care, a competitive labor market and aging equipment and facilities. Total fund balance in the general fund represents 18.2 percent of general fund expenditures while unassigned fund balance represents 16.5 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 17, 2018 for fiscal years 2018-19 through 2022-23. The CIP is a multi-year prioritized schedule of improvements that lists each capital improvement by the year it is intended to be purchased or commenced; the amount to be spent each year and the method of financing such improvements. Each year during the annual budget process the CIP is reviewed to ensure incorporation of all necessary capital improvements. It should be noted however, that the CIP is not a fixed document but a flexible, dynamic document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Major Initiatives

Longwood continued to see growth in both residential and commercial sectors, highlighted by the announcement of the Shoppes at Longwood, a new retail project bringing a substantial increase in square footage of retail to the heart of the city. Two major projects were announced in the City's Heritage Village: the 250+ unit Alta Apartments and 50 new townhomes adjacent to the Longwood SunRail station. The Heritage Village wasn't the only area to benefit from exciting new projects, as Starbucks and Taco Bell announced that they were joining LA Fitness and the 124-unit WaterVUE Apartments in the continued revitalization of the Highway 17-92 corridor.

2018 also saw substantial completion on Longwood's first project under its Complete Streets policy as Church Avenue was reconstructed with bike lanes and new sidewalks. Construction began on the Ronald Reagan Blvd. Complete Streets project, which will help tie the SunRail station together with the Historic District and Reiter Park to help make a more cohesive and pedestrian friendly Heritage Village.

Longwood also completed the second phase of a transportation network provider pilot program with Uber. The program, part of a partnership with Altamonte Springs, Lake Mary, Maitland and Sanford, helped promote regional mobility choice by offering discounted Uber trips to travel between the five cities. The success of this partnership has led the cities of the Municipal Mobility Working Group (MMWG) to consider making the program permanent.

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 ordered 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

The members of the Longwood Police Department are committed to our community. They continue to diligently serve the law enforcement needs of city residents and many more who work and travel through the City of Longwood.

The members of the department place great emphasis on community relations, and this has resulted in a strong partnership between the police department staff and the community it serves. This dedication to community relations includes officers interacting with members of the public regularly at neighborhood meetings as well as attending community events at schools, churches, and many other functions. Members of the department participate in the annual City of Longwood National Night Out program and help to coordinate the Christmas Parade and several other holiday events. The department also offers services which encourage public involvement. Our volunteer Citizen On Patrol program provides the opportunity for adults of all ages to assist the department in multiple ways, and the Police Explorer program provides great community service opportunities and learning experiences for our youth.

The department maintains a consistent social media presence. Our community relations staff routinely post and engage the public on multiple social media platforms. This work has been



very beneficial in our effort to make the public aware of the services we provide, events taking place in the city, and making people alert to potential dangers.

The police department has also actively engaged our business community by offering unique services to promote safety in the work place, create lines of communication, and promote positive relationships with local business owners and those who frequent the businesses. Police personnel have created active shooter training designed to improve safety in the work place and completed trainings for multiple businesses and churches in the city. The department also offers environmental design advice in an effort to improve safety in and around local businesses. Over the last year, the department initiated a Business Watch Program to connect



sidewalk and bike lanes, included a new closed drainage system and new reconstructed roadway pavement. Also, in Florida Central Commerce Park over 3 miles of sidewalks were added as part of a multimodal project with a grant through Florida Department of Transportation's (FDOT's) Local Area Planning (LAP) program. Additionally, multiple locations of sidewalks were replaced per our maintenance agreement with FDOT including many sections along US 17-92.

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. Staff worked on Hurricane Irma clean-up for most of the FY 2017-2018. Additionally, Public Works worked with many private property owners to clean out their ponds to reestablish stormwater capacity, following hurricane flooding.

For the Utilities Division, as part of the Water Meter Replacement Program, Public Works continues with the replacement and assessments of residential water meters citywide. Similarly, many fire hydrants were replaced through the Fire Hydrant replacement initiative. The Utilities Department has also completed Phase 2 of the South Longwood Septic Tank Abatement project which took 310 septic tanks out of service, 296 new sewer hookups and installed over 3 miles of gravity sewer system. Also, the Lake Ruth and Springwood Septic Tank Abatement project was completed which included 66 total home sewer hookups and septic tank removals. The Stormwater Irrigation Pond project and pump station was finished and now supplies irrigation to South Seminole Hospital, Reiter Park and Florida Central Commerce Park. A half mile section of asbestos cement water main was replaced along N. Grant St. Public Works completed planning for the new Transmission Sewer Main to Altamonte Springs as well as the plans for the next phase of our Septic Tank abatement program. Construction of these projects is now underway.

A major initiative for the Leisure Services Department was to complete the construction of Reiter Park and begin programming the park with a multitude of events that cater to audiences of various ages. With the City Commission approving rental fees, the park also has pavilions and two different amphitheaters for rent. The first wedding ceremony at Reiter Park was held at the large amphitheater in February 2019. To date, the Reiter Park project has been awarded three Land and Water Conservation Fund Grants, a Cultural Facilities Grant, a Recreation Trails Program Grant as well as an Urban and Community Forestry Grant.



Another major initiative for the Leisure Services Department was to continue updates to Candyland Park. The City received a Children's Florida Recreation Development Assistance Program (FRDAP) grant totaling \$200,000.00 with no match needed. These funds have been designated for a new playground as well as a BMX pump track at the park. The City has also applied for and is awaiting the status of two \$50,000.00 FRDAP grants (no match needed) that would go towards field renovations and other areas of the park. In other Candyland Park news, Longwood is proud to be partnering with the City of Altamonte Springs in order to bring Buddy Ball to Longwood. This partnership will involve updating a field for the benefit of not only buddy ball players, but anyone playing on this particular field's renovated surface.

The Farmers Market continues to maintain a strong following in Longwood and other reoccurring events, such as the car show and Thursday night food trucks provide great settings for those who enjoy routine fun. Having shifted several long standing events from the historic district to Reiter Park, success has been witnessed through fantastic attendance numbers and satisfied patrons. The department will continue to add more events into the future and looks forward to the growing attention our city is receiving.

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, 2017. This was the twenty second year that the City has achieved this prestigious award.

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

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

Preparation of this Comprehensive Annual Financial Report on a timely basis was made possible through the efficient, dedicated and professional efforts of everyone in the Financial Services Department. The significant amount of year-end closing procedures required prior to the audit could not have been accomplished without much hard work and personal sacrifice.



Appreciation must also be expressed to the City's auditors, McDirmit, Davis, & Company, LLC, whose suggestions and attention to detail enhanced the quality of this report.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. D. Cox".

J. D. Cox
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

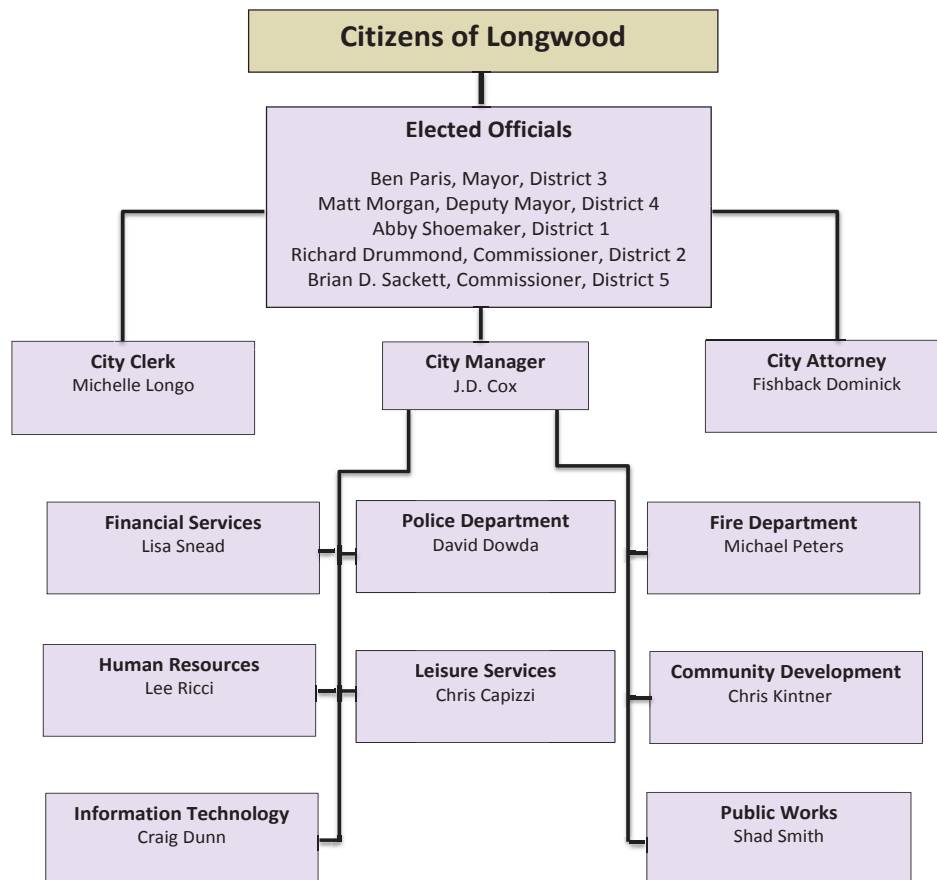
September 30, 2017

Christopher P. Morill

Executive Director/CEO

MAYOR	Ben Paris
DEPUTY MAYOR	Matt Morgan
COMMISSIONER	Abby Shoemaker
COMMISSIONER	Richard Drummond
COMMISSIONER	Brain D. Sackett
CITY MANAGER	J.D. Cox
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
PUBLIC WORKS DIRECTOR	Shad Smith

Organizational Chart





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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Longwood, Florida* (the City), as of and for the year ended September 30, 2018, 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, 2018, 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.

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 13 and 65 through 69, 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 Federal Awards and State Financial Assistance (the Schedule) as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and 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 29, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

McDiernit Davis & Company, LLC

Orlando, Florida
April 29, 2019

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, 2018 by \$62,707,907 (net position). Of this amount, \$3,638,621 (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 \$4,125,785 or 6.9%.
- At the close of the most recent fiscal year, the City's governmental funds reported combined ending fund balances of \$7,741,348, a decrease of \$5,080,398. Approximately 34.2% of this total amount, \$2,645,266, is available for spending at the City's discretion (unassigned fund balance).
- At the close of the most recent fiscal year, unassigned fund balance for the general fund was \$2,744,651 or 16.5% of total general fund expenditures.
- Net position of the Police Officers' and Firefighters' Pension Trust Funds increased by \$2,162,086 or 13.5%.

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.

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 14-15 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.

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 16-25 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 26-28 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 29-30 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 31-64 of this report.

Required Supplementary Information (RSI)

RSI can be found on pages 65-69 of this report.

Other Information

The budget schedules for the two major capital projects funds are on pages 70-71 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 72-77 of this report.

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 \$62,707,907 at the close of the most recent fiscal year.

Over half (\$56,967,973 or 90.8%) 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 \$2,101,313 (or 3.4%) 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 (\$3,638,621 or 5.8%) 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 14.

Statement of Net Position
As of September 30, 2018 and 2017

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 12,308,224	\$ 15,901,741	\$ 1,974,750	\$ 2,577,260	\$ 14,282,974	\$ 18,479,001
Capital assets	46,302,650	40,127,499	28,208,264	22,362,396	74,510,914	62,489,895
Total assets	58,610,874	56,029,240	30,183,014	24,939,656	88,793,888	80,968,896
Deferred Outflows of Resources						
Deferred outflow of pension earnings	4,147,916	5,039,910	91,662	96,324	4,239,578	5,136,234
Liabilities:						
Current liabilities	3,341,520	2,935,578	423,262	2,347,590	3,764,782	5,283,168
Long-term liabilities	17,407,835	15,804,330	6,257,032	2,286,963	23,664,867	18,091,293
Other liabilities	-	-	223,478	199,713	223,478	199,713
Total liabilities	20,749,355	18,739,908	6,903,772	4,834,266	27,653,127	23,574,174
Deferred Inflows of Resources						
Deferred inflow of pension earnings	2,587,592	2,470,663	84,840	76,690	2,672,432	2,547,353
Net Position:						
Net investment in capital assets	34,490,781	28,923,345	22,477,192	20,446,633	56,967,973	49,369,978
Restricted for:						
Renewal and replacement	-	-	1,425,464	858,018	1,425,464	858,018
Capital projects	-	-	563,416	-	563,416	-
Special law enforcement	112,433	63,688	-	-	112,433	63,688
Unrestricted	4,818,629	10,871,546	(1,180,008)	(1,179,627)	3,638,621	9,691,919
Total net position	\$ 39,421,843	\$ 39,858,579	\$ 23,286,064	\$ 20,125,024	\$ 62,707,907	\$ 59,983,603

Statement of Changes in Net Position.

The table on page 8 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 15.

Note that the City's net position increased by \$4,125,785 or 6.88% in fiscal year 2018. The previous fiscal year, 2017, net position decreased by \$1,903,808 or 3.28%.

Governmental activities decreased net position by \$860,089 in fiscal year 2018 compared to a decrease of \$1,084,097 in 2017. The decrease in 2018 is due to increased grant revenues.

Business-type activities increased net position by \$3,265,696 in fiscal year 2018 compared to an increase of \$2,987,905 in 2017. 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 the City's Funds** on page 11.

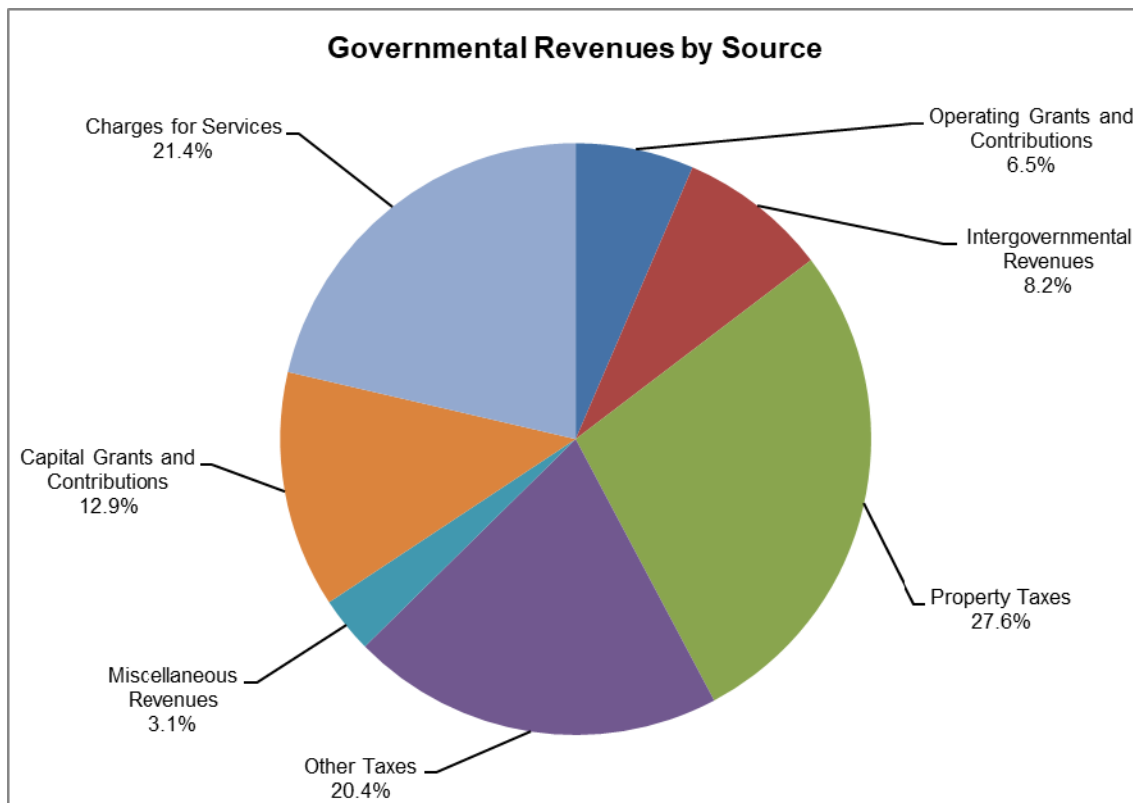
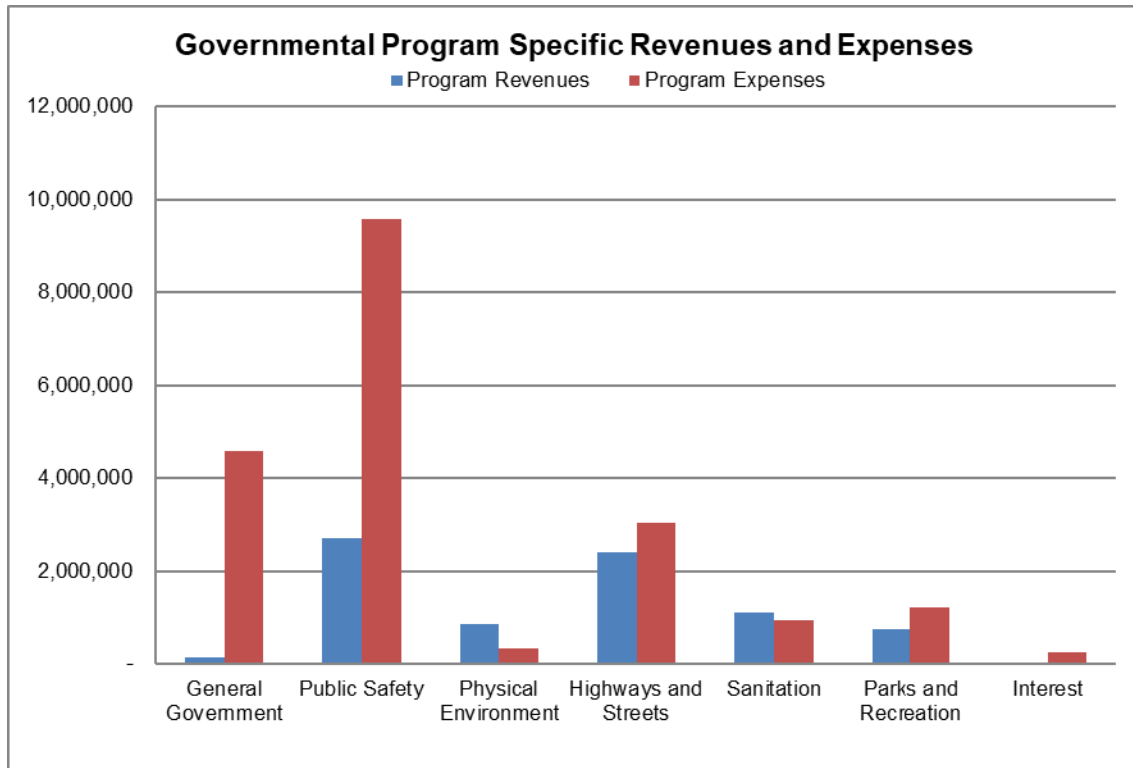
Note that the first graph depicts governmental program-specific revenues and expenses. For this graph the revenue does not include property taxes, franchise and utility taxes, communication services tax, intergovernmental revenue, investment earnings or miscellaneous revenue. This chart is intended to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

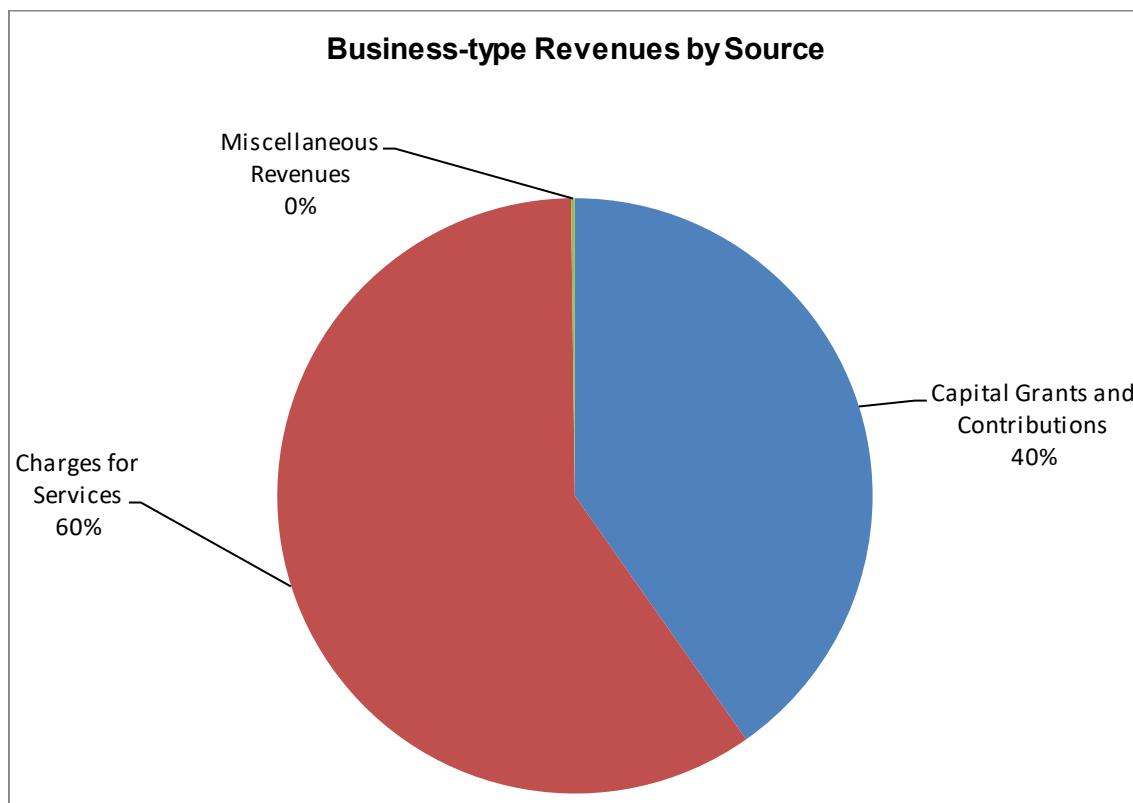
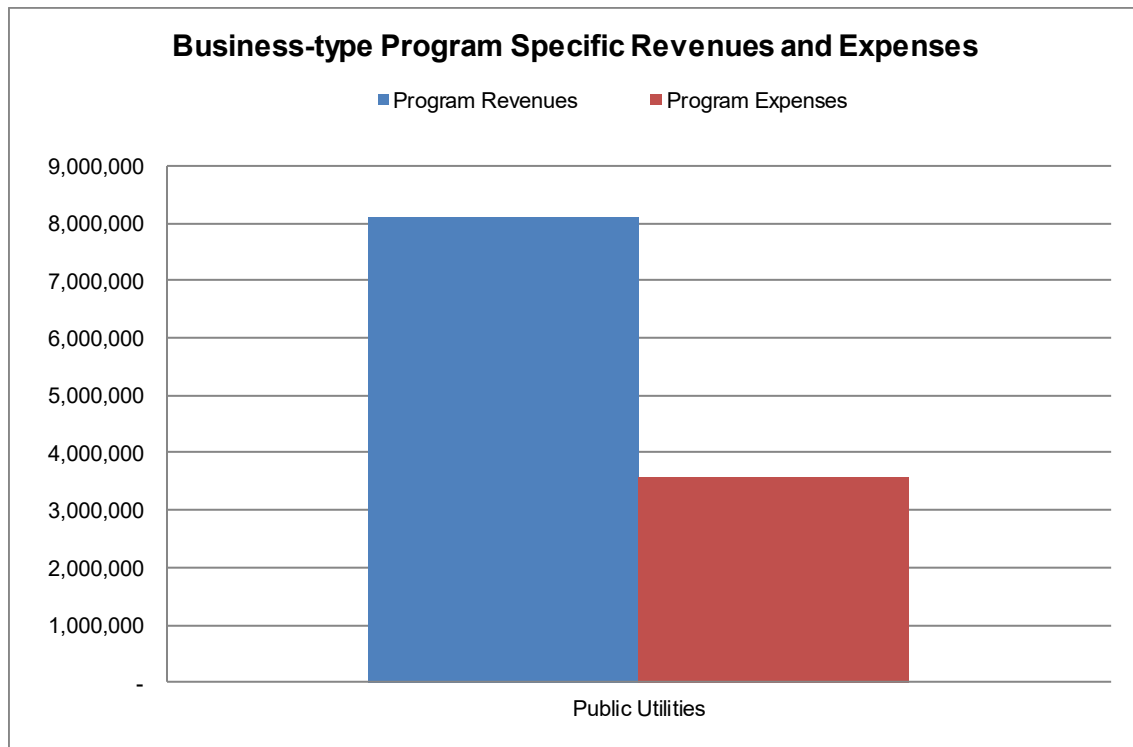
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Changes in Net Position
For the Year Ended September 30,

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,167,819	\$ 4,040,583	\$ 4,840,891	\$ 5,298,510	\$ 9,008,710	\$ 9,339,093
Operating grants and contributions	1,264,028	656,988	-	-	1,264,028	656,988
Capital grants and contributions	2,525,491	1,093,789	3,271,359	2,129,281	5,796,850	3,223,070
General revenues:						
Property taxes	5,381,390	5,002,183	-	-	5,381,390	5,002,183
Other taxes	3,982,796	3,874,717	-	-	3,982,796	3,874,717
Other	2,197,205	1,797,389	19,190	10,970	2,216,395	1,808,359
Total revenues	19,518,729	16,465,649	8,131,440	7,438,761	27,650,169	23,904,410
Expenses:						
General government	4,595,543	4,319,728	-	-	4,595,543	4,319,728
Public safety	9,580,307	9,546,105	-	-	9,580,307	9,546,105
Physical environment	337,174	311,652	-	-	337,174	311,652
Highways and streets	3,037,930	2,245,024	-	-	3,037,930	2,245,024
Sanitation	935,752	1,030,835	-	-	935,752	1,030,835
Parks and recreation	1,220,169	1,111,402	-	-	1,220,169	1,111,402
Interest on long-term debt	254,674	305,208	-	-	254,674	305,208
Public utilities	-	-	3,562,835	3,130,648	3,562,835	3,130,648
Total expenses	19,961,549	18,869,954	3,562,835	3,130,648	23,524,384	22,000,602
Increase (decrease) in net position before transfers	(442,820)	(2,404,305)	4,568,605	4,308,113	4,125,785	1,903,808
Transfers	1,302,909	1,320,208	(1,302,909)	(1,320,208)	-	-
Increase in Net Position	860,089	(1,084,097)	3,265,696	2,987,905	4,125,785	1,903,808
Net Position - October 1, as restated	38,561,754	40,942,676	20,020,368	17,137,119	58,582,122	58,079,795
Net Position - September 30	\$ 39,421,843	\$ 39,858,579	\$ 23,286,064	\$ 20,125,024	\$ 62,707,907	\$ 59,983,603





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, 2018, the City's governmental funds reported combined ending fund balances of \$7,741,348, a decrease of \$5,080,398, from the prior year. Approximately 34.2% or \$2,645,266 of this total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance, \$5,096,082, 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, 2018, the unassigned fund balance of the General Fund was \$2,744,651 while the total fund balance was \$3,023,482. 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 16.5% of total General Fund expenditures, while total fund balance represents 18.2% of that same amount. The fund balance of the General Fund decreased by \$298,887 due to the fact that expenditures continue to be higher than available revenues.

The Public Facilities Improvement Fund has a total fund balance of \$2,251,762. The fund realized a decrease in total fund balance of \$3,482,707 in 2018 due to capital outlay expenditures.

The Special Assessments Fund has a total deficit fund balance of \$(86,394) 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 \$69,855 due to collection of assessments.

The Capital Projects Fund has a total fund balance of \$918,287, of which all is committed for future acquisition of capital equipment. The fund realized a decrease in total fund balance of \$1,764,544 due to capital expenditures.

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, 2018, unrestricted net position of the Public Utilities Enterprise Fund amounted to \$(1,180,008) and total net position increased \$3,265,696. This increase is due to grant revenues.

General Fund Budgetary Highlights

Differences between the original General Fund budgeted expenditures and transfers out and the final amended General Fund budget amounted to \$1,069,855. The increase in appropriations are due to hurricane expenditures hitting in FY17/18 rather than in FY16/17 as budget was amended.

Actual expenditures were less than final appropriations by \$2,331,412, a variance of 15%, due to payment of debt service for Reiter Park being allocated to the Public Facilities Fund, a change in the deductible levels P&L Insurance premiums, position vacancies, and a reduction in workers compensation premiums charged to the general fund due to excess funds utilized from the balance sheet to offset this expenditure.

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, 2018 amounts to \$74,510,914 (net of accumulated depreciation), for an increase of \$12,021,019 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 19.24% (a 15.39% increase for governmental activities, and a 26.14% increase for business-type activities).

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

- Septic Tank Abatement Projects - \$4,382,152
- Water Main Replacement Projects - \$376,041
- Lake Horton - \$525

Major capital assets included in construction in progress:

- Longdale Septic Tank Abatement - \$123,037
- East Longwood Septic Tank Abatement - \$85,917
- County Road 427 Sewer Project - \$32,845
- State Revolving Fund Tank Abatement - \$23,820
- Stormwater Reuse System - \$ 1,623,109
- Reiter Park - \$3,345,840
- Winsor Manor Drainage - \$240,295
- South Longwood Drainage Canal - \$5,375
- Bennett Drive Drainage Improvements - \$2,670
- SR 434 Median - \$264,442
- Florida Central Parkway Roadway Improvements - \$691,401
- Ronald Regan Improvements - \$39,949
- Florida Parkway Pedestrian Improvements - \$876,609
- I4 & 434 - \$22,404

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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	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,672,052	\$ 5,672,052	\$ 462,581	\$ 462,581	\$ 6,134,633	\$ 6,134,633
Buildings	2,424,105	2,541,415	32,382	35,421	2,456,487	2,576,836
Improvements Other Than Buildings	4,626,378	4,959,839	21,494,513	11,441,964	26,120,891	16,401,803
Infrastructure	17,895,618	18,061,827	-	-	17,895,618	18,061,827
Vehicles and Equipment	2,477,553	2,626,484	238,874	290,345	2,716,427	2,916,829
Intangibles	-	-	3,546,768	3,294,710	3,546,768	3,294,710
Construction in Progress	13,206,944	6,265,882	2,433,146	6,837,375	15,640,090	13,103,257
Total capital assets, net	<u>\$ 46,302,650</u>	<u>\$ 40,127,499</u>	<u>\$ 28,208,264</u>	<u>\$ 22,362,396</u>	<u>\$ 74,510,914</u>	<u>\$ 62,489,895</u>

Noncurrent Liabilities

At September 30, 2018, 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	
	2018	2017	2018	2017	2018	2017
Capital Leases	\$ 519,973	\$ 786,318	\$ 69,600	\$ 104,400	\$ 589,573	\$ 890,718
Note Payable	11,291,896	10,417,836	5,661,472	1,791,364	16,953,368	12,209,200
Net Pension liability	1,991,526	2,539,171	238,376	238,756	2,229,902	2,777,927
OPEB Liability	2,634,463	1,110,757	223,114	99,243	2,857,577	1,210,000
Compensated Absences	969,977	950,248	64,470	53,200	1,034,447	1,003,448
Total	<u>\$ 17,407,835</u>	<u>\$ 15,804,330</u>	<u>\$ 6,257,032</u>	<u>\$ 2,286,963</u>	<u>\$ 23,664,867</u>	<u>\$ 18,091,293</u>

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, fund balance in the General Fund decreased by \$298,887 to \$3,023,482. The City has appropriated \$134,992 of this amount for spending in the 2018/2019 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 2018/2019 fiscal year.

Requests for Information

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



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BASIC FINANCIAL STATEMENTS



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City of Longwood, Florida
Statement of Net Position
September 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,714,455	\$ -	\$ 1,714,455
Investments	4,694,528	-	4,694,528
Accounts receivable, net of allowance	396,574	542,738	939,312
Due from other governmental units	1,988,876	1,522,428	3,511,304
Internal balances	2,402,731	(2,402,731)	-
Prepays	517,780	-	517,780
Pension	593,280	-	593,280
Restricted cash	-	2,212,358	2,212,358
Impact fees and assessments receivable	-	99,957	99,957
Capital assets:			
Not being depreciated	18,878,996	2,895,727	21,774,723
Being depreciated, net	27,423,654	25,312,537	52,736,191
Total assets	58,610,874	30,183,014	88,793,888
Deferred Outflows of Resources			
Deferred outflows of pension earnings	4,147,916	91,662	4,239,578
Total deferred outflows of resources	4,147,916	91,662	4,239,578
Liabilities:			
Accounts payable and other current liabilities	2,548,459	423,262	2,971,721
Due to other governmental units	339,211	-	339,211
Unearned revenues	343,403	-	343,403
Customer deposits	-	223,478	223,478
Accrued interest	110,447	-	110,447
Noncurrent liabilities:			
Due within one year	1,587,187	240,637	1,827,824
Due in more than one year	15,820,648	6,016,395	21,837,043
Total liabilities	20,749,355	6,903,772	27,653,127
Deferred Inflows of Resources:			
Deferred inflows of pension earnings	2,587,592	84,840	2,672,432
Total deferred inflows of resources	2,587,592	84,840	2,672,432
Net Position:			
Net investment in capital assets	34,490,781	22,477,192	56,967,973
Restricted for:			
Renewal and replacement	-	1,425,464	1,425,464
Capital Projects	-	563,416	563,416
Special law enforcement	112,433	-	112,433
Unrestricted	4,818,629	(1,180,008)	3,638,621
Total net position	\$ 39,421,843	\$ 23,286,064	\$ 62,707,907



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City of Longwood, Florida
Statement of Activities
For the Year Ended September 30, 2018

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		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General Government	\$ 4,595,543	\$ 137,874	\$ -	\$ -	\$ (4,457,669)	\$ -	\$ (4,457,669)
Public Safety	9,580,307	2,013,977	682,755	-	(6,883,575)	-	(6,883,575)
Physical Environment	337,174	758,473	105,055	397	526,751	-	526,751
Highways & Streets	3,037,930	-	476,218	1,937,094	(624,618)	-	(624,618)
Sanitation	935,752	1,095,484	-	-	159,732	-	159,732
Parks and Recreation	1,220,169	162,011	-	588,000	(470,158)	-	(470,158)
Interest on Long-term debt	254,674	-	-	-	(254,674)	-	(254,674)
Total governmental activities	19,961,549	4,167,819	1,264,028	2,525,491	(12,004,211)	-	(12,004,211)
Business-type activities:							
Public Utilities	3,562,835	4,840,891	-	3,271,359	-	4,549,415	4,549,415
Total business-type activities	3,562,835	4,840,891	-	3,271,359	-	4,549,415	4,549,415
Total primary government	\$ 23,524,384	\$ 9,008,710	\$ 1,264,028	\$ 5,796,850	(12,004,211)	4,549,415	(7,454,796)
General Revenues:							
Taxes:							
Property taxes					5,381,390	-	5,381,390
Franchise and utility taxes					3,211,760	-	3,211,760
Communications services tax					771,036	-	771,036
Unrestricted intergovernmental revenues					1,598,174	-	1,598,174
Unrestricted investment earnings					115,700	17,120	132,820
Miscellaneous					425,271	-	425,271
Gain on Sale of Capital Assets					58,060	2,070	60,130
Transfers					1,302,909	(1,302,909)	-
Total general revenues and transfers					12,864,300	(1,283,719)	11,580,581
Change in net position					860,089	3,265,696	4,125,785
Net position, beginning as previously reported					39,858,579	20,125,024	59,983,603
Cumulative effect of change in accounting principle					(1,296,825)	(104,656)	(1,401,481)
Net position, beginning, as restated					38,561,754	20,020,368	58,582,122
Net position, ending					\$ 39,421,843	\$ 23,286,064	\$ 62,707,907

City of Longwood, Florida
Balance Sheet - Governmental Funds
September 30, 2018

	<u>General Fund</u>	<u>Public Facilities Improvement Fund</u>	<u>Special Assessments Fund</u>	<u>Grant Fund</u>
Assets:				
Cash and cash equivalents	\$ -	\$ 265,751	\$ 278,164	\$ -
Investments	4,694,528	-	-	-
Accounts receivable (net of allowance for uncollectibles)	181,218	133,859	10,358	-
Due from other funds	-	-	-	-
Due from other governmental units	597,887	800,497	1,390	581,102
Prepays	3,838	-	-	-
Advances to other funds	140,000	2,617,731	-	-
Total assets	<u>\$ 5,617,471</u>	<u>\$ 3,817,838</u>	<u>\$ 289,912</u>	<u>\$ 581,102</u>
Liabilities:				
Liabilities:				
Accounts payable	\$ 641,935	\$ 833,911	\$ 10,948	\$ -
Accrued liabilities	478,753	-	-	-
Due to other funds	801,114	-	-	581,102
Advances from other funds	-	-	355,000	-
Due to other governments	335,278	-	-	-
Unearned revenue	336,909	-	-	-
Total liabilities	<u>2,593,989</u>	<u>833,911</u>	<u>365,948</u>	<u>581,102</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	732,165	10,358	-
Fund Balances (deficits):				
Nonspendable	143,838	-	-	-
Spendable:				
Restricted	-	-	-	-
Committed	-	2,251,762	-	-
Assigned	134,993	-	-	-
Unassigned	2,744,651	-	(86,394)	-
Total fund balances	<u>3,023,482</u>	<u>2,251,762</u>	<u>(86,394)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances(deficits)	<u>\$ 5,617,471</u>	<u>\$ 3,817,838</u>	<u>\$ 289,912</u>	<u>\$ 581,102</u>

<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 18,556	\$ 1,151,984	\$ 1,714,455
-	-	4,694,528
-	71,139	396,574
803,429	581,102	1,384,531
8,000	-	1,988,876
513,942	-	517,780
-	-	2,757,731
<u>\$ 1,343,927</u>	<u>\$ 1,804,225</u>	<u>\$ 13,454,475</u>
\$ 425,640	\$ 153,233	\$ 2,065,667
-	4,039	482,792
-	2,315	1,384,531
-	-	355,000
-	3,933	339,211
-	6,494	343,403
<u>425,640</u>	<u>170,014</u>	<u>4,970,604</u>
-	-	742,523
513,942	-	657,780
-	1,647,202	1,647,202
404,345	-	2,656,107
-	-	134,993
-	(12,991)	2,645,266
<u>918,287</u>	<u>1,634,211</u>	<u>7,741,348</u>
<u>\$ 1,343,927</u>	<u>\$ 1,804,225</u>	<u>\$ 13,454,475</u>



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City of Longwood, Florida
**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position**
September 30, 2018

Total Fund Balance, Governmental Funds	\$	7,741,348
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	46,302,650
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Certain other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	742,523
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Deferred inflows and outflows of resources related to pension earnings are not recognized in governmental funds, however, they are recorded in net position under full accrual accounting.	1,560,324
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(16,925,002)</u>
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Net Position of Governmental Activities in the Statement of Net Position	\$	<u>39,421,843</u>
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Statement of Revenues, Expenditures and Changes in Fund Balances**Governmental Funds**

For the Year Ended September 30, 2018

	General Fund	Public Facilities Improvement Fund	Special Assessments Fund	Grant Fund
Revenues:				
Taxes:				
Property tax	\$ 5,381,390	\$ -	\$ -	\$ -
Franchise tax	1,624,373	-	-	-
Utility tax	1,587,387	-	-	-
Communications services tax	771,036	-	-	-
Local option gas tax	-	406,015	-	-
Licenses and permits	188,362	-	-	-
Intergovernmental revenue	2,572,346	1,327,787	-	580,000
Charges for services	2,029,252	-	-	-
Fines and forfeitures	120,249	-	-	-
Special assessments	-	48,647	103,828	-
Investment earnings	2,665	60,024	3,551	110
Miscellaneous revenue	238,839	230,000	-	-
Total revenues	14,515,899	2,072,473	107,379	580,110
Expenditures:				
Current:				
General government	3,940,346	-	-	-
Public safety	8,385,711	-	-	2,610
Physical environment	-	-	37,524	-
Highways and streets	1,722,633	55,163	-	-
Sanitation	935,752	-	-	-
Parks and recreation	1,129,166	-	-	-
Debt Service:				
Principal	330,545	973,994	-	-
Interest and other charges	40,144	140,440	-	-
Capital Outlay	105,217	4,385,583	-	-
Total expenditures	16,589,514	5,555,180	37,524	2,610
Excess (deficiency) of revenues over expenditures	(2,073,615)	(3,482,707)	69,855	577,500
Other Financing				
Sources (uses):				
Transfers in	1,777,228	-	-	2,500
Transfers out	(2,500)	-	-	(580,000)
Notes payable issued	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	1,774,728	-	-	(577,500)
Net change in fund balances	(298,887)	(3,482,707)	69,855	-
Fund balances, beginning	3,322,369	5,734,469	(156,249)	-
Fund balances, ending	\$ 3,023,482	\$ 2,251,762	\$ (86,394)	\$ -

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,381,390
-	-	1,624,373
-	-	1,587,387
-	-	771,036
-	-	406,015
-	819,639	1,008,001
8,000	-	4,488,133
-	683,287	2,712,539
-	67,028	187,277
-	-	152,475
26,090	23,260	115,700
-	35,497	504,336
<u>34,090</u>	<u>1,628,711</u>	<u>18,938,662</u>
-	-	3,940,346
-	424,752	8,813,073
-	213,411	250,935
-	-	1,777,796
-	-	935,752
-	-	1,129,166
-	42,536	1,347,075
35,930	3,752	220,266
4,355,494	74,056	8,920,350
<u>4,391,424</u>	<u>758,507</u>	<u>27,334,759</u>
<u>(4,357,334)</u>	<u>870,204</u>	<u>(8,396,097)</u>
580,000	-	2,359,728
-	(474,319)	(1,056,819)
1,954,790	-	1,954,790
<u>58,000</u>	<u>-</u>	<u>58,000</u>
<u>2,592,790</u>	<u>(474,319)</u>	<u>3,315,699</u>
(1,764,544)	395,885	(5,080,398)
2,682,831	1,238,326	12,821,746
<u>\$ 918,287</u>	<u>\$ 1,634,211</u>	<u>\$ 7,741,348</u>



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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, 2018

Net Change in Fund Balances, total governmental funds:	\$	(5,080,398)
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Governmental Funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	8,462,025	
Current Year Depreciation	<u>(2,286,874)</u>	6,175,151

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

132,002

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	(226,881)	
Accrued interest	(34,408)	
Compensated absences	<u>(19,729)</u>	(281,018)

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

Note Payable	(1,954,790)	
Principal Payments	<u>1,347,075</u>	(607,715)

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.

(76,239)

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

598,306

Change in net position of governmental activities	\$	<u>860,089</u>
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General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 5,308,568	\$ 5,308,568	\$ 5,381,390	\$ 72,822
Franchise tax	1,613,239	1,613,239	1,624,373	11,134
Utility tax	1,645,313	1,645,313	1,587,387	(57,926)
Communications services tax	794,952	794,952	771,036	(23,916)
Licenses and permits	211,349	211,349	188,362	(22,987)
Intergovernmental revenue	2,029,641	2,029,641	1,950,469	(79,172)
Charges for services	2,222,445	2,262,445	2,029,252	(233,193)
Fines and forfeitures	168,869	168,869	120,249	(48,620)
Investment earnings	8,834	8,834	2,665	(6,169)
Miscellaneous revenue	253,655	283,573	238,839	(44,734)
Total revenues	14,256,865	14,326,783	13,894,022	(432,761)
Expenditures:				
Current:				
General government:				
City commission	96,664	98,638	97,420	1,218
City clerk	358,617	358,617	339,880	18,737
City manager	174,504	379,371	335,630	43,741
City attorney	160,000	158,026	158,026	-
Personnel	743,126	857,283	703,575	153,708
Purchasing	91,806	95,178	91,171	4,007
Finance	325,976	357,732	346,935	10,797
Utility billing	296,928	331,768	323,468	8,300
Community development	840,492	826,492	753,403	73,089
Other-unclassified	935,556	930,680	856,765	73,915
Total general government	4,023,669	4,393,785	4,006,273	387,512
Public Safety				
Police	4,829,308	4,829,308	4,167,195	662,113
Fire	4,419,534	4,383,345	3,895,760	487,585
Total public safety	9,248,842	9,212,653	8,062,955	1,149,698

**General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Highways and streets:				
Streets and fleet	\$ 1,414,007	\$ 2,056,476	\$ 1,722,633	\$ 333,843
Total highways and streets	<u>1,414,007</u>	<u>2,056,476</u>	<u>1,722,633</u>	<u>333,843</u>
Sanitation	<u>1,020,000</u>	<u>1,025,160</u>	<u>935,752</u>	<u>89,408</u>
Parks and recreation:				
Recreational programs	<u>1,467,496</u>	<u>1,485,359</u>	<u>1,134,807</u>	<u>350,552</u>
Total parks and recreation	<u>1,467,496</u>	<u>1,485,359</u>	<u>1,134,807</u>	<u>350,552</u>
Capital Outlay	<u>55,180</u>	<u>125,616</u>	<u>105,217</u>	<u>20,399</u>
Total expenditures	<u>17,229,194</u>	<u>18,299,049</u>	<u>15,967,637</u>	<u>2,331,412</u>
Excess (deficiency) of revenues over expenditures	(2,972,329)	(3,972,266)	(2,073,615)	1,898,651
Other Financing Sources (uses):				
Transfers in	1,748,610	1,777,228	1,777,228	-
Transfers out	(2,500)	(2,500)	(2,500)	-
Total other financing sources (uses)	<u>1,746,110</u>	<u>1,774,728</u>	<u>1,774,728</u>	<u>-</u>
Net change in fund balances	(1,226,219)	(2,197,538)	(298,887)	1,898,651
Fund balance, beginning	<u>3,322,369</u>	<u>3,322,369</u>	<u>3,322,369</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,096,150</u>	<u>\$ 1,124,831</u>	<u>\$ 3,023,482</u>	<u>\$ 1,898,651</u>

Special Assessments Fund**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Beautification assessments	\$ 93,718	\$ 93,718	\$ 103,828	\$ 10,110
Investment earnings	150	150	3,551	3,401
Total revenues	<u>93,868</u>	<u>93,868</u>	<u>107,379</u>	<u>13,511</u>
Expenditures:				
Current:				
Physical environment:				
Streets and fleet	81,030	81,030	37,524	43,506
Total expenditures	<u>81,030</u>	<u>81,030</u>	<u>37,524</u>	<u>43,506</u>
Excess (deficiency) of revenues over expenditures	12,838	12,838	69,855	57,017
Fund deficit, beginning	<u>(156,249)</u>	<u>(156,249)</u>	<u>(156,249)</u>	<u>-</u>
Fund deficit, ending	<u><u>\$ (143,411)</u></u>	<u><u>\$ (143,411)</u></u>	<u><u>\$ (86,394)</u></u>	<u><u>\$ 57,017</u></u>

Grant Fund**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 602,001	\$ 602,001	\$ 580,000	\$ (22,001)
Interest	-	-	110	110
Total revenues	602,001	602,001	580,110	(21,891)
Expenditures:				
Current:				
Public safety:				
Police	24,501	24,501	2,610	21,891
Total public safety	24,501	24,501	2,610	21,891
Capital Outlay	-	-	-	-
Total expenditures	24,501	24,501	2,610	21,891
Excess (deficiency) of revenues over expenditures	577,500	577,500	577,500	-
Other Financing Sources (uses):				
Transfers in	2,500	2,500	2,500	-
Transfers out	(580,000)	(580,000)	(580,000)	-
Total other financing sources and uses	(577,500)	(577,500)	(577,500)	-
Net change in fund balances	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

City of Longwood, Florida
Statement of Net Position
Proprietary Fund
September 30, 2018

	<u>Public Utilities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable, net	542,738
Restricted cash	2,212,358
Receivables from other governments	1,522,428
Total current assets	<u>4,277,524</u>
Noncurrent assets:	
Impact fees and assessments receivable	99,957
Capital Assets:	
Not being depreciated	2,895,727
Being depreciated, net	25,312,537
Total noncurrent assets	<u>28,308,221</u>
Total assets	<u>32,585,745</u>
Deferred Outflows of Resources:	
Deferred outflows on pension earnings	<u>91,662</u>
Liabilities:	
Current liabilities:	
Accounts payable and other current liabilities	303,495
Retainage payable	119,767
Due to other funds	2,402,731
Capital lease payable	42,542
Compensated absences	6,447
Customer deposits	223,478
Notes payable	191,648
Total current liabilities	<u>3,290,108</u>
Noncurrent liabilities:	
Compensated absences	58,023
Net pension liability	238,376
OPEB	223,114
Capital lease payable	72,268
Notes payable	5,424,614
Total noncurrent liabilities	<u>6,016,395</u>
Total liabilities	<u>9,306,503</u>
Deferred Inflows of Resources:	
Deferred inflows on pension earnings	<u>84,840</u>
Net Position:	
Net investment in capital assets	22,477,192
Restricted for renewal and replacement	1,425,464
Restricted for capital projects	563,416
Unrestricted	(1,180,008)
Total net position	<u>\$ 23,286,064</u>

**Statement of Revenues, Expenses and Changes in Fund Net Position -
Proprietary Fund**

For the Year Ended September 30, 2018

	<u>Public Utilities</u>
Operating Revenues:	
Charges for sales and services	\$ 4,840,891
Miscellaneous	-
Total operating revenues	<u>4,840,891</u>
Operating Expenses:	
Personnel	743,762
Supplies and services	1,814,808
Amortization	163,643
Depreciation	722,552
Total operating expenses	<u>3,444,765</u>
Operating income	<u>1,396,126</u>
Nonoperating Revenues (Expenses):	
Investment earnings	17,120
Gain on sale of capital assets	2,070
Interest expense	(118,070)
Total nonoperating expenses	<u>(98,880)</u>
Income before contributions and transfers	1,297,246
Capital Contributions	3,271,359
Transfers Out	(1,302,909)
Change in Net Position	3,265,696
Net position, beginning as previously reported	20,125,024
Cumulative effect of change in accounting principle	(104,656)
Net position, beginning, as restated	<u>20,020,368</u>
Net position, ending	<u><u>\$ 23,286,064</u></u>

City of Longwood, Florida
Statement of Cash Flows -
Proprietary Fund
For the Year Ended September 30, 2018

	Business-Type Activities Public Utilities
Cash Flows From Operating Activities:	
Receipts from customers	\$ 4,885,922
Payments to suppliers	(3,303,981)
Payments to employees	(700,845)
Net cash provided by operating activities	881,096
Cash Flows From Noncapital Financing Activities:	
Due to other funds	1,580,105
Transfers to other funds	(1,302,909)
Net cash used in noncapital financing activities	277,196
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(7,167,218)
Sale of capital assets	2,070
Interest payments	(118,070)
Grants	2,863,709
Impact fees	563,416
Principal payments on notes payable and capital leases	(49,983)
Proceeds from notes payable	3,885,291
Net cash provided(used) in capital and related financing activities	(20,785)
Cash Flows From Investing Activities:	
Investment income	17,120
Net cash provided by investing activities	17,120
Net Decrease in Cash and Cash Equivalents	1,154,627
Cash and cash equivalents, beginning of year	1,057,731
Cash and cash equivalents, end of year	\$ 2,212,358
Classified as:	
Cash and cash equivalents	\$ -
Restricted cash, customer deposits	2,212,358
Total cash and cash equivalents	\$ 2,212,358
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,396,126
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	722,552
Amortization expense	163,643
Increase in accounts receivable	(20,771)
Increase in deferred outflows	4,662
Decrease in assessments receivable	42,037
Decrease in accounts payable	(1,489,173)
Increase in OPEB	19,215
Decrease in compensated absences	11,270
Decrease in customer deposits	23,765
Decrease in deferred inflows	8,150
Decrease in net pension liability	(380)
Net cash provided by operating activities	\$ 881,096
Noncash capital and financing activities:	
Transfers of capital assets to governmental capital assets	\$ -

City of Longwood, Florida
Statement of Fiduciary Net Position -
Fiduciary Fund
September 30, 2018

	<u>Pension Fund</u>
Assets	
Cash and cash equivalents	\$ 71,412
Receivables:	
Employer and employee	320,824
Total receivables	<u>320,824</u>
Investments, at fair value:	
U.S. Government obligations	5,659,386
Equities	12,122,154
Total Investments	<u>17,781,540</u>
Total assets	<u>18,173,776</u>
Net Position:	
Net position restricted for pensions	<u><u>18,173,776</u></u>

**Statement of Changes in Fiduciary Net Position -
Fiduciary Fund**

For the Year Ended September 30, 2018

	<u>Pension Fund</u>
Additions:	
Contributions:	
City	\$ 596,972
State	621,877
Employee	41,442
Total contributions	<u>1,260,291</u>
Investment Earnings:	
Net increase in the fair value of investments	1,195,204
Net investment earnings	<u>1,195,204</u>
Total additions	<u>2,455,495</u>
Deductions:	
Refunds of Contributions	247,178
Administrative Expenses	46,231
Total deductions	<u>293,409</u>
 Change in net position	 2,162,086
Net position, beginning	16,011,690
Net position, ending	<u><u>\$ 18,173,776</u></u>

NOTES TO THE FINANCIAL STATEMENTS



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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.

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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

General Fund - 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.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Major Proprietary Fund

Public Utilities Enterprise Fund - 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

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

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

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 \$1,200 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.

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, 2018 was 5.50 mills.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

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 2018.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 and grants. 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.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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.

New GASB Statements Implemented

In fiscal year 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. Due to the implementation of GASB Statement No. 75, beginning net position of governmental activities and Public Utilities funds have been decreased by \$1,296,825 and \$104,656 respectively.

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NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

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

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	\$ 2,572,346	\$ 8,385,711
Principal and interest	-	299,121
Nonbudgeted on-behalf payments	(621,877)	(621,877)
Budgetary basis	\$ 1,950,469	\$ 8,062,955

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 2018 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 (i.e. finance, police, recreation programs), since the City Manager may transfer funds between line items within a program.
6. Unexpended and unencumbered appropriations lapse at year-end.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

Deficit Fund Equity

The Special Assessments Special Revenue Fund has a deficit fund balance of \$86,394, the Police Education Special Revenue Fund has a deficit fund balance of \$2,415 and the Stormwater fund has a deficit fund balance of \$10,576 at September 30, 2018.

Appropriations in Excess of Funds Available

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

NOTE 4 DEPOSITS AND INVESTMENTS

Deposits

At September 30, 2018, the carrying amount of the City's deposits was \$3,955,330 and the bank balance was \$4,515,834. Fiduciary fund cash of \$71,412 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.

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.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, all of the City's bank deposits were in qualified public depositories.

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

Investments held by the City at September 30, 2018 are detailed below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity</u>
LGIP:			
Florida Prime	\$ 4,694,528	AAAm	33 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. Investments categorized as Level 2 are reported at the net asset value of fund portfolio, whereby the underlying assets are valued based on quoted prices or market-corroborated input. Investments categorized as Level 3 are reported at the net asset value of the fund portfolio, which is invested in a variety of financial instruments, some of which are valued using significant unobservable inputs.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as September 30, 2018:

Investments Valued by Fair Value Level		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities:				
FMLvT Diversified Large Cap Equity	\$ 5,837,915	\$ -	\$ 5,837,915	\$ -
FMLvT Diversified Small to Mid Cap	2,142,354	-	2,142,354	-
FMLvT International Equity	2,535,119	-	2,535,119	-
Fixed Income:				
FMLvT Broad Market HQ Bond	2,588,678	-	2,588,678	-
FMLvT Core Plus Fixed Income	3,070,708	-	-	3,070,708
FMLvT Core Real Estate Fund	1,606,766	-	-	1,606,766
	<u>\$ 17,781,540</u>	<u>\$ -</u>	<u>\$ 13,104,066</u>	<u>\$ 4,677,474</u>

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, 2018 are detailed below:

Investment Type	Fair Value	Weighted Avg. Maturity	Credit Rating
Pension Fund:			
FMLvT Broad market HQ Bond Fund	\$ 5,659,386	6.4 years	Aaf/S4
FMLvT Core Plus Fixed Income	12,122,154	N/A	Not rated
Total investments	17,781,540		
Cash and cash equivalents	71,412		
Total cash and investments	<u>\$ 17,852,952</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.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2018, 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, 2018, there were no security investments in the Trust that were over their respective limitations.

NOTE 5 RECEIVABLES

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

	Accounts Receivable	Allowance for Uncollectible Accounts	Accounts Receivable, net
Governmental Funds:			
General fund	\$ 188,378	\$ (7,160)	\$ 181,218
Public facilities improvement fund	133,859	-	133,859
Special assessments fund	10,358	-	10,358
Stormwater management fund	102,082	(31,404)	70,678
Special Law Enforcement Trust	461	-	461
	<u>435,138</u>	<u>(38,564)</u>	<u>396,574</u>
Proprietary Fund:			
Public utilities	<u>584,819</u>	<u>(42,081)</u>	<u>542,738</u>
	<u>\$ 1,019,957</u>	<u>\$ (80,645)</u>	<u>\$ 939,312</u>

\$133,859 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, \$10,358 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 \$144,217 are reported as deferred inflows of resources in the governmental funds balance sheet.

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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 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	6,265,882	7,538,182	(597,120)	13,206,944
Total capital assets, not being depreciated	11,937,934	7,538,182	(597,120)	18,878,996
Capital assets, being depreciated:				
Buildings	4,978,998	-	-	4,978,998
Improvements other than buildings	7,547,835	-	-	7,547,835
Infrastructure	31,744,939	597,120	-	32,342,059
Vehicles and equipment	10,040,996	923,843	(541,710)	10,423,129
Total capital assets, being depreciated	54,312,768	1,520,963	(541,710)	55,292,021
Less accumulated depreciation for:				
Buildings	(2,437,583)	(117,310)		(2,554,893)
Improvements other than buildings	(2,587,996)	(333,461)	-	(2,921,457)
Infrastructure	(13,683,112)	(763,329)	-	(14,446,441)
Vehicles and equipment	(7,414,512)	(1,072,774)	541,710	(7,945,576)
Total accumulated depreciation	(26,123,203)	(2,286,874)	541,710	(27,868,367)
Total capital assets, being depreciated, net	28,189,565	(765,911)	-	27,423,654
Governmental Activities Capital Assets, net	\$ 40,127,499	\$ 6,772,271	\$ (597,120)	\$ 46,302,650

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NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 462,581	\$ -	\$ -	\$ 462,581
Construction in progress	6,837,375	6,559,653	(10,963,882)	2,433,146
Total capital assets, not being depreciated	7,299,956	6,559,653	(10,963,882)	2,895,727
Capital assets, being depreciated:				
Buildings	114,235	-	-	114,235
Improvements other than buildings	27,449,705	10,670,345	-	38,120,050
Vehicles and equipment	1,549,131	50,246	(15,090)	1,584,287
Intangibles	6,130,022	415,701	-	6,545,723
Total capital assets, being depreciated	35,243,093	11,136,292	(15,090)	46,364,295
Less accumulated depreciation for:				
Buildings	(78,814)	(3,039)	-	(81,853)
Improvements other than buildings	(16,007,741)	(617,796)	-	(16,625,537)
Vehicles and equipment	(1,258,786)	(101,717)	15,090	(1,345,413)
Intangibles	(2,835,312)	(163,643)	-	(2,998,955)
Total accumulated depreciation	(20,180,653)	(886,195)	15,090	(21,051,758)
Total capital assets, being depreciated, net	15,062,440	10,250,097	-	25,312,537
Business-type Activities Capital Assets, net	\$ 22,362,396	\$ 16,809,750	\$ (10,963,882)	\$ 28,208,264

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

Governmental Activities:	
General government	\$ 720,806
Public safety	682,315
Highways and streets	810,486
Parks and recreation	73,267
Total depreciation expense - governmental activities	\$ 2,286,874
Business-type Activities:	
Public utilities	\$ 886,195

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 2018, \$415,701 additional units were acquired, and amortization was recorded in the amount of \$163,643, resulting in unamortized sewer capacity balance of \$3,546,768 at September 30, 2018.

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances at September 30, 2018 is as follows:

Receivable fund	Payable fund	Amount
General Fund	Special Assessments Fund	\$ 140,000
Public Facilities Improvement Fund	Special Assessments Fund	215,000
Public Facilities Improvement Fund	Public Utilities Fund	2,402,731
Capital Projects Fund	General Fund	801,114
Capital Projects Fund	Police Education	2,315
Building Permits and Inspections	Grant Fund	581,102

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, 2018 is:

Transfers In				
	General Fund	Grant Fund	Capital Project Fund	Total
Transfer Out:				
General fund	\$ -	\$ 2,500	\$ -	\$ 2,500
Grant Fund	-	-	580,000	580,000
Nonmajor governmental funds	474,319	-	-	474,319
Public utilities Fund	1,302,909	-	-	1,302,909
Total	\$ 1,777,228	\$ 2,500	\$ 580,000	\$ 2,359,728

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.

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	(2,708,319)	-
	\$ 193,370	\$ -

NOTE 8 LEASES (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2018 were as follows:

Fiscal year ending September 30,	Governmental Activities	Business-type Activities
2019	\$ 283,101	\$ 35,939
2020	164,038	35,180
2021	91,950	-
Total minimum lease payments	539,089	71,119
Less: amount representing interest	(19,116)	(1,519)
Present value of minimum lease payments	<u>\$ 519,973</u>	<u>\$ 69,600</u>

As lessor:

As of September 30, 2018, the City leases certain property pursuant to operating lease agreements which expire in 2056. For the year ended September 30, 2018 rental income totaled \$76,554. Minimum future rentals in years subsequent to September 30, 2018 are:

Fiscal year ending September 30,	Amount
2019	\$ 26,588
2020	14,598
2021	14,598
2022	14,598
2023	14,598
Thereafter	481,734
	<u>\$ 566,714</u>

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 \$1,211,973. For the fiscal year, principal and interest paid on this series was \$132,329.

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 \$4,680,058. For the fiscal year, principal and interest paid on this series was \$788,574 and total pledged revenue was \$1,316,152.

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 \$4,577,061. For the fiscal year, principal and interest paid was \$327,096.

NOTE 9 NONCURRENT LIABILITIES (CONTINUED)

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 \$4,450,842, and principal and interest paid was \$114,125.

In 2018, the City executed the Capital Improvement Revenue Note, Series 2017B for the costs of constructing certain park, recreational and other capital improvements and certain costs related to the acquisition and installation of equipment to be located within the City. This agreement provides for total funding of \$2,000,000. The note period is for 10 years with an interest rate of 2.49 percent. The note is secured by a covenant to budget and appropriate. Total principal and interest remaining to be paid on this series is \$2,235,274. The first payment on this loan is due December 3, 2018.

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

Year ending September 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,218,802	\$ 241,034	\$ 195,519	\$ 37,692
2020	1,248,092	219,923	307,110	55,764
2021	1,268,681	196,268	446,862	45,444
2022	1,291,286	171,504	450,810	41,496
2023	1,313,839	146,633	454,790	37,513
2024-2028	3,732,188	400,013	1,733,620	131,115
2029-2033	1,219,008	87,095	1,068,628	72,613
2034-2038	-	-	1,004,133	22,983
	<u>\$ 11,291,896</u>	<u>\$ 1,462,470</u>	<u>\$ 5,661,472</u>	<u>\$ 444,620</u>

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NOTE 9 NONCURRENT LIABILITIES (CONTINUED)

A summary of noncurrent liability activity for the year ended September 30, 2018 follows:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases payable	\$ 786,318	\$ -	\$ (266,345)	\$ 519,973	\$ 271,387
Notes payable	10,417,836	1,954,790	(1,080,730)	11,291,896	1,218,802
Net pension liability -					
FRS & HIS	2,190,095	-	(198,569)	1,991,526	-
Police and Fire	349,076	-	(349,076)	-	-
OPEB liability	2,407,582	226,881	-	2,634,463	-
Compensated absences	950,248	513,789	(494,060)	969,977	96,998
	<u>\$ 17,101,155</u>	<u>\$ 2,695,460</u>	<u>\$ (2,388,780)</u>	<u>\$ 17,407,835</u>	<u>\$ 1,587,187</u>
Business-type Activities:					
Capital leases payable	\$ 104,400	\$ -	\$ (34,800)	\$ 69,600	\$ 38,671
Note payable	-	45,210	-	45,210	3,871
SRF loan payable	1,791,364	3,840,081	(15,183)	5,616,262	191,648
Net pension liability -					
FRS & HIS	238,756	-	(380)	238,376	-
OPEB liability	203,899	19,215	-	223,114	-
Compensated absences	53,200	34,940	(23,670)	64,470	6,447
	<u>\$ 2,391,619</u>	<u>\$ 3,939,446</u>	<u>\$ (74,033)</u>	<u>\$ 6,257,032</u>	<u>\$ 240,637</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 \$5,312,571 was used under this line, and in the current year \$2,000,000 was used under this line.

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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, 2018 are as follows:

Regular Class - Members not qualifying for other classes (11.26% [includes 3% employee contribution] from July 1, 2018 through September 30, 2018 and 10.92% [includes 3% employee contribution] from October 1, 2017 through June 30, 2018.)

Special Risk Class - members employed as law enforcement officers, firefighters, or correctional officers and meet the criteria set to qualify for this class (27.06% [includes 3% employee contribution] from July 1, 2018 through September 30, 2018 and 25.71% [includes 3% employee contribution] from October 1, 2017 through June 30, 2018.)

DROP - Members in DROP program (14.03% from July 1, 2018 through September 30, 2018 and 13.26% from October 1, 2017 through June 30, 2018.)

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular-7.92% and 8.26%; Special Risk-24.06% and 22.57%; and DROP participants-13.26% and 14.03%.

These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively.

The City's contributions, including employee contributions, to the Pension Plan totaled \$167,849 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability of \$1,850,039 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .00614 percent, which was a decrease of .0007 percent from its proportionate share measured as of June 30, 2017.

NOTE 10 EMPLOYEES RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$136,217. 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	\$ 156,726	\$ 5,688
Change of assumptions	604,503	-
Net difference between projected and actual earnings on pension plan Investments	-	142,938
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	-	452,228
Pension plan contributions subsequent to the measurement date	43,394	-
	<u>\$ 804,623</u>	<u>\$ 600,854</u>

The deferred outflows of resources related to the Pension Plan, totaling \$43,394 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Year Ended September 30,	
2019	\$ 55,589
2020	34,304
2021	(45,070)
2022	66,282
2023	46,431
Thereafter	2,839
	<u>\$ 160,375</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 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	7.00%, 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (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 (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.90%	2.90%	1.80%
Fixed income	18.00%	4.40%	4.30%	4.00%
Global equities	54.00%	7.60%	6.30%	17.00%
Real estate	11.00%	6.60%	6.00%	11.30%
Private equity	10.00%	10.70%	7.80%	26.50%
Strategic investments	6.00%	6.00%	5.70%	8.60%
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 7.0%. 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 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	Discount Rate Minus 1% 6.00%	Current Discount Rate 7.00%	Discount Rate Plus 1% 8.00%
City's proportionate share of net pension liability (FRS)	\$ 3,376,400	\$ 1,850,039	\$ 582,307

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, 2018.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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, 2018, 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, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018 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 \$18,253 for the fiscal year September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability of \$379,863 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was .0036 percent, which was a decrease of .0002 percent from its proportionate share measured as of June 30, 2017.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$(13,136). 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	\$ 42,246	\$ 40,162
Differences between expected and actual experience	5,816	645
Net difference between projected and actual earnings on pension plan investments	229	-
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	-	151,979
Pension plan contributions subsequent to the measurement date	4,539	-
	<u>\$ 52,830</u>	<u>\$ 192,786</u>

The deferred outflows of resources related to the HIS Plan, totaling \$4,539 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, 2019. 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:

Year Ended September 30,	
2019	\$ (36,174)
2020	(36,193)
2021	(30,128)
2022	(18,669)
2023	(16,424)
Thereafter	(6,907)
	<u>\$ (144,495)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	3.87 % net of pension plan investment expense

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

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

The actuarial assumptions used in the July 1, 2018, 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 3.87%. 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.

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 3.87%, 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 (2.87%) or one percentage point higher (4.87%) than the current rate:

	Discount Rate Minus 1% 2.87%	Current Discount Rate 3.87%	Discount Rate Plus 1% 4.87%
City's proportionate share of net pension liability (FRS)	\$ 432,642	\$ 379,863	\$ 335,869

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 0.06 percent of payroll and by forfeited benefits of plan members.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (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, 2018, 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, 2018, 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.

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, 2018:

	Police and Firefighters' Pension Trust
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	2
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	63
Active Plan Members	65
	<u>130</u>

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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, 2018 was 20.27% of covered payroll.

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, 2018, and the pension liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018. The components of the net pension liability of the sponsor on September 30, 2018 were as follows:

Total Pension Liability	\$ 15,241,722
Less Fiduciary Net Position	<u>(15,835,002)</u>
Net Pension Liability (Asset)	<u>\$ (593,280)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.89%

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 \$2,338,774. This balance is Chapter 175/185 contributions received in excess of the "base amount" which are deposited into the DRAGO Fund.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2017 updated to September 30, 2018 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.

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	100.00%	4.08% per annum

Discount rate

The discount rate used to measure the total pension liability at September 30, 2018 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.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at September 30, 2017	\$ 14,127,366	\$ (13,778,290)	\$ 349,076
Changes for a Year:			
Service cost	780,844	-	780,844
Expected interest growth	1,034,948	(999,502)	35,446
Unexpected investment income	-	(39,365)	(39,365)
Demographic experience	(523,709)	-	(523,709)
Assumption changes	-	-	-
Contributions-employer & state	-	(1,200,362)	(1,200,362)
Contributions-employee	-	(41,442)	(41,442)
Benefit payments and refunds	(177,727)	177,727	-
Administrative expense	-	46,232	46,232
Balances at September 30, 2018	<u>\$ 15,241,722</u>	<u>\$ (15,835,002)</u>	<u>\$ (593,280)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Discount Rate Minus 1% 6.00%	Current Discount Rate 7.00%	Discount Rate Plus 1% 8.00%
Police and Firefighters':			
Net Pension Liability (Asset)	\$ 1,994,240	\$ (593,280)	\$ (2,669,927)

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018 the City recognized pension expense of \$1,143,816. On September 30, 2018, 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	\$ 206,729	\$ 585,227
Net difference of demographic gain/loss	978,642	666,832
Net changes of assumptions	2,196,754	626,733
	<u>\$ 3,382,125</u>	<u>\$ 1,878,792</u>

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

Year Ended September 30,	MPF
2019	\$ 333,015
2020	126,287
2021	149,903
2022	318,737
2023	264,449
Thereafter	310,942
	<u>\$ 1,503,333</u>

Aggregate Amounts of All Pension Plans

The aggregate amounts for all of the City's defined benefit pension plans at September 30, 2018 are as follows:

	Governmental Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
MPF Pension Plan	\$ 593,280	\$ (1,878,792)	\$ 3,382,125	\$ (56,546)
FRS Pension Plan	(1,652,270)	(536,623)	718,609	(42,681)
HIS Pension Plan	(339,256)	(172,177)	47,182	(32,775)
	<u>\$ (1,398,246)</u>	<u>\$ (2,587,592)</u>	<u>\$ 4,147,916</u>	<u>\$ (132,002)</u>
	Business-Type Activities			
	Net Pension Asset (Liability)	Deferred Inflows	Deferred Outflows	Pension Expense
FRS Pension Plan	\$ (197,769)	\$ (64,231)	\$ 86,014	\$ 11,048
HIS Pension Plan	(40,607)	(20,609)	5,648	1,384
	<u>\$ (238,376)</u>	<u>\$ (84,840)</u>	<u>\$ 91,662</u>	<u>\$ 12,432</u>

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, 2018, employer contributions required and made totaled \$262,418.

At September 30, 2018, There were 67 active employees participating in the plan. Nonvested City contributions are forfeited upon termination of employment. Such forfeitures are used to reduce funding requirements in future years. For the year ended September 30, 2018, \$22,755 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.

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 seven (7) 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.

As of October 1, 2017, the valuation date, there were 112 active employees and 7 inactive employees currently receiving benefits. The OPEB liability of \$2,857,577 was measured as of September 30, 2018 and was determined by the actuarial valuation. The covered payroll was \$6,372,465, and the ratio of Net OPEB liability as a percentage of covered payroll was 44.84%.

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.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive OPEB 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

The Total liability was determined using the following actuarial assumptions and other inputs, applied to all periods include in the measurement unless otherwise specified:

Health Care Trend Rates		
Initial Health Care Cost Trend Rate		8%
Ultimate Health Care Cost Trend Rate		5.00%
Fiscal Year the Ultimate Rate is Reached		Fiscal year 2024
Additional Information		
Valuation Date		October 1, 2017
Measurement Date		September 30, 2018
Actuarial Cost Method		Entry Age Normal
Discount Rate*		3.64%
Inflation Rate		3%
Salary Rate Increase		3%
Funded Ratio (Fiduciary Net Position as a percentage of Total OPEB Liability)		0%
Covered Payroll	\$	6,372,465
Net OPEB Liability as a Percentage of Covered Payroll		44.84%

* Discount rate of 3.64% is used, which is the S&P Municipal Bond 20-year high-grade rate index as of September 30, 2018

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Below are the details regarding the Total OPEB liability for the measurement period from October 1, 2017, to September 30, 2018.

	Total OPEB Liability
Balance as of 9/30/2017	\$ 2,611,482
Changes for the year:	
Service Cost	\$ 220,186
Interest on Total OPEB Liability	101,706
Difference Between Expected & Actual Experience	-
Changes of Assumptions and Other Inputs	-
Benefit Payments	(75,797)
Other Changes	-
Net Changes	\$ 246,095
Balance as of 9/30/2018	\$ 2,857,577

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher than the current discount rate:

	Decrease 2.64%	Discount Rate 3.64%	Increase 4.64%
Total OPEB Liability	\$ 3,211,683	\$ 2,857,577	\$ 2,553,115

The following presents the total liability of the city using the 2018 healthcare cost trend rate of 8 percent, as well as what the City's OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rates:

	Decrease 1%	Health Care Trend	Increase 1%
Total OPEB Liability	\$ 2,470,814	\$ 2,857,577	\$ 3,328,355

For the fiscal year ended September 30, 2018, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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.

At September 30, 2018, 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	\$ 3,838	\$ -	\$ -	\$ 513,942		\$ 517,780
Advances	140,000	-	-	-	-	140,000
Restricted for:						
Public safety - Special law enforcement	-	-	-	-	112,433	112,433
Building permits and inspection	-	-	-	-	1,534,769	1,534,769
Committed to:						
Public facility improvement	-	2,251,762	-	-	-	2,251,762
Capital projects	-	-	-	404,345	-	404,345
Assigned to:						
Next year's budget	134,993	-	-	-	-	134,993
Unassigned	2,744,651	-	(86,394)	-	(12,991)	2,645,266
Total fund balance	\$ 3,023,482	\$ 2,251,762	\$ (86,394)	\$ 918,287	\$ 1,634,211	\$ 7,741,348

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.

NOTE 14 COMMITMENTS AND CONTINGENCIES

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, 2018 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.

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.

Construction Commitments

At September 30, 2018, the City had entered into contracts for construction in the amount of \$1,415,997.

Encumbrances

At September 30, 2018, the City has the following significant encumbrances:

General Fund	\$ 10,002
Public Facilities Improvement Fund	954,202
Special Assessments Fund	3,100
Capital Projects Fund	237,614
Nonmajor Funds	55,423
	<u>\$ 1,260,341</u>

NOTE 15 SUBSEQUENT EVENTS

In November 2018, the City obtained a note payable for \$4,571,304 to Finance the South Longwood Septic Tank Abatement Phase II Project.

	<u>9/30/2018</u>
Total OPEB Liability	
Service cost	\$ 220,186
Interest	101,706
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit Payments	(75,797)
Other changes	-
Net change in total OPEB liability	<u>246,095</u>
Total OPEB liability, beginning	<u>2,611,482</u>
Total OPEB liability, ending	<u><u>\$ 2,857,577</u></u>
 Plan fiduciary net position as a percentage of total OPEB liability	 0.00%
 Covered payroll	 \$ 6,372,465
 Net OPEB liability as a percentage of covered payroll	 44.84%

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	2018
Total Pension Liability:					
Service cost	\$ 474,397	\$ 362,084	\$ 618,506	\$ 853,537	\$ 780,844
Expected interest growth	544,108	685,935	512,750	815,869	1,034,948
Differences between expected and actual experience	-	(395,734)	191,162	1,208,857	(523,709)
Changes of assumptions	-	(1,074,401)	2,831,688	406,136	-
Benefit payments	(61,875)	(37,140)	(53,374)	(53,435)	(177,727)
Net change in total pension liability	956,630	(459,256)	4,100,732	3,230,964	1,114,356
Total pension liability, beginning	6,298,296	7,254,926	6,795,670	10,896,402	14,127,366
Total pension liability, ending (a)	\$ 7,254,926	\$ 6,795,670	\$ 10,896,402	\$ 14,127,366	\$ 15,241,722
Plan Fiduciary Net Position:					
Contributions-employer	\$ 203,639	\$ 226,409	\$ 267,486	\$ 881,459	\$ 1,200,362
Contributions-state	306,831	279,151	288,494	-	-
Contributions-employee	30,855	34,304	40,529	41,578	41,442
Net Investment Income	750,974	(137,296)	832,676	1,662,867	1,038,867
Benefit Payments	(26,611)	(37,140)	(53,374)	(53,435)	(177,727)
Administrative Expense	(67,488)	(44,598)	(54,619)	(43,844)	(46,232)
Net change in plan fiduciary net position	1,198,200	320,830	1,321,192	2,488,625	2,056,712
Plan fiduciary net position, beginning	8,449,443	9,647,643	9,968,473	11,289,665	13,778,290
Plan fiduciary net position, ending (b)	\$ 9,647,643	\$ 9,968,473	\$ 11,289,665	\$ 13,778,290	\$ 15,835,002
Net Pension Liability(Asset) - ending (a) - (b)	\$ (2,392,717)	\$ (3,172,803)	\$ (393,263)	\$ 349,076	\$ (593,280)
Plan fiduciary net position as a percentage of total pension liability	132.98%	146.69%	103.61%	97.53%	103.89%
Covered payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226	\$ 3,689,106	\$ 3,426,047
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	9.46%	-17.32%

* Prior years' data is unavailable.

Police and Firefighters' Pension Plan
Schedule of Contributions
Last 10 Fiscal Years*

	2014	2015	2016	2017	2018
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	\$ 15,835,002
Add DRAGO** account balance	1,823,105	1,950,722	2,087,273	2,233,400	2,338,774
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>	<u>\$ 18,173,776</u>

Schedule of Contributions

Actuarially determined contribution	\$ 493,914	\$ 471,925	\$ 631,429	\$ 1,124,702	\$ 1,159,109
Contributions in relation to actuarially determined contribution	493,914	471,925	555,980	881,459	1,200,362
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,449)</u>	<u>\$ (243,243)</u>	<u>\$ 41,253</u>

Covered employee payroll	\$ 2,821,105	\$ 2,805,739	\$ 2,961,226	\$ 3,689,106	\$ 3,426,047
Contributions as a percentage of covered payroll	17.51%	16.82%	18.78%	23.89%	35.04%

Notes to Schedule

Valuation date	10/1/2013	10/1/2014	10/1/2015	10/1/2016	10/1/2017
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Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage, open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Inflation	2.92%
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	2018
Annual money-weighted rate of return, net of investment expense	8.45%	5.48%	4.08%	8.55%	7.00%

* Prior years' data is unavailable.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.00614%	0.00685%	0.00747%	0.00825%	0.01037%
City's proportionate share of the net pension liability	\$ 1,850,039	\$ 2,025,647	\$ 1,886,066	\$ 1,065,428	\$ 632,976
City's covered payroll	\$ 1,172,226	\$ 1,201,971	\$ 1,342,395	\$ 1,396,020	*
City's proportionate share of the net pension liability as a percentage of its covered payroll	157.82%	168.53%	140.50%	76.32%	*
Plan fiduciary net position as a percentage of the total pension liability	84.26%	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**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.00359%	0.00377%	0.00432%	0.00480%	0.00604%
City's proportionate share of the net pension liability	\$ 379,863	\$ 403,204	\$ 503,538	\$ 490,015	\$ 564,874
City's covered payroll	\$ 1,172,226	\$ 1,201,971	\$ 1,342,395	\$ 1,396,020	*
City's proportionate share of the net pension liability as a percentage of its covered payroll	32.41%	33.55%	37.51%	35.10%	*
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

* Not available

** only four years of data available

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 167,849	\$ 183,096	\$ 182,157	\$ 213,505
Contributions in relation to the contractually required contributions	<u>167,849</u>	<u>183,096</u>	<u>182,157</u>	<u>213,505</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,099,332	\$ 1,232,564	\$ 1,342,395	\$ 1,396,020
Contributions as a percentage of covered-employee payroll	15.27%	14.85%	13.57%	15.29%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,253	\$ 20,465	\$ 22,145	\$ 18,367
Contributions in relation to the contractually required contributions	<u>18,253</u>	<u>20,465</u>	<u>22,145</u>	<u>18,367</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,099,332	\$ 1,232,564	\$ 1,342,395	\$ 1,396,020
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.65%	1.32%

* only four years of data available



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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



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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.

Public Facilities Improvement Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Local option gas tax	\$ 408,473	\$ 408,473	\$ 406,015	\$ (2,458)
Intergovernmental revenue	1,320,512	2,065,010	1,327,787	(737,223)
Special assessments	49,615	49,615	48,647	(968)
Investment earnings	12,000	12,000	60,024	48,024
Miscellaneous revenue	-	-	230,000	230,000
Total revenues	1,790,600	2,535,098	2,072,473	(462,625)
Expenditures:				
Current:				
Highways and streets:				
Public facilities improvements	1,123,574	1,123,574	843,737	279,837
Parks and recreation:				
Recreational programs	-	327,098	325,860	1,238
Capital outlay	4,100,000	6,800,203	4,385,583	2,414,620
Total expenditures	5,223,574	8,250,875	5,555,180	2,695,695
Excess (deficiency) of revenues over expenditures	(3,432,974)	(5,715,777)	(3,482,707)	2,233,070
 Net change in fund balances	 (3,432,974)	 (5,715,777)	 (3,482,707)	 2,233,070
 Fund balances, beginning	 5,734,469	 5,734,469	 5,734,469	 -
Fund balances, ending	\$ 2,301,495	\$ 18,692	\$ 2,251,762	\$ 2,233,070

Capital Projects Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenue	\$ -	\$ 8,000	\$ 8,000	\$ -
Investment Earnings	-	-	26,090	26,090
Total revenues	-	8,000	34,090	26,090
Expenditures				
Current:				
General government	-	430	430	-
Physical Environment	-	32,001	35,500	(3,499)
Capital outlay	1,797,796	5,170,505	4,355,494	815,011
Total expenditures	1,797,796	5,202,936	4,391,424	811,512
Excess (deficiency) of revenues over expenditures	(1,797,796)	(5,194,936)	(4,357,334)	837,602
Other Financing Sources (Uses):				
Notes payable issued	1,217,796	1,785,683	1,954,790	169,107
Transfer in	580,000	580,000	580,000	-
Sale of Capital Assets	-	146,422	58,000	(88,422)
Total Other Financing Sources (Uses)	1,797,796	2,512,105	2,592,790	80,685
Net change in fund balances	-	(2,682,831)	(1,764,544)	918,287
Fund balances, beginning	2,682,831	2,682,831	2,682,831	-
Fund balances, ending	\$ 2,682,831	\$ -	\$ 918,287	\$ 918,287



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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.



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City of Longwood, Florida
Combining Balance Sheet
Nonmajor Governmental Fund
September 30, 2018

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and cash equivalents	\$ 981,199	\$ -	\$ 111,972	\$ 58,813	\$ 1,151,984
Accounts receivable, net	-	-	461	70,678	71,139
Due from other governmental units	-	-	-	-	-
Advances to other funds	581,102	-	-	-	581,102
Total assets	\$ 1,562,301	\$ -	\$ 112,433	\$ 129,491	\$ 1,804,225
Liabilities:					
Liabilities:					
Accounts payable	\$ 13,066	\$ 100	\$ -	\$ 140,067	\$ 153,233
Accrued expenditures	4,039	-	-	-	4,039
Due to other funds	-	2,315	-	-	2,315
Due to other governments	3,933	-	-	-	3,933
Unearned revenue	6,494	-	-	-	6,494
Total liabilities	27,532	2,415	-	140,067	170,014
Fund Balances:					
Spendable:					
Restricted	1,534,769		112,433	-	1,647,202
Unassigned	-	(2,415)	-	(10,576)	(12,991)
Total fund balances	1,534,769	(2,415)	112,433	(10,576)	1,634,211
Total Liabilities, deferred inflows and fund balances	\$ 1,562,301	\$ -	\$ 112,433	\$ 129,491	\$ 1,804,225

**Combining Statement of Revenues, Expenditures and Changes in
Fund Balance - Nonmajor Governmental Funds**

For the Year Ended September 30, 2018

	Building Permits and Inspections	Police Education Fund	Special Law Enforcement Trust Fund	Stormwater Fund	Total Nonmajor Governmental Funds
Revenues:					
Licenses and Permits	\$ 819,639	\$ -	\$ -	\$ -	\$ 819,639
Intergovernmental revenue	-	-	-	-	-
Charges for Services	-	-	-	683,287	683,287
Fines and Forfeitures	-	6,591	60,437	-	67,028
Investment Earnings	20,092	3	1,068	2,097	23,260
Miscellaneous	35,497	-	-	-	35,497
Total revenues	875,228	6,594	61,505	685,384	1,628,711
Expenditures:					
Current:					
Public safety	404,322	7,670	12,760	-	424,752
Physical environment	-	-	-	213,411	213,411
Debt service:					
Principal	3,697	-	-	38,839	42,536
Interest and other charges	886	-	-	2,866	3,752
Capital Outlay	2,337	-	-	71,719	74,056
Total expenditures	411,242	7,670	12,760	326,835	758,507
Excess (deficiency) of revenues over expenditures	463,986	(1,076)	48,745	358,549	870,204
Other Financing Sources (Uses):					
Transfers out	(181,677)	-	-	(292,642)	(474,319)
Total other financing sources (uses)	(181,677)	-	-	(292,642)	(474,319)
Net change in fund balances	282,309	(1,076)	48,745	65,907	395,885
Fund balances, beginning	1,252,460	(1,339)	63,688	(76,483)	1,238,326
Fund balances, ending	\$ 1,534,769	\$ (2,415)	\$ 112,433	\$ (10,576)	\$ 1,634,211

Building Permits and Inspections Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 501,842	\$ 501,842	\$ 819,639	\$ 317,797
Investment Earnings	3,000	3,000	20,092	17,092
Miscellaneous	17,000	17,000	35,497	18,497
Total revenues	521,842	521,842	875,228	353,386
Expenditures:				
Current:				
Building inspections	526,533	574,781	408,905	165,876
Total public safety	526,533	574,781	408,905	165,876
Capital outlay:				
	3,697	2,338	2,337	1
Total expenditures	530,230	577,119	411,242	165,877
Excess (deficiency) of revenues over expenditures	(8,388)	(55,277)	463,986	519,263
Other Financing Sources (Uses):				
Transfers Out	-	(181,677)	(181,677)	-
Total other financing sources(uses)	-	(181,677)	(181,677)	-
Net change in fund balances	(8,388)	(236,954)	282,309	519,263
Fund balances, beginning	1,252,460	1,252,460	1,252,460	-
Fund balances, ending	\$ 1,244,072	\$ 1,015,506	\$ 1,534,769	\$ 519,263

Police Education Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$ 7,811	\$ 7,811	\$ 6,591	\$ (1,220)
Investment earnings	-	-	3	3
Total revenues	<u>7,811</u>	<u>7,811</u>	<u>6,594</u>	<u>(1,217)</u>
Expenditures:				
Current:				
Public safety	7,811	7,811	7,670	141
Total public safety	<u>7,811</u>	<u>7,811</u>	<u>7,670</u>	<u>141</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,076)	(1,076)
Fund balances, beginning	<u>(1,339)</u>	<u>(1,339)</u>	<u>(1,339)</u>	<u>-</u>
Fund balances, ending	<u>\$ (1,339)</u>	<u>\$ (1,339)</u>	<u>\$ (2,415)</u>	<u>\$ (1,076)</u>

Special Law Enforcement Trust Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$ -	\$ -	\$ 60,437	\$ 60,437
Investment Earnings	-	-	1,068	1,068
Total revenues	-	-	61,505	61,505
Expenditures:				
Current:				
Public safety	59,920	59,920	12,760	47,160
Total public safety	59,920	59,920	12,760	47,160
Total expenditures	59,920	59,920	12,760	47,160
Excess (deficiency) of revenues over expenditures	(59,920)	(59,920)	48,745	108,665
Fund balances, beginning	63,688	63,688	63,688	-
Fund balances, ending	\$ 3,768	\$ 3,768	\$ 112,433	\$ 108,665

Stormwater Fund**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

For the Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 715,616	\$ 715,616	\$ 683,287	\$ (32,329)
Investment Earnings	-	-	2,097	2,097
Total revenues	<u>715,616</u>	<u>715,616</u>	<u>685,384</u>	<u>(30,232)</u>
Expenditures:				
Current:				
Physical environment	338,194	328,983	255,116	73,867
Capital Outlay	12,138	196,475	71,719	124,756
Total expenditures	<u>350,332</u>	<u>525,458</u>	<u>326,835</u>	<u>198,623</u>
Excess (deficiency) of revenues over expenditures	365,284	190,158	358,549	168,391
Other Financing Sources (Uses):				
Capital Lease	-	175,126	-	(175,126)
Transfers Out	(292,642)	(292,642)	(292,642)	-
Total other financing sources and uses	<u>(292,642)</u>	<u>(117,516)</u>	<u>(292,642)</u>	<u>(175,126)</u>
Net change in fund balances	72,642	72,642	65,907	(6,735)
Fund balances, beginning	<u>(76,483)</u>	<u>(76,483)</u>	<u>(76,483)</u>	<u>-</u>
Fund balances, ending	<u>\$ (3,841)</u>	<u>\$ (3,841)</u>	<u>\$ (10,576)</u>	<u>\$ (6,735)</u>

STATISTICAL SECTION



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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	<u>Page</u>
Financial Trends	78
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	84
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	88
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	90
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	92
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.



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

	Fiscal Year									
	<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>	<u>2018</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 30,685	\$ 29,623	\$ 32,831	\$ 33,426	\$ 34,732	\$ 34,534	\$ 34,957	\$ 33,357	\$ 28,923	\$ 34,491
Restricted	-	1,325	146	124	126	206	191	255	64	112
Unrestricted	<u>7,828</u>	<u>8,328</u>	<u>8,748</u>	<u>7,706</u>	<u>6,573</u>	<u>7,133</u>	<u>7,382</u>	<u>7,331</u>	<u>10,872</u>	<u>4,819</u>
Total Governmental Activities Net Position	<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>	<u>39,422</u>
Business-type Activities										
Net Investment in Capital Assets	14,583	14,545	14,073	14,044	14,037	14,756	14,228	15,547	20,447	22,477
Restricted	-	-	-	-	-	-	-	-	858	1,989
Unrestricted	<u>1,543</u>	<u>1,474</u>	<u>2,314</u>	<u>2,986</u>	<u>2,969</u>	<u>2,258</u>	<u>2,828</u>	<u>1,590</u>	<u>(1,180)</u>	<u>(1,180)</u>
Total Business-type Activities Net Position	<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>	<u>23,286</u>
Primary Government										
Net Investment in Capital Assets	45,268	44,168	46,904	47,470	48,769	49,290	49,185	48,904	49,370	56,968
Restricted	-	1,325	146	124	126	206	191	255	922	2,101
Unrestricted	<u>9,371</u>	<u>9,802</u>	<u>11,062</u>	<u>10,692</u>	<u>9,542</u>	<u>9,391</u>	<u>10,210</u>	<u>8,921</u>	<u>9,692</u>	<u>3,639</u>
Total Primary Government Net Position	<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>	<u>\$ 62,708</u>

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

Expenses	Fiscal Year									
	<u>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>	<u>2018</u>
Governmental Activities:										
General government	\$ 3,354	\$ 2,846	\$ 2,818	\$ 2,568	\$ 2,872	\$ 3,009	\$ 3,066	\$ 3,765	\$ 4,320	\$ 4,596
Public safety	8,825	8,263	7,973	6,667	7,705	8,280	8,679	9,098	9,546	9,580
Physical environment	450	178	128	1,530	800	252	289	740	312	337
Highways and streets	2,314	2,365	2,339	2,285	2,289	2,231	2,138	2,490	2,245	3,038
Sanitation	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032	1,031	936
Parks and recreation	1,301	980	1,080	1,122	868	847	1,159	1,176	1,111	1,220
Interest & other fiscal charges on long-term debt	53	44	41	61	66	51	35	65	305	255
Total Governmental Activities Expenses	<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>	<u>19,962</u>
Business-type Activities:										
Public Utilities	<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>	<u>3,563</u>
Total Primary Government Expense	<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>	<u>\$ 23,525</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 7	\$ 11	\$ 9	\$ 8	\$ 12	\$ 75	\$ 141	\$ 115	\$ 130	\$ 138
Public safety	1,050	1,106	1,272	1,248	1,315	1,604	1,794	1,554	1,873	2,014
Physical environment	710	691	703	724	708	712	718	713	734	758
Highways and streets	-	-	-	-	-	-	-	-	-	-
Sanitation	1,050	1,073	1,124	1,100	1,096	1,105	1,113	1,108	1,118	1,095
Parks and recreation	163	160	204	190	191	196	204	179	186	162
Operating grants and contributions	416	406	715	493	875	1,003	676	627	657	1,264
Capital grants and contributions	642	901	587	271	532	32	686	817	1,094	2,525
Total Governmental Activities Program Revenues	<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>	<u>\$ 7,956</u>
Business-type Activities:										
Charges for services:										
Public Utilities	2,824	2,785	3,390	3,473	3,059	3,314	3,685	3,882	5,299	4,841
Capital grants and contributions	63	4	186	75	177	185	548	-	2,129	3,271
Total Business-type Activities Program Revenues	<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>	<u>8,112</u>
Total Primary Government Program Revenues	<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>	<u>\$ 16,068</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Net (Expense)/Revenue										
Governmental Activities	\$ (13,243)	\$ (11,337)	\$ (10,772)	\$ (11,207)	\$ (10,876)	\$ (10,967)	\$ (11,061)	\$ (13,253)	\$ (13,078)	\$ (12,006)
Business-type Activities	(16,913)	524	1,359	1,331	1,054	1,049	1,587	1,193	4,297	4,549
Total Primary Government Net Expense	<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>	<u>\$ (7,457)</u>

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes										
Property taxes	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755	\$ 5,002	\$ 5,381
Franchise and utility taxes	3,089	3,256	3,111	2,965	2,813	2,936	2,971	2,994	3,107	3,212
Communications services tax	1,320	1,195	1,174	1,020	990	879	785	762	768	771
Unrestricted intergovernmental revenues	2,017	1,726	1,222	1,552	1,562	1,673	1,725	1,726	1,519	1,598
Unrestricted investment earnings	36	80	42	165	28	9	19	25	74	116
Gain on sale of capital assets	334	-	1,924	15	-	-	33	-	68	58
Miscellaneous revenues	99	148	269	122	65	276	172	259	136	425
Transfers in (out)	595	656	1,022	722	1,104	1,063	1,328	1,145	1,320	1,303
Total Governmental Activities	<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>	<u>\$ 12,864</u>
Business-type Activities:										
Investment earnings	7	3	3	5	4	1	11	10	11	17
Gain on sale of capital assets	7	-	-	-	-	-	5	-	-	2
Miscellaneous revenues	19	23	27	29	22	21	32	23	-	-
Transfers in (out)	(595)	(656)	(1,022)	(722)	(1,104)	(1,063)	(1,328)	(1,145)	(1,320)	(1,303)
Total Business-type Activities	<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>	<u>(1,284)</u>
Total Primary Government	<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>	<u>\$ 11,580</u>

Change in Net Assets

Governmental Activities	\$ (157)	\$ 762	\$ 2,449	\$ (468)	\$ 175	\$ 442	\$ 617	\$ (1,587)	\$ (1,084)	\$ 858
Business-type Activities	(17,475)	(106)	367	643	(24)	8	307	81	2,988	3,265
Total Primary Government	<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>	<u>\$ 4,123</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Franchise Fee</u>	<u>Utility Tax</u>	<u>Local Option Gas Tax</u>	<u>Sales Tax</u>	<u>State Revenue Sharing</u>	<u>Total</u>
					1		
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
2018	\$ 5,381	\$ 1,624	\$ 2,358	\$ 406	\$ 910	\$ 508	\$ 11,187

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>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>	<u>2018*</u>
General Fund										
Reserved	\$ 621	\$ 342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	5,191	5,870	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 5,812</u>	<u>\$ 6,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 999	\$ 1,169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	941	1,243	-	-	-	-	-	-	-	-
Capital projects funds	151	540	-	-	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,091</u>	<u>\$ 2,952</u>	<u>\$ -</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	\$ 144
Assigned			2,572	1,795	1,367	1,488	1,370	757	1,226	135
Unassigned			3,183	2,977	3,041	3,083	2,768	3,066	1,951	2,745
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>	<u>\$ 3,024</u>
All Other Governmental Funds										
Nonspendable			\$ 215	\$ 217	\$ 445	\$ 215	\$ 2	\$ -	\$ -	\$ 514
Restricted			146	124	169	462	930	1,088	1,316	1,647
Committed			2,779	3,022	2,163	2,776	2,949	3,846	8,417	2,656
Unassigned			(290)	(207)	(255)	(201)	(181)	(178)	(234)	(99)
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>	<u>\$ 4,718</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>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>	<u>2018</u>
Revenues										
Taxes										
Property	\$ 5,596	\$ 5,038	\$ 4,457	\$ 4,178	\$ 4,489	\$ 4,573	\$ 4,645	\$ 4,755	\$ 5,002	\$ 5,381
Local Option Gas Tax	416	407	359	332	361	365	379	392	405	406
Franchise and utility taxes	4,409	4,451	4,257	3,985	3,803	3,815	3,756	3,755	3,875	3,982
Licenses and Permits	378	348	402	384	380	615	892	516	1,022	1,008
Intergovernmental	2,657	1,929	2,679	1,886	2,441	2,518	2,708	2,779	2,865	4,488
Charges for Services	2,419	2,388	2,640	2,597	2,703	2,752	2,756	2,786	2,728	2,713
Impact Fees/Assessments	114	123	143	122	147	151	147	147	140	187
Fines and Forfeitures	154	275	230	223	188	270	219	236	158	152
Investment Earnings	36	79	41	165	(65)	32	19	25	75	116
Miscellaneous	99	148	303	264	163	185	326	334	212	504
Total revenues	<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>	<u>\$ 18,937</u>
Expenditures										
General Government	3,393	2,743	2,745	2,995	2,658	2,731	3,125	3,399	3,550	3,940
Public Safety	8,682	7,703	7,455	7,320	7,699	7,505	8,082	7,986	8,384	8,813
Physical Environment	1,237	284	272	200	311	310	280	333	286	251
Highways and Streets	1,869	1,717	1,516	1,432	1,411	1,356	1,261	1,273	1,445	1,778
Sanitation	984	1,009	1,007	1,008	1,005	1,024	1,027	1,032	1,031	936
Parks and Recreation	1,314	795	910	992	772	819	879	969	994	1,129
Capital Outlay	1,513	73	5,254	2,696	2,914	1,222	2,449	2,044	6,689	8,920
Debt Service										
Principal	210	219	339	550	627	725	384	357	1056	1347
Interest	53	44	42	62	66	51	35	44	251	220
Total expenditures	<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>	<u>\$ 27,334</u>
Excess of Revenues Over (Under) Expenditures	(2,977)	599	(4,029)	(3,119)	(2,853)	(467)	(1,675)	(1,712)	(7,204)	(8,397)
Other Financing Sources (Uses)										
Transfers In	595	775	1,716	1,152	1,430	1,255	1,628	1,508	1,690	2,360
Transfers Out	-	(120)	(693)	(445)	(326)	(192)	(300)	(363)	(370)	(1,057)
Notes Payable Issued	-	-	-	-	-	-	-	1,313	9,900	1,955
Capital Lease Proceeds	-	-	805	1,340	480	206	357	-	-	-
Sale of Capital Assets	385	7	2,144	164	143	93	-	-	82	58
Total Other Financing Sources (Uses)	<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>	<u>3,316</u>
Net Change in Fund Balances	<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>	<u>\$ (5,081)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.48%	1.81%	2.67%	4.20%	4.76%	5.34%	2.78%	2.54%	7.72%	8.30%

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, 2018	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
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%
2018	\$ 1,017,931	-	\$ 93,653	\$ 617	\$ 420,246	\$ 1,015,331	5.5000	\$ 1,435,577	70.73%

Source: Seminole County Property Appraiser

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

Fiscal Year	Direct Rate			Overlapping Rates							Total Direct & Overlapping Rates
	City of Longwood Operating Millage	Debt Service Millage	Total Direct Millage	Seminole County			School District			St. John's Water Management District	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2008	4.9900	-	4.9900	4.5153	0.1451	4.6604	7.5430	-	7.5430	0.4158	17.6092
2009	4.9900	-	4.9900	4.9000	0.1451	5.0451	7.7230	-	7.7230	0.4158	18.1739
2010	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.8010	-	7.8010	0.4158	18.2519
2011	4.9900	-	4.9900	4.8751	0.1700	5.0451	7.7220	-	7.7220	0.3313	18.0884
2012	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
2018	5.5000	-	5.5000	4.8751	-	4.8751	6.5690	-	6.5690	0.2724	17.2165

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
RS Weston Park LLC	\$ 26,270	1	2.59%	\$ -		0.00%
CMCP-Island Lake LLC	15,285	2	1.51%	13,038	1	1.13%
American Industrial Central LTD	13,773	3	1.36%	12,346	2	1.07%
Duke Energy Florida Inc / Progress Energy	13,214	4	1.30%	9,212	7	0.80%
1944 Unionport Assoc LLC	9,107	5	0.90%	10,123	4	0.88%
United Parcel Service, Inc.	8,641	6	0.85%	11,388	3	0.99%
American Industrial Center IX	8,543	7	0.84%	9,339	5	0.81%
Woods Family Properties DJW	7,712	8	0.76%	7,250	8	0.63%
GS Realty	7,429	9	0.73%	6,836	9	0.59%
Longwood Maple LLC	6,193	10	0.61%	-		0.00%
Longwood Flex LLC	-		0.00%	9,235	6	0.80%
Orlando Mob Owners LLC	-		0.00%	6,039	10	0.52%
Totals	<u>\$ 116,167</u>		<u>11.44%</u>	<u>\$ 94,806</u>		<u>8.22%</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
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%
2018	\$ 5,584	\$ 5,381	96.36%	\$ -	\$ 5,381	96.36%

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			
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	0.22%	\$ 62
2011	n/a	\$ 1,308	n/a	n/a	n/a	n/a	\$ 1,308	0.36%	\$ 96
2012	n/a	\$ 2,099	n/a	n/a	n/a	n/a	\$ 2,099	0.60%	\$ 159
2013	n/a	\$ 1,951	n/a	n/a	n/a	n/a	\$ 1,951	0.55%	\$ 142
2014	n/a	\$ 1,432	n/a	n/a	n/a	n/a	\$ 1,432	0.37%	\$ 106
2015	n/a	\$ 1,405	n/a	n/a	n/a	n/a	\$ 1,405	0.37%	\$ 102
2016	\$ 1,313	\$ 1,047	n/a	n/a	n/a	\$ 1,313	\$ 3,673	0.93%	\$ 257
2017	\$ 10,418	\$ 798	n/a	\$ 104	n/a	\$ 1,791	\$ 13,111	3.42%	\$ 891
2018	\$ 11,292	\$ 520	n/a	\$ 70	n/a	\$ 5,661	\$ 17,543	4.20%	\$ 1,177

Note: No Revenue Bond Debt

City of Longwood, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2018
(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	\$ 590	100.00%	\$ 590
City of Longwood Notes Payable	\$ 16,953	100.00%	\$ 16,953
Total direct and overlapping debt	<u>\$ 17,543</u>		<u>\$ 17,543</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>
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%
2018	14,899	\$ 431,997	\$ 28,995	43.8	13.59	2,401	2.6%

* 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	2018			2009		
	Employees	Rank	Percentage of Total City Employment ²	Employees	Rank	Percentage of Total City Employment ²
South Seminole Hospital	1005	1	6.05%	850	1	8.32%
UPS	703	2	4.23%	523	2	5.12%
D&A Building Services	338	3	2.04%	*	*	*
Comprehensive Energy Services	272	4	1.64%	101	10	0.99%
Collis Roofing	231	5	1.39%	360	3	3.53%
Seminole County Schools	222	6	1.34%	230	5	2.25%
S.I. Goldman	176	7	1.06%	*	*	*
Longwood Health & Rehabilitation	162	8	0.98%	*	*	*
Arc Delray	159	9	0.96%	*	*	*
City Of Longwood	157	10	0.95%	155	6	1.52%
Total	<u>3,425</u>		<u>20.63%</u>	<u>2,219</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 16,600 with approximately 1,494 business establishments for 2018.

3 * Information is not available.

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government ¹	28	26	24	23	25	27	27	28	29	32
Public Safety:										
Police										
Sworn Officers	40	40	40	40	40	40	42	43	43	43
Non sworn Officers	3	2	2	2	2	2	2	2	2	1
Civilians	5	5	5	5	5	5	4	5	5	5
Fire										
Firefighters and Officers	39	39	39	39	45	45	40	47	40	44
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works	26	28	28	28	27	25	22	25	25	25
Parks and Recreations	13	11	12	12	10	10	12	14	14	16
Total	<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>	<u>167</u>

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Auto Accidents	1046	1039	1012	737	812	808	899	915	967	949
Physical arrests	1003	1087	1644	917	1061	808	912	891	806	621
Criminal Investigations Conducted	872	590	476	426	473	438	467	508	453	468
Total Calls for Service	48808	54277	49793	44380	41577	40103	43982	45288	41052	43134
911 Calls Received	3850	3832	3741	3544	3634	3356	3453	3587	3796	3415
Evidence Processed (pieces)	1631	1261	2625	2502	1930	1936	2312	2290	2020	2173
Fire										
Number of emergency calls answered	3641	3757	3681	4038	4138	4130	4551	4200	4538	4755
Medical Transports	1679	1911	1890	1994	2122	2042	2234	2271	2092	2330
Highways and streets										
Streets paved (miles)	1	0	60.5	60.85	61.1	61.1	61.1	61.1	61.1	61.1
Streets resurfaced (tons/asphalt)	*	*	*	*	*	*	*	*	*	11277
Sidewalks/bike paths built or repaired (feet)	5280	5000	5163	5180	3200	1500	2600	8380	1035	82450
Culture and recreation										
Sports Complex ball games & field rentals	2301	2127	2112	2115	2134	1970	2140	2135	1400	1408
Community Bldg rentals	118	169	176	175	195	224	188	150	189	174
Water										
New connections	*	5	8	13	0	0	4	130	118	158
Number of customers	5853	5787	5795	5809	5829	5510	6054	6184	6341	6486
Water main breaks	3	2	0	0	0	6	4	3	2	4
Average daily consumption (millions of gallons)	2.100	1.937	2.000	1.947	2.000	1.897	1.826	1.815	1.834	1.817
Meter reads	68400	62436	66570	69600	67250	67269	69984	71679	73067	74026
General Government										
Employment applications received ⁽¹⁾	422	463	304	325	161	201	239	248	420	1200
Personnel actions processed	515	630	197	250	205	270	272	311	355	327
Legal Notices published	61	75	64	41	33	48	39	67	68	44
Business Tax Licenses issued:										
New Licenses	381	384	302	102	243	235	201	204	160	169
Renewals	1843	1779	1768	1508	1460	1227	1422	1345	1138	1364
Accidents & Injuries reviewed	42	59	46	31	51	20	32	39	43	35
Land Use changes	14	70	10	2	3	13	5	5	4	0
Site Plan Reviews	1	17	11	7	4	3	8	7	6	9
Total Permits Issued	940	1064	1179	1132	1050	1200	1478	1167	1551	1758
Construction inspections	1755	2673	2943	2743	2715	3100	4058	1986	2344	5426
PR Checks issued	4402	4199	4256	4134	4180	3991	4039	4281	4225	4289
A/P Checks issued	4311	3705	3621	3663	2662	2400	2760	4045	3162	2711
Purchase orders processed ⁽²⁾	492	407	448	406	360	364	370	213	387	2575

* Data not available

Note 1-increase in 2018 due to automating application/recruitment process and Out recruitments now hit Google search engine which generates more hits.

Note 2-increase due to new Edmunds system and the way it processes payments

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

Function	Fiscal Year									
	<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>	<u>2018</u>
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	54	47	51	53	52	52	58	61	58
Fire stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets - paved (miles)	59.25	59.25	60.5	60.85	61.1	61.1	61.1	61.1	61.1	61.1
Streets - unpaved (miles)	1.38	1.38	0.63	0.38	0.13	0.13	0.13	0.13	0.13	0.13
Street lights	813	814	814	814	814	818	814	814	814	814
Traffic Signals	18	18	24	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	10	10	10	10	10	10
Tennis courts	4	4	4	4	5	5	5	5	5	5
Basketball courts	5.0	5.5	5.5	5.5	6.0	6.0	6.0	6.0	6.0	6.0
Futsal courts (soccer)	0	1	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)	68.6	68.8	68.8	69	69	85	69.5	69.75	70.25	72.25
Fire hydrants	560	561	561	564	548	545	544	551	554	569
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	22.37	22.5	22.5	22.7	40.9	23	23.5	26.9	29.9
Storm sewers (miles)	*	*	*	*	*	*	*	*	*	*

Notes
 * Information not available

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	
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%
2018	\$ 1,195,204	\$ 1,260,291	\$ 103,298	\$ 143,880	\$ 26,922	\$ 18,513	28.0%

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

City of Longwood, Florida
Miscellaneous Statistics
September 30, 2018

ITEM	2018
Date of Incorporation	1923
Form of government	Commission/Manager
Number of municipal employees (including police and fire)	167
Population	14,899
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	0
Police Protection:	
Stations	1
Employees	49
Wastewater collection system:	
Miles of sanitary sewers	29.9
Lift Stations	38
Daily average treatment	*
Plants(s) capacity (MGD)	*
Disposal plants	*
Water distribution system:	
Miles of water mains	72.25
Daily average:	
Consumption (Millions/Gallons)	1.8
Plant capacity (Millions/Gallons)	7.2
Service connections	6222
Deep wells	5
Fire hydrants	569
Facilities and services not included in the reporting entity:	
Education:	
Number of elementary schools	0
Number of elementary school instructors	0
Number of high schools	1
Number of high school instructors	133
Hospitals:	
Number of hospitals	1
Number of patient beds	206

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

Sources:

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



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OTHER REPORTS

**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, 2018, 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 29, 2019.

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.

Compliance and Other Matters

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

Purpose of This Report

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

McDiarmid Davis & Company LLC

Orlando, Florida
April 29, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the *City of Longwood's* (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and Florida Department of Financial Services *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs major state projects for the year ended September 30, 2018. The City's major federal programs and 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 Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance and rules of the auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and 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 each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and 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 federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal programs and 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 federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 federal program or 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 federal program or 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 federal program or 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 material weaknesses or significant deficiencies. 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 the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

McDiarmid Davis & Company LLC

Orlando, Florida
April 29, 2019

City of Longwood, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended September 30, 2018

Award type	CFDA/ CSFA Number	Agency or Pass-through Entity Grant Number	Expenditures
Grantor			
Pass-through grantor			
Grantor program title			
Federal Grants			
United States Department of Agriculture			
Passed through: State of Florida, Department of Agriculture and Consumer Services			
Cooperative Forestry Assistance	10.664		\$ 8,000
United States Department of Interior			
Passed through State of Florida, Department of Environmental Protection			
Reiter Park, Ph II	15.916	LW630	200,000
Reiter Park, Ph III	15.916	LW656	200,000
Total United States Department of Interior			<u>400,000</u>
United States Department of Transportation Cluster			
Passed through State of Florida, Department of Transportation			
The construction and CEI of sidewalk along Florida Central Parkway from 434 to end, as well as Bennett Drive and Commerce Street *	20.205	F591-008-196-001	1,015,956
Passed through State of Florida, Department of Environmental Protection *			
Reiter Park	20.219	T15020	<u>80,000</u>
Total United States Department of Transportation Cluster			<u>1,095,956</u>
United States Department of Transportation Cluster			
Nonpoint source implementation - Tank 15 &17	66.460	NF010	310,371
Nonpoint source implementation - Lake Ruth	66.460	NF013	<u>210,240</u>
Total United States Department of Transportation Cluster			<u>520,611</u>
United States Executive Office of the President			
Passed through: Seminole County Sheriff office			
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001		34,576
United States Department of Homeland Security			
State of Florida, Department of State			
Hurricane Matthew	97.036	8401F	<u>67,339</u>
Total federal awards			<u>\$ 2,126,482</u>
State Award			
State of Florida, Department of Environmental Protection			
Pass through: St. Johns River Water Management District			
Construct Transmission Main *	37.052	32300	\$ 386,857
Wastewater Treatment Facility Construction-Phase I *	37.077	WW590500	574,119
Wastewater Treatment Facility Construction-Phase II *	37.077	WW590510	<u>1,542,912</u>
Total award			<u>2,117,031</u>
South Longwood Septic Tank Removal *	37.079	NF010	<u>958,054</u>
Total State of Florida, Department of Environmental Protection			<u>3,461,942</u>
State of Florida, Department of State			
Hurricane Matthew			2,684
Reiter Park Amphitheater	45.014	A17013	<u>100,000</u>
Total state awards			<u>\$ 3,561,942</u>

Note 1 Basis of Presentation:

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Longwood (the City) under projects of the federal and state government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance and 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, 2018, even if grant or loan was received subsequent to that date. Pass-through entity identifying numbers are presented where available.

Note 3 Loans and Loan Guarantees:

In December 2015, the City executed a State Revolving Fund Loan agreements WW590500 and WW590510 for the City's wastewater treatment facility Phase I & Phase II. Loan balances as of September 30, 2018 are \$4,069,842 and \$1,546,421 respectively. Loan amount received and reported in current year SEFA is \$574,119 and \$1,542,912 respectively.

Note 4 Indirect cost rate:

Indirect cost rate is dictated by its federal contract terms. The 10-percent de Minimis indirect rate as allowed under the Uniform Guidance is not in effect nor is available under its contracts.



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Section I - Summary of Independent Auditor's Results:

Financial Statements

Type of auditors' report issued:	Unmodified Opinion	
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

Federal Programs and State Projects

Type of auditors' report issued on compliance for major programs:	Unmodified Opinion	
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 Section 200.516 of the Uniform Guidance and Chapter 10.550?	____ Yes	<u> X </u> No

Identification of Major Federal Programs and State Projects

Highway Planning and Construction Cluster

CFDA 20.205	The construction and CEI of sidewalk along Florida Central Parkway from 434 to end, as well as Bennett Drive and Commerce Street
CFDA 20.219	Reiter Park
CSFA 37.077	Wastewater Treatment Facility Construction-Phase I
CSFA 37.077	Wastewater Treatment Facility Construction-Phase II
CSFA 37.079	South Longwood Septic Tank Removal

Dollar threshold used to distinguish between
type A and type B programs: Federal \$750,000
State \$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, 2017.

MANAGEMENT LETTER

Honorable Mayor and City Commissioners
City of Longwood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Longwood, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 29, 2019.

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, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 Federal Program and 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 29, 2019 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.

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.

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.

McDiarmitt Davis & Company, LLC

Orlando, Florida
April 29, 2019

**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, 2018. 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, 2018.

McDirmit Davis & Company, LLC

Orlando, Florida
April 29, 2019