



The Town of Longboat Key, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2014

TOWN OF LONGBOAT KEY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

Prepared by:
Susan Smith, Finance Director
Finance Department

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TOWN OF LONGBOAT KEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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Introductory Section



TOWN OF LONGBOAT KEY

Incorporated November 14, 1955

Town Hall
501 Bay Isles Road
Longboat Key, FL 34228
(941) 316-1999
FAX (941) 316-1656
www.longboatkey.org

March 11, 2015

Honorable Mayor and Town Commission
Town of Longboat Key
Longboat Key, Florida 34228

We are pleased to present to you, the Town Commission and the citizens of the Town of Longboat Key, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2014.

Chapter 218.32 of the Florida Statutes requires that each local government entity that is required to provide for an audit in accordance with Chapter 218.39 must submit an annual financial report with the audit report no later than nine months after the end of the fiscal year. This requirement has been met for the fiscal year ended September 30, 2014, and the report of the independent auditing firm has been included in the financial section of this report.

This report was prepared in accordance with generally accepted accounting principles (GAAP) by the Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Finance Director. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a comprehensive understanding of the Town's financial activity have been included.

The Finance Department is responsible for establishing and maintaining internal controls to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. Because the cost of internal controls should not outweigh their benefit, the Town of Longboat Key's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Longboat Key's financial statements have been audited by Mauldin & Jenkins, LLC. The scope of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year end September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Governmental accounting and auditing principles requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Longboat Key's MD&A can be found immediately following the independent auditors' report.

Profile of the Government

The Town of Longboat Key is a political subdivision of the State of Florida and was formally incorporated in 1955. Longboat Key is a 10-mile long barrier island, covering 4.75 square miles, located off the coast of Sarasota in Southwest Florida that has a reputation as an affluent residential community, particularly for retirees who relocate predominantly from northern states. The island is bordered on the east by Sarasota Bay and on the west by the Gulf of Mexico. The northern half of the island is located in Manatee County, while the southern half is located in Sarasota County. The island's location, temperate climate, and natural resources, particularly its white sand beach, have had a major influence on the Town's growth. Residents and visitors enjoy numerous year-round recreational opportunities, including boating, fishing, golf, tennis, biking, and kayaking.

The Town includes two dependent special districts consisting of Longboat Key Beach Erosion Control District A and Longboat Key Beach Erosion Control District B. The citizens enjoy a full range of services including Police, Fire, Ambulance, Streets, Parks, Recreation, Public Improvements, Planning, Zoning and General Administrative Services. The Town also operates a Town wide water and sewer transmission system. The Town purchases its water and wastewater treatment from Manatee County. Sanitation, electric, telephone, gas and cable television services are provided by franchisees.

Town Structure

The Town operates under a Charter that was adopted in 1955 and revised in 2008. The charter sets forth a Commission/Manager form of government. Seven Commissioners are elected for two-year terms and constitute the governing body of the Town. Commissioners may only serve three (3) consecutive terms as town commissioner without an interval of one (1) complete term out of office. The appointed Mayor is the Commission's presiding officer. Elections are held annually with either four or three seats to be decided upon. Two (2) commissioners are elected at large. The remaining five (5) commissioners must reside in, and be nominated from, each of the five (5) districts of the town as set forth in the Charter. Following an election for the commission, the commissioners elect a mayor and vice-mayor.

The Town Manager is the chief administrative officer of the Town and is responsible to the Town Commission for the administration of all town affairs. He/she establishes such departments and divisions of responsibility as necessary for administration of the affairs of the town and performance of its municipal functions. The town manager is responsible for the preservation of peace and the protection of persons and property within the town and is the director of all public safety forces. Subject to personnel regulations adopted by the town commission, the town manager appoints, removes and fixes compensation for the chiefs and all subordinate officers of the police, fire and other safety forces of the town, department heads and all other town employees, except those specified by the Charter.

Formal budgetary integration is employed as a management control device during the year. Town department directors must submit their budgets by May 1 of each year. After work sessions on departmental budgets are conducted, a tentative budget is submitted to the Town Commission and public hearings are held to obtain public comments. A final hearing is then held and the final budget adopted. The legal level of budgetary control is the line item level. Transfers of appropriations between funds and/or use of unallocated fund balances amend the budget and require approval by the Town Commission. Transfers of appropriations up to \$10,000 between line items within a department or among programs within a department may be approved by the Town Manager. Budget to actual comparisons are presented in this report for each individual fund for which an annual budget has been adopted. The Town of Longboat Key follows the laws of Florida regarding the control, adoption and amendment of the budget during each fiscal year.

Local economy

Longboat Key has a permanent population of approximately 6,825 residents, but it is also a popular seasonal destination for visitors and part-time residents from both the United States and abroad. During the winter months, when the climate in Florida is mild, the population on Longboat Key can increase to approximately 18,000 to 22,000. However, the majority of the seasonal residents are only on the island for a few weeks to a few months, at most. Close proximity to the Sarasota-Bradenton International Airport and the Tampa International Airport provides convenient access to part-time residents and out-of-state visitors. Longboat Key has no industrial development and limited commercial uses.

The island's permanent population increased steadily in the latter part of the 20th century, but slowed beginning in 2000. Since that time, the island's full-time population has declined by approximately eight (8) percent, for a total loss of almost 800 permanent residents. While there are no certainties as to the cause of the decline since 2000, it can be speculated that rising property taxes and significantly increased property insurance costs have played a role in the decline. National economic conditions may also have led some people to delay retirement, thus reducing the number of people who might have moved to the island on a permanent basis. Currently, rising flood insurance rates have the potential to create additional uncertainty in the real estate market.

Prior to 2007, Longboat Key and other areas in Florida had experienced a dramatic increase in property values. During the national recession, regional property values dropped dramatically, with the Sarasota – Bradenton area experiencing an average real estate value drop of approximately 40 percent over the course of the downturn, though properties on Longboat Key experienced a much less dramatic decline. 2014 was the first year that assessed values for property values reflected an increase since 2008.

Employment Types and Trends. The major employers on Longboat Key include the Longboat Key Club, the Hilton Resort (though it is currently closed for renovation and expansion), Publix Supermarket, and the Town. According to the U.S. Census, there are a total of 224 business establishments and 2,287 total employees. Hospitality and other tourism-related services, retail/food services and municipal government are the major sources of employment on Longboat Key. Seasonal employment is common on Longboat Key due to the influx of seasonal residents and visitors during the winter months. The length of the typical “season,” when most visitors and seasonal residents visit, has historically lasted from approximately November through April. During the recession, “season” gradually shrunk to only about four (4) months. However, weather patterns in northern states can influence the length of each season, with part-time residents sometimes staying longer if northern states continue to experience colder temperatures during early spring. This was the case during Spring 2013 and Spring 2014, when northern states experienced record cold temperatures and extended snow. Many part-time residents delayed their departure from the area, which resulted in one of the best tourist seasons in recent years. This prompted many employers to retain seasonal employees longer than in years past. It appears this weather pattern may continue and produce a similar trend for Spring 2015.

The seasonal influx of visitors and part-time residents creates challenges for many retail and commercial businesses that typically depend on a year-round client base to be financially sustainable. Since there are few attractions to draw people from the mainland, businesses must rely almost exclusively on Longboat Key residents and visitors.

Cost of living on the island is a consideration for many employers and employees. Most people who work for businesses on the island are unable to afford housing on the island and are forced to live off-island. This creates longer commute times and increased transportation expenses, particularly during the tourist season when routes on and off the island are heavily trafficked. This often requires Longboat Key's employers to pay higher wages than similar employers on the mainland in order to attract workers.

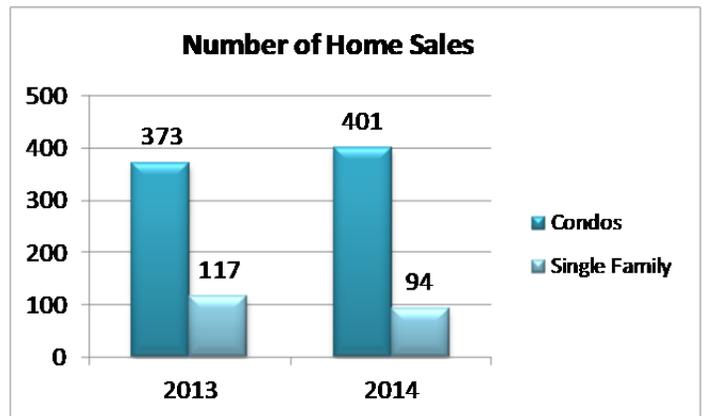
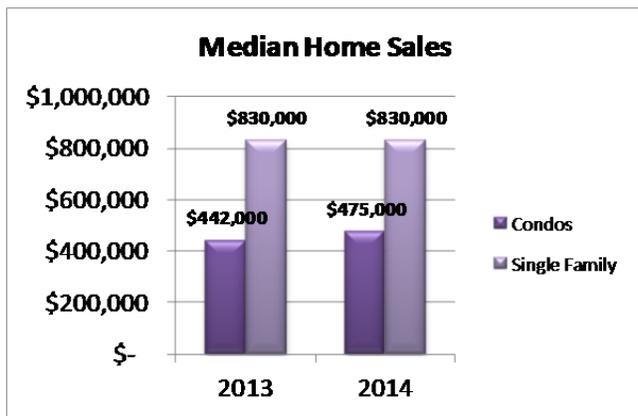
Contractors and maintenance crews make up the majority of commuters who travel to the island on a daily basis. Most of these workers are employed by companies with offices on the mainland.

As mentioned previously, a major renovation and expansion is underway for The Hilton Resort. The resort is currently closed during construction. Upon reopening, they anticipate hiring an additional 20 full-time employees, though the resort may not utilize the Hilton flagship brand.

Redevelopment. Longboat Key is currently experiencing a renewed interest in development and redevelopment in both the residential and tourism sectors. Construction is currently underway for an 85-room expansion of the beachfront Hilton Resort, an 11-unit luxury condominium complex, a 16-unit luxury condominium complex, and a single-family subdivision with nine (9) upscale residential homes. Numerous individual single-family homes are also under construction on scattered lots islandwide. A referendum is also underway which, if approved, could allow for the approval of a 300-room resort with conference space on the south end of the island.

There has been a trend over recent years to convert older tourism properties to single-family homes or luxury condominium buildings with single- or double-digit units. Many of the new homes and condominiums are not primary residences, but rather second, third, fourth or even fifth homes, which has resulted in a decrease in the number of full-time residents.

Housing. According to realtor, Janelle Malrick, Coldwell Banker, Longboat Key’s housing market showed a modest increase in the number of sales from 2013 to 2014 as shown below. While home prices on Longboat Key can range from \$200,000 into the millions, the median single family home and condo prices remained relatively flat. The average sale price for a single family home and condominium for 2014 was \$1.1 million and \$621,000, respectively.



Comprehensive Plan and Zoning Regulations. The Town’s Comprehensive Plan is developed pursuant to the requirements of Chapter 163, Florida Statutes, and the Florida Administrative Code. Other than the purposes expressly set forth in the Florida Statutes and Administrative Code, the Town’s Comprehensive Plan has the following goals:

- Improve the physical environment for the community as a setting for human and natural resource activities;
- Protect the public health, safety, and welfare;
- Insure that long-range considerations are included in the determination of short-range actions;
- Promote political cooperation by bringing professional and technical knowledge to bear on governmental decisions concerning the physical development of the Town; and,
- To ensure appropriate protection of the public interest with consideration of private property rights as determined by the Town Commission and state law.

The Town’s Land Development Code (LDC) establishes the development regulations for all areas within the Town’s incorporated boundaries. Most of Longboat Key’s housing stock is comprised of condominiums built prior to the 1980’s. Approximately 72 percent of the available housing stock is more than 25 years old and almost half of the island’s housing was built over 34 years ago. As these properties age and look to modernize and/or redevelop, issues such as multiple-ownership, density restrictions and development regulations present serious challenges.

Developers have cited market trends, increased property values and Longboat Key’s restrictive development regulations as cause to redevelop aging tourist properties into residential uses, with individual luxury condominium units selling into the millions of dollars.

Major initiatives and Capital Projects

Management's goals and objectives flow from the adopted Town Vision Plan including efforts to continue providing a level of infrastructure to complement the residents' lifestyle. For the first time in several years taxable values are beginning to stabilize.

- One of the Town's major initiatives was to freeze all the Town's defined benefit pension plans and institute a Town sponsored defined contribution plan, to stop the growth of the unfunded pension liability. These were all accomplished by February 2014.
- The idea of a cohesive Town Center recently returned to the forefront of the community's planning efforts, due in part to the opportunity to purchase a large tract of undeveloped land at the heart of the Town Center area. The community recognized the potential to use this land to bring additional civic spaces to the area, such as a cultural center, park, and other community gathering spaces. With the purchase of the property completed, the Town is moving forward to bring to fruition the community's vision of a true Town Center concept. The goal of the Town and the consultant team is to create a more walkable, mixed-use environment to serve as the heart of the Longboat Key community.
- The Town's ongoing beach nourishment program is underway with a \$16,000,000 bond authorization in place. The Town expects to issue bonds in June 2015. The Town has begun construction of two permeable adjustable groins for the north end of the island and a reevaluation of the beach management program has been initiated with several projects identified. Beach nourishment projects will occur in segments of south and central Longboat Key in 2014 through 2016.
- The Public Works Department continues its lift station rehabilitation program to provide uninterrupted wastewater treatment services to the residents. Public works is also methodically sliplining the Town's wastewater lines to eliminate problems associated with inflow and infiltration. The Town is about to undergo the replacement of a 40 year old subaqueous wastewater pipeline which pumps wastewater to the Manatee County Southwest Regional Treatment Facility. This multi-year project began in fiscal year 2012-13 and will be executed via a design-build delivery method for allowing collaborative solutions between the engineer and contractor. Planning level construction estimates of this major project range from \$17 to \$25 million.
- The Town is conducting a cost analysis associated with undergrounding utility lines and will seek voter approval by placing a referendum question on the November 2015 ballot.

Long-term Financial Planning

Prepared as part of the annual budget process, a five year plan of capital improvement projects attempts to identify and provide a responsible funding/execution plan for public betterments to ensure a stable community infrastructure. The plan is designed to budget adequate reserves for replacement of obsolete equipment and vehicles and provide for the betterment of town-wide infrastructure.

Relevant Financial Policies

Management's goals for long-term financial planning include stabilizing tax rates while maintaining adequate General Fund reserves to sustain a complete economic cycle and providing for contingency and emergency/disaster relief reserves.

Over the next two fiscal years, management will be updating and preparing written comprehensive financial policies which address pension funding initiatives, enterprise fund reserves, debt policies, long-term beach nourishment, and other capital improvement and budgeting policies.

Awards. The Government Finance Officers Association and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Longboat Key, Florida for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. This was the 33rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment. The preparation of this report would not have been possible without the dedicated service of the finance staff and the cooperation of town departments. Our sincerest appreciation is extended to all of the contributing staff members. We also appreciate the professional service and assistance rendered by Mauldin & Jenkins, LLC. The Finance Department is committed to advancing its fiscal accountability, efficiency and integrity in the Town's financial operations.

Also, our thanks to members of the Town Commission for their support in planning and guiding the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,



David R. Bullock
Town Manager



Susan L. Smith
Finance Director

TOWN OF LONGBOAT KEY, FLORIDA

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2014

TOWN COMMISSION

Mayor Jim Brown
Vice-Mayor Jack Duncan

District 1 – Lynn Larson
District 2 – Jack Duncan
District 3 – Terry Ganz
District 4 – Jim Brown
District 5 – Pat Zunz
At Large – Phill Younger
At Large – Irwin Pastor

TOWN DEPARTMENTS

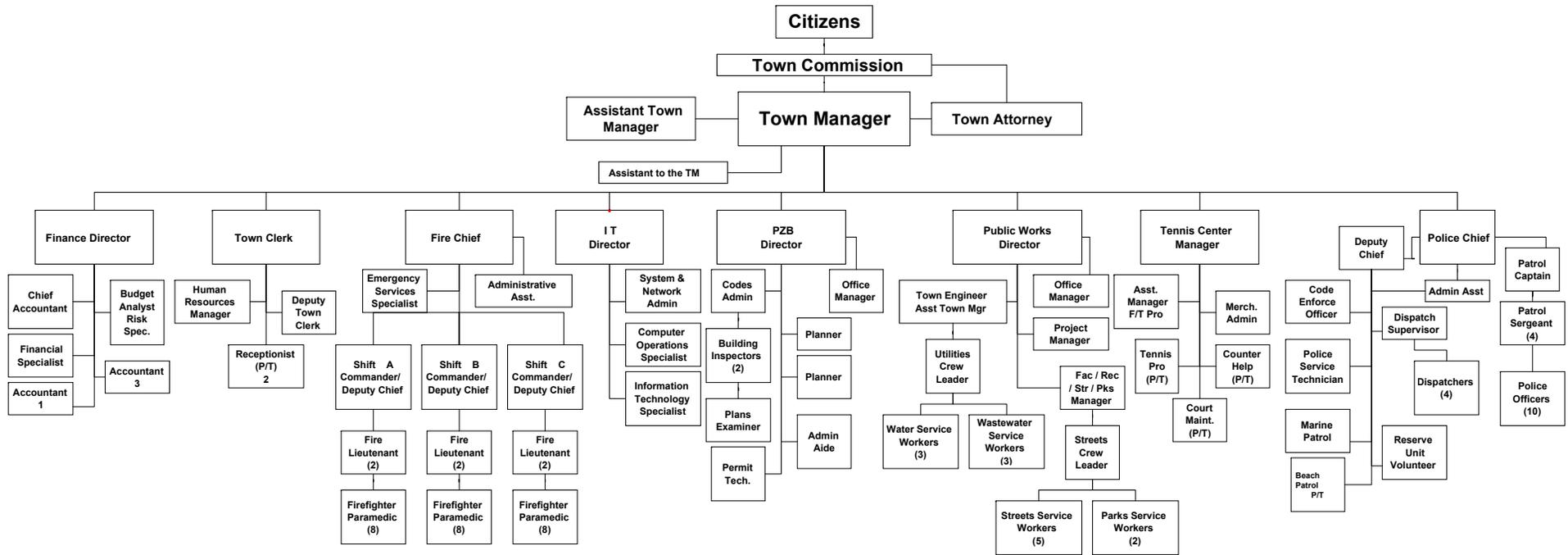
David R. Bullock, Town Manager
Anne Ross, Assistant Town Manager and Town Engineer
Susan L. Smith, Finance Director
Kathi J. Pletzke, Information Technology Director
Alaina Ray, Planning Zoning & Building Director
Juan J. Florensa, Public Works Director
Pete Cumming, Chief of Police
Paul Dezzi, Fire Chief
Maggie Mooney-Portale, Town Attorney

AUDITORS

Mauldin & Jenkins, LLC

TOWN OF LONGBOAT KEY, FLORIDA

ORGANIZATIONAL CHART SEPTEMBER 30, 2014





Government Finance Officers Association

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

Presented to

**Town of Longboat Key
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Town Commission,
Town of Longboat Key, 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 **Town of Longboat Key, Florida** (the "Town"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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 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 from material misstatement.

An audit involves performing procedures to obtain audit 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 Town as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and 2, the Town's pension plans implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* as of October 1, 2013. This standard modified the reporting requirements for financial statements of defined benefit pension plans. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20 and the budgetary comparison information and schedules of net pension liability and related ratios, schedule of contributions, schedule of pension investment returns, and schedule of funding progress on pages 66 through 89 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 Town of Longboat Key, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of the Town'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* in considering the Town's internal control over financial reporting and compliance.

Bradenton, Florida
March 10, 2015



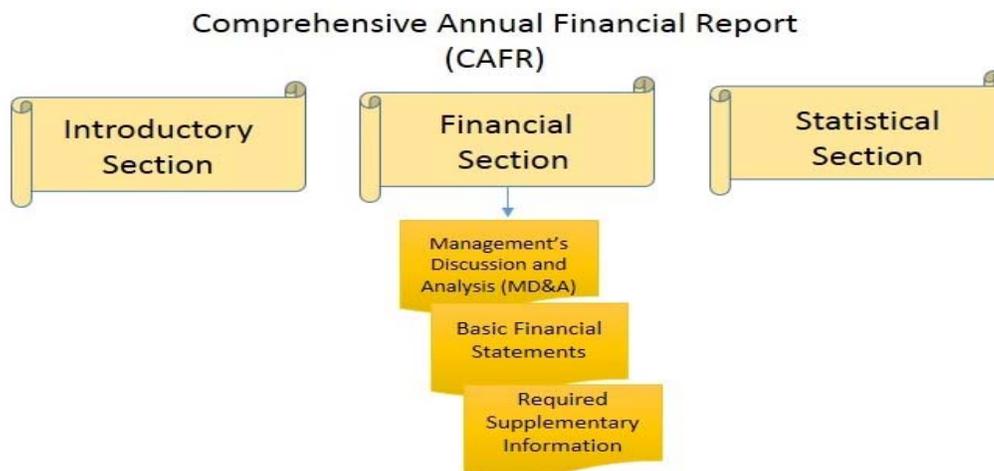
Management's Discussion and Analysis

The Town's Comprehensive Annual Financial report (CAFR) was prepared in accordance with generally accepted accounting principles (GAAP) applicable to government entities. The Management's Discussion and Analysis report (MD&A) is required supplementary information (RSI), which must be presented to remain in compliance with GAAP.

The MD&A presents a narrative overview and analysis of the financial activities of the Town of Longboat Key for the fiscal year ended September 30, 2014. Readers are encouraged to consider MD&A information in conjunction with information provided in the financial statements, the Letter of Transmittal, and the notes to the financial statements.

Comprehensive Annual Financial Report (CAFR) Overview

As shown below, the CAFR is organized into three main sections with the Financial Section containing Management's Discussion and Analysis, the Basic Financial Statements and Required Supplementary Information. Our discussion and analysis is intended to serve as an introduction to the Town of Longboat Key's financial statements, which include government-wide statements, fund statements, as well as notes to the basic financial statements. There is additional supplementary information following these financial statements which may be of interest to the reader.



Financial Highlights

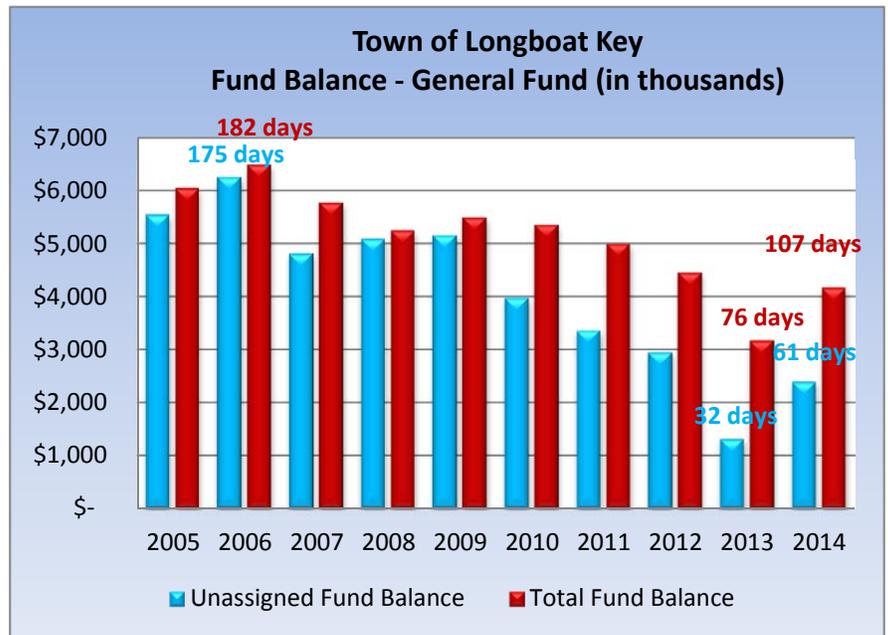
- The Town of Longboat Key's net position for governmental activities at the close of the fiscal year September 30, 2014, is \$62.2 million, which is a decrease of \$1.6 million (2.5%) from the previous year. Of the Town's total net position, \$11.4 million is restricted to specific purposes and \$2.6 million is unrestricted which may be used to meet the Town's ongoing obligations to citizens and creditors. Unrestricted net position decreased \$207,000 from the previous fiscal year.
- The Town's total net position for business-type activities is \$33.1 million, which is an increase of \$672,000 or 2.1%. Of this amount, \$16.5 million or 50% is considered unrestricted. Unrestricted net position decreased by \$174,000.
- At September 30, 2014 the Town of Longboat Key's governmental fund statements, which includes the General Fund, Road and Bridge Fund, Beach Nourishment Fund and all non-major funds, reported combined ending fund balances of \$15.9 million, a decrease of \$576,000 from the previous fiscal year. Of this amount, \$2.4 million remains in the various fund types of the Town as unassigned.

Town of Longboat Key, Florida
Management's Discussion and Analysis

September 30, 2014

- At the end of the current fiscal year, the total fund balance for the general fund was \$4.2 million, which is an increase of \$1 million from the prior fiscal year. This increase was due to four major factors: (1) the Town originally set the mill rate so that it would increase its fund balance by \$210,075; (2) the Town received \$180,000 more in revenue than originally estimated; (3) several departmental budgets spent less than originally budgeted by approximately \$546,000; and (4) the change in encumbrances outstanding at year end were approximately \$65,000. The chart below represents a history of fund balance levels with the blue column representing unassigned fund balance and the red column representing the total fund balance.

- As of September 30, 2014, the general fund *unassigned* fund balance is \$2.4 million. The unassigned balance represents approximately 16.9% of total general fund expenses, (excluding capital outlay), which is the equivalent of 61 operating days. The \$1 million increase is equivalent to 29 operating days. The assignment of fund balance toward future pension liabilities of \$1,610,075 did not change and the assignment for encumbrances are \$161,571.



- The desired *unassigned* general fund balance shall be not less than 60 days or 16% of general fund operating expenditures and the desired total available fund balances should not be less than 90 days or 25%. The Town's total fund balance ended with 107 operating days or 29.5%. Rating agencies evaluate municipalities to determine the financial condition of the community and assign a bond rating that influences the rate of interest paid on debt issues. Accordingly, a strong fund balance demonstrates a town's commitment to fiscal responsibility, reduces bonding costs, and indicates the ability to meet unforeseen emergencies. If, after the annual audit, should fund balance fall below desired levels, the Town Manager will so advise the Town Commission in order for the necessary action to be taken to restore the unassigned fund balance to acceptable levels within two budget cycles.

Financial Statements Overview

This section includes a brief overview of the Town's financial statements that is required by the Governmental Accounting Standards Board (GASB). This is intended to help readers understand the financial statements and does not present any financial information specifically for the Town of Longboat Key.

Fund Types – The Town uses fund accounting to enhance public accountability over public resources and to demonstrate compliance with finance related legal requirements. A Fund is a self-balancing set of accounts that is used to maintain control over resources segregated for a specific purpose or objective.

There are three different fund types:

- Governmental funds* focus on short-term inflows and outflows of spendable resources, as well as spendable resources at year end. The focus of governmental fund financial statements is on major funds: the General Fund, the Road and Bridge Fund and the Beach Nourishment Capital Project fund. The Governmental Fund financial statements present information for each major fund, while the non-major funds are combined into a separate, single column. These non-major funds are shown separately following the notes to the financial statements.

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2. *Proprietary Funds* are business-type activities generally used for reporting charges for services for which the Town charges a fee. The Town of Longboat Key maintains and presents two major proprietary funds, a Water and Sewer enterprise fund and a Building Department enterprise fund that are presented on pages 26 to 29 of this report.
3. *Fiduciary Funds* account for resources held for the benefit of parties outside Town government. Examples of the Town's fiduciary funds are the funds used to account for the Town's three retirement systems. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support the Town of Longboat Key government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds are presented on pages 30 and 31 of this report.

Basic Financial Statements – The basic financials statements consist of three components: (1) The Government-wide statements, (2) Individual Fund Statements, and (3) Notes to the Financial Statements.

1. *Government Wide Financial Statements* provide a broad overview of the town's finances using the accrual basis of accounting similar to a private sector business entity. These statements are further broken into two types of activities – Governmental activities and Business type activities:
 - a. *Governmental activities* are primarily supported by taxes and other non-program revenue which support general government, public safety, transportation, and culture and recreation.
 - b. *Enterprise or business-type activities* are primarily supported by user fees rather than taxes and non-program revenue. Major business activities in the Town of Longboat Key include water and sewer operations and Building Department functions.

Government wide statements include two types of financial statements:

- i. The *Statement of Net Position* (page 21) presents information on all of the Town's assets and liabilities with the difference being reported as net position. Over time, increases or decreases in net position may indicate whether the financial position of the Town is improving or deteriorating.
 - ii. The *Statement of Activities* (page 22) presents information showing how the Town's net position changed during the fiscal year related to revenue and expenses. All revenue and expenses are reported as soon as an underlying event occurs, regardless of when cash is received or paid, as required under accrual basis of accounting.(e.g., accounts payable and earned but unused vacation leave).
2. *Individual Fund Statements* –Individual fund statements report a narrower financial view than the government wide financial statements, but it is useful to compare fund information with the government wide information. A reconciliation of the difference between the two is provided in the CAFR following the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.
 3. *Notes to the Financial Statements* – The notes provide additional information that is essential to gaining a full understanding of the government-wide financials and the individual fund statements.

Required Supplementary information (RSI) – Other RSI in addition to this MD&A provides a Budget to Actual Comparison for the General Fund, The Road and Bridge Fund, and Schedules related to the Town's pension plans.

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Combining Financial Statements, Individual Fund Financial Statements and Schedules – These statements and schedules are provided for the non-major governmental funds and are located immediately following the RSI.

Below is a summary of the major features of the Basic Financial Statements.

Major Features of the Basic Financial Statements

<u>Type of Statements</u>	<u>Government-wide Financial Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<i>Scope</i>	Entire Town government (except fiduciary activities)	Activities primarily supported by taxes, grants, and similar revenue sources	Activities the Town operates similar which have significant support from fees and charges.	Instances in which the Town administers resources as trustee on behalf of someone else.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ➤ Statement of net position ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures and changes in fund balances. 	<ul style="list-style-type: none"> ➤ Statement of net position. ➤ Statement of revenues, expenses and changes in fund net position. ➤ Statement of cash flows. 	<ul style="list-style-type: none"> ➤ Statement of fiduciary net position. ➤ Statement of changes in fiduciary net position.
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash are received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

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Government-Wide Financial Analysis

Comparative data for fiscal years ending September 30, 2014 and 2013 are shown below.

Town of Longboat Key Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current/other assets	\$ 16,762	\$ 17,511	\$ 20,111	\$ 18,822	\$ 36,873	\$ 36,333
Capital assets, net	48,255	49,563	26,007	26,983	74,262	76,546
Total assets	<u>65,017</u>	<u>67,074</u>	<u>46,118</u>	<u>45,805</u>	<u>111,135</u>	<u>112,879</u>
Current liabilities	1,316	1,234	1,795	1,561	3,111	2,795
Long-term liabilities	1,479	2,051	11,263	11,856	12,742	13,907
Total liabilities	<u>2,795</u>	<u>3,285</u>	<u>13,058</u>	<u>13,417</u>	<u>15,853</u>	<u>16,702</u>
Invested in capital assets net of related debt	48,256	47,891	14,194	13,354	62,450	61,245
Restricted	11,408	13,133	2,368	2,362	13,776	15,495
Unrestricted	2,558	2,765	16,498	16,672	19,056	19,437
Total net position	<u>\$ 62,222</u>	<u>\$ 63,789</u>	<u>\$ 33,060</u>	<u>\$ 32,388</u>	<u>\$ 95,282</u>	<u>\$ 96,177</u>

Governmental activities. The largest portion of the Town's net position (77.6%) reflects its investment in capital assets (i.e., land, buildings, vehicles, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 capital assets themselves may not be used to liquidate these liabilities.

Unrestricted net position showed only a slight decline of \$207,000. While the general fund showed positive results, other governmental funds declined. The *unrestricted* balance of \$2.56 million may be used to meet the government's on-going obligations to citizens and creditors. *Restricted* net position declined by \$1.7 million due to the Town's use of its reserves for investing in capital assets and infrastructure.

The overall financial position of the Town declined by \$1.567 million in fiscal year 2014 as compared to a decline of \$4.144 in the prior year. As noted earlier in our discussion, changes in net position over time can be one of the best and most useful indicators of financial position. This is the third consecutive year the Town of Longboat Key has seen a decrease in net position, although the Town's fiscal outlook remains positive due to the stabilization of a declining tax base, which saw an increase in taxable property values for fiscal year 2014 of 2.55%.

Business-type activities. The Town's business-type activities (water and sewer and building departments) net position at September 30, 2014 increased a total of \$672,000 over 2013 mostly due to increased building permit activity. Current *unrestricted* assets increased a total of \$174,000 from the previous year. The Town Commission approves a system rate increase each time Manatee County increases the Town's wholesale costs which allows the revenues to keep pace with the increases in the utility's largest expenses. The Town's utility rate consultant is currently performing a new comprehensive rate study and will assist in the development of a reserve policy for future repair and replacement of major infrastructure.

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A comparison of current unrestricted assets as compared to current unrestricted liabilities for both governmental and business-type activities can be a good indication of the Town's ability to meet its current and existing operational responsibilities.

The ratio for both years is as follows:

Comparison of Current Unrestricted Assets and Liabilities (in thousands)

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Fiscal year ending September 30, 2014		
Current unrestricted assets	\$ 16,762	\$ 18,700
Current unrestricted liabilities	\$ 1,316	\$ 1,452
Ratio of current assets to current liabilities	12.74	12.88
Fiscal year ending September 30, 2013		
Current unrestricted assets	\$ 17,511	\$ 17,413
Current unrestricted liabilities	\$ 1,234	\$ 1,219
Ratio of current assets to current liabilities	14.19	14.28

The Town continues to maintain healthy ratios as noted above which indicates more than adequate cash flows for the Town.

Summary – Statement of Activities. The following schedule summarizes the Statement of Activities, which presents all the revenues, expenses and other sources/uses of funds by Governmental and Business-type activities. These items are responsible for any changes in net assets as discussed above.

As presented in the summary below, Governmental Activity expenses exceeded program revenues by \$17.1 million in FY 2014. Most Governmental Activities expenses are not paid for with program revenue, but are typically paid for with general revenues, mainly property taxes, therefore reporting net expenses after deducting program revenues is normal for most local governments. Approximately 8.3% of governmental activity expenses were paid for with program revenue compared to 6% in the prior year.

The adopted budget was prepared based on a 2.55% increase in property values. This in combination with an operating mill rate increase of 0.1888 increased property tax revenue by \$1.1 million. Operating contributions increased due to the fees charged to the Hilton as required by the land acquisition and preservation program. While franchise fees were on the decline in 2013, there has been an upward trend in 2014. The Town also froze the General Employees' and Firefighters' pension plans effective September 30, 2013, resulting in the elimination of state revenue sharing from the casualty insurance premium tax, thereby lowering the business tax revenue. Police was subsequently frozen February 1, 2014. The pension freeze also reduced of the annual required contribution to the fund, thereby creating a large swing in both general government expenditures and public safety expenditures.

Total business-type activity revenues exceeded program expenses by \$2 million. Business-type activities expenses are typically paid for with user fees, because these services are provided on a cost reimbursement basis. The utility and building funds are required to reimburse the general fund for indirect costs incurred by the general fund, shown as net transfers.

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Town of Longboat Key Statement of Activities (in thousands)

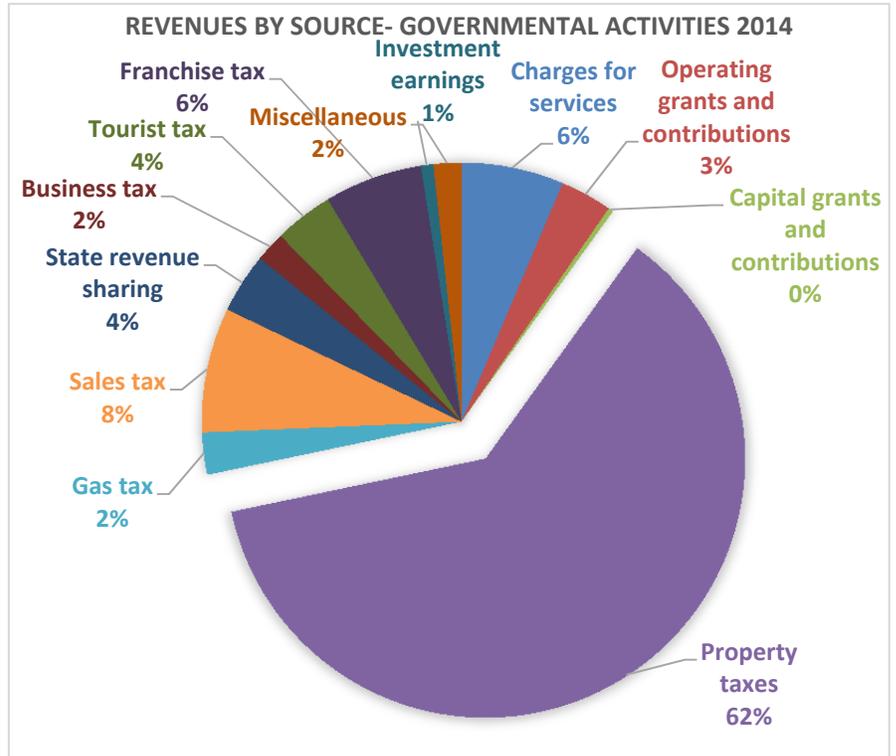
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	\$ 1,003	\$ 944	\$ 8,935	\$ 8,150	\$ 9,938	\$ 9,094
Operating grants and contributions	506	199	-	-	506	199
Capital grants and contributions	49	8	-	31	49	39
Total program revenue	<u>1,558</u>	<u>1,151</u>	<u>8,935</u>	<u>8,181</u>	<u>10,493</u>	<u>9,332</u>
Expenses:						
General government	4,413	4,794	-	-	4,413	4,794
Public safety	9,276	9,649	-	-	9,276	9,649
Transportation	882	838	-	-	882	838
Economic Environment	-	10	-	-	-	10
Culture and recreation	4,069	3,961	-	-	4,069	3,961
Interest on long-term debt	35	40	-	-	35	40
Water and sewer	-	-	6,234	6,198	6,234	6,198
Building Department	-	-	720	579	720	579
Total expenses	<u>18,675</u>	<u>19,292</u>	<u>6,954</u>	<u>6,777</u>	<u>25,629</u>	<u>26,069</u>
Net expense	<u>(17,117)</u>	<u>(18,141)</u>	<u>1,981</u>	<u>1,404</u>	<u>(15,136)</u>	<u>(16,737)</u>
General Revenues:						
Property taxes	9,708	8,577	-	-	9,708	8,577
Gasoline taxes	412	390	-	-	412	390
Sales taxes	1,224	1,161	-	-	1,224	1,161
Unrestricted State revenue sharing	588	570	-	-	588	570
Business Tax	295	502	-	-	295	502
Tourist tax	575	509	-	-	575	509
Franchise tax	958	812	-	-	958	812
Interest income	121	51	(15)	36	106	87
Miscellaneous	272	163	-	14	272	177
Total general revenue	<u>14,153</u>	<u>12,735</u>	<u>(15)</u>	<u>50</u>	<u>14,138</u>	<u>12,785</u>
Increase in net position before transfers	(2,964)	(5,406)	1,966	1,454	(998)	(3,952)
Net transfers	1,384	1,262	(1,384)	(1,262)	-	-
Change in net position	(1,580)	(4,144)	582	192	(998)	(3,952)
Net position - beginning as restated	<u>63,802</u>	<u>67,946</u>	<u>32,388</u>	<u>32,196</u>	<u>96,190</u>	<u>100,142</u>
Net position - ending	<u>\$ 62,222</u>	<u>\$ 63,802</u>	<u>\$ 32,970</u>	<u>\$ 32,388</u>	<u>\$ 95,192</u>	<u>\$ 96,190</u>

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Revenues:

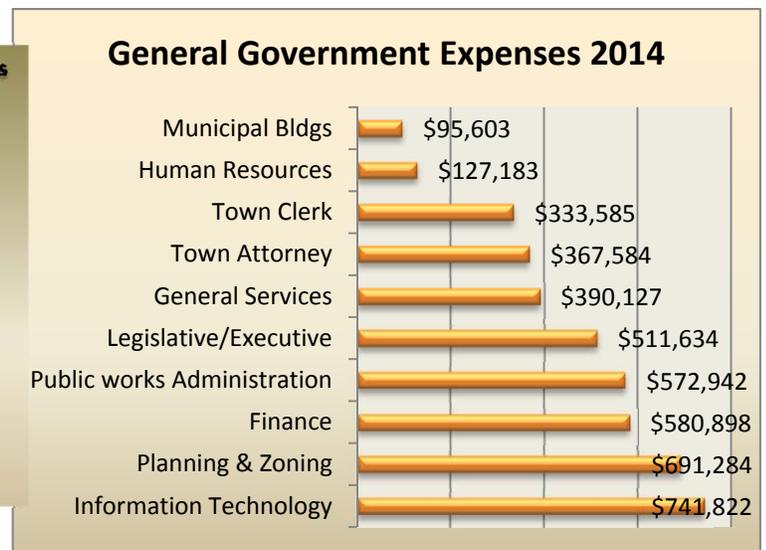
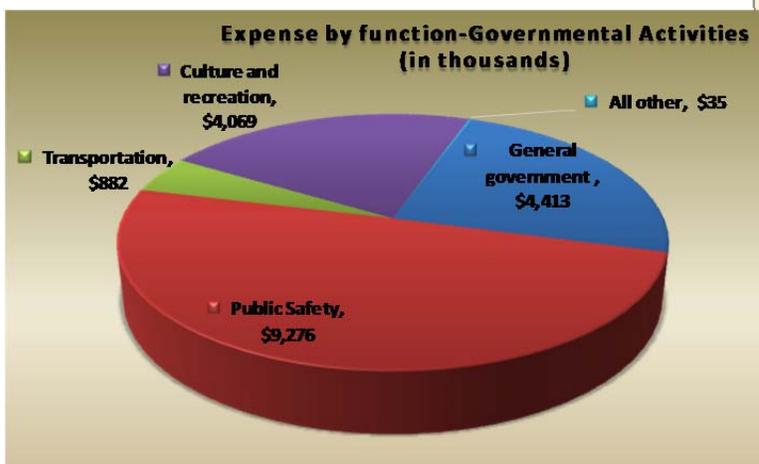
The chart below reveals the Town's revenue sources by type. Approximately 62% of the revenues were derived from property taxes, 26% were generated from State and local option taxes such as business tax, tourist development tax, sales tax and gas taxes, and the remaining revenue comes from state revenue sharing and charges for services.

- The Town has seen a decline in gas taxes over the past two years. Gas taxes are deposited into the Road and Bridge fund and help maintain the Town's roads, sidewalks and drainage systems.
- With the exception of franchise fees for electricity, little or no growth has shown in state revenue sharing and business tax. There was some growth in the half-cent sales tax, possibly due to the increase in tourism.
- Charges for services increased due to increased land acquisition fund fees imposed on commercial construction activities and increased sales at the tennis center.
- Investment earnings have increased in the general fund due to the negotiated reduction of bank fees and an increase in our earnings credit rate on cash balances.



Expenses:

The display shown below left shows that within governmental activities public safety makes up 50% of the expenses followed by General Government 25%, Culture and Recreation 21% and Transportation 4%. It is important to remember that these expenses include items you do not normally see on a budgetary basis, such as depreciation of capital assets, the disposal of capital assets, the change in compensated absence accruals for vacation and sick pay and net pension and OPEB (other post employment benefit) costs. The chart at the right shows a further breakdown of general government expenses by department.



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The Town provides services to the community unlike private businesses that sell products, therefore the town budget is primarily made of up personnel services and benefits (78% of total spending). The following provides an additional perspective on pension expense:

- The Town's combined required pension contribution in FY2014 for all three plans was \$2.76 million (approximately 37.5% of total payroll)
- The \$23.6 million unfunded pension liability is one and half times the General Fund budget.
- The unfunded liability is \$3,454 per capita (based on 6825 residents)
- Annual pension contributions makes up 17.5% of the total General Fund expenditures and 26.7% of ad valorem taxes.

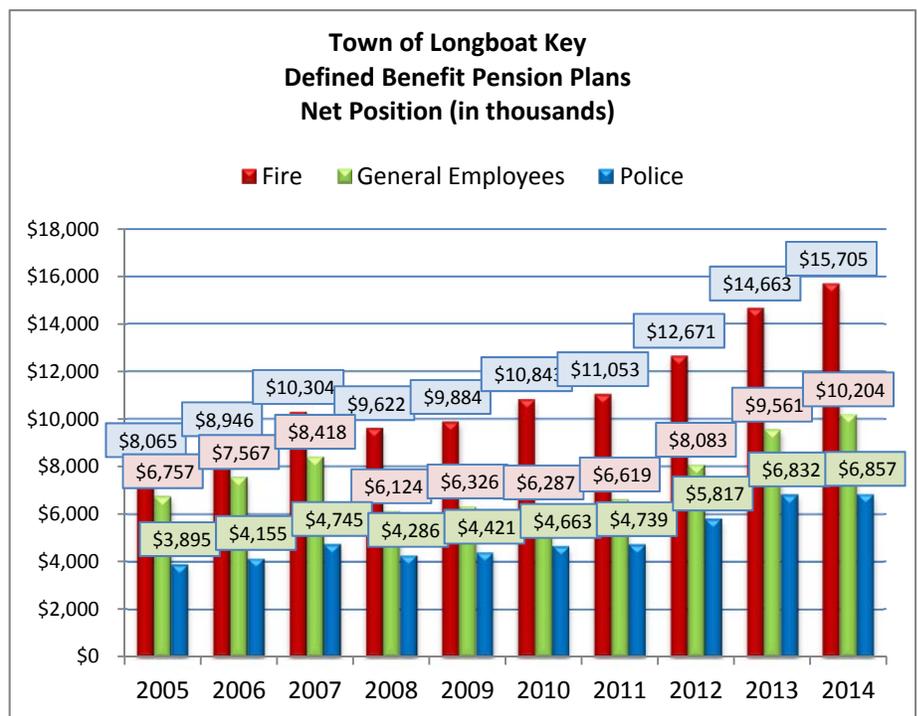
The new provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* will become effective in FY2015 requiring the inclusion of unfunded pension liabilities to be recorded in the Town's financial statements for the first time. The Town elected not to implement this standard early. The implementation will not cause contributions to increase but will have a major negative effect on the Town's financial net position.

Fiduciary Funds

The Town of Longboat Key uses fiduciary funds to account for resources held for the benefit of parties outside Town government. Examples of the Town's fiduciary funds are the funds used to account for the Town's three retirement systems. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support the Town of Longboat Key government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds are presented on pages 30 and 31 of this report.

The Town of Longboat Key has three individual pension plans; police officers firefighters, and general employees. Effective October 1, 2014, the Town consolidated the three plans into one Plan. The combined pension plan net position held in trust for pension benefits at September 30, 2014 are \$32.8 million. The net position, shown in the graph, is defined as the fair market value of investments less amounts due for administrative fees and other payables.

Effective October 1, 2013, the Town's plans implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement no. 25*, which significantly changed the disclosures required related to the plans. What used to be referred to as the funding ratio is now called *Plan fiduciary net position as a percentage of Total Pension Liability*.



The Town has recovered fairly well from the financial crisis of 2008 and the plans are currently 54.82% funded for firefighters, 61.41% funded for police officers and 68.62% funded for general employees, (based on 10/1/2014 valuation) which are below the average of 70% (top 100 public plans). The Town historically funds 100% of its annual required contribution.

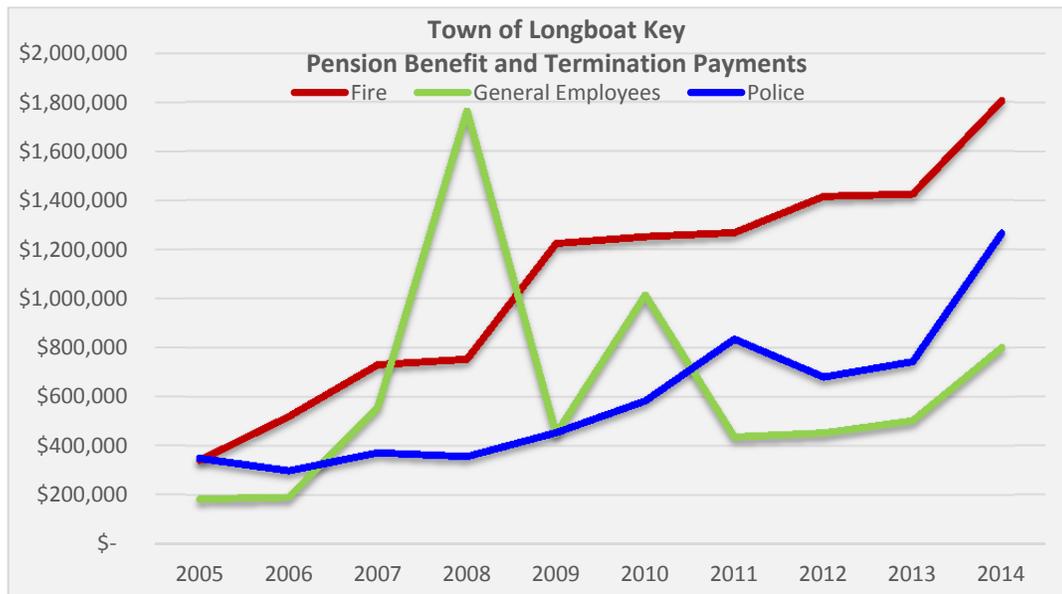
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Pension reform was the theme of FY 13's goals and objectives to relieve the taxpayers' future unfunded liabilities. The Town has successfully negotiated the plan freeze for both the firefighters' plan and the general employees' plan effective September 30, 2013. Subsequently the Police pension plan was frozen effective February 1, 2014. Freezing the plan means that employees will no longer accrue years of service after the date of freeze, which is used to calculate their monthly retirement benefit. The accrued benefits they have earned prior to this date will remain and the pension plans will continue to exist until the final benefit payments are made.

In lieu of the defined benefit plan, the police officers and general employees opted for a Town sponsored defined contribution (401a) plan and the firefighters opted to join the Florida Retirement System (FRS).

As a result of the freeze the employees no longer make contributions to the Plan and the State premium revenue sharing money will cease. This among other actuarial assumption changes will require the Town's annual contributions to rise over the next several years and then decrease gradually over the remaining life of the Plan. All three pension Boards have analyzed the proper asset allocation mix and rate of return assumptions over the remaining life of the Plans. Once a consolidated pension board is formed, the trustees will review an asset allocation mix and rate of return assumption for the combined plan.

The graph below represents the total benefits and termination payments made annually. The increase shown in FY2014 was caused by the plan freeze. All participants with less than ten years of service had the option to cash out their accrued balances in the Plan. The combined annual pension benefit payments for FY2014 were \$2,839,380 for retiree payments, \$65,427 in lump sum DROP payments and \$1,071,002 for termination payments. The General Employees' pension plan experienced large spikes in 2008 and 2010 due to the lump sum payouts for two long term employees.



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Governmental Funds

The focus of the Town's Governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In assessing the Town of Longboat Key's financing requirements, unreserved fund balance is a particularly useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include the general fund, special revenue, debt service, and capital projects funds.

The Town of Longboat Key's governmental funds reported combined fund balances of \$15,972,889 for 2014 and \$16,680,412 for 2013 (a decrease of \$707,523). Of the total fund balance, \$66,444 is nonspendable, \$11,408,815 is restricted, \$2,102,993 is assigned and \$2,394,637 is unassigned.

Below is a summary of changes in fund balances for governmental funds:

Town of Longboat Key- Governmental Funds Change in Fund Balance			
	2014	2013	Increase (Decrease)
General Fund	\$ 4,180,165	\$ 3,179,056	\$ 1,001,109
Road and Bridge Fund	1,771,428	2,117,979	(346,551)
Beach Nourishment Capital Project Fund	4,766,564	5,406,991	(640,427)
Other Governmental Funds	5,254,732	5,976,386	(721,654)
	<u>\$ 15,972,889</u>	<u>\$ 16,680,412</u>	<u>\$ (707,523)</u>

Major Governmental Funds

The Town of Longboat Key reports three major funds: General Fund, Road and Bridge Fund and Beach Capital Project Fund. To be classified as a major fund, a fund must report at least 10% of the Town's total governmental funds' assets, liabilities, revenues or expenses, and must report at least 5% of the Town's total governmental funds' plus enterprise funds' total assets, liabilities, revenues or expenses. The 10% and 5% tests must be passed for the same element (e.g. for assets) and the tests need only be passed for one of the four elements.

General Fund. The General Fund is the chief operating fund of the Town and accounts for the majority of general governmental activities. General Fund activities directly impact property taxes, which are the fund's largest revenue source. The next several pages highlight general fund activity and budget highlights. At September 30, 2014, total fund balance in the General Fund was \$4,180,165 of which \$2,398,106 was unassigned. As a measure of the General Fund's liquidity, fund balance as a percentage of total expenditures (excluding capital outlay) is calculated. Total and unassigned fund balances shows percentages of 29.4% and 16.9%, respectively, for fiscal year 2014 as compared to 20.7% and 8.7% for the prior fiscal year. Property values increased by 2.55% and the mill rate increase from 1.8876 to 2.0760 resulting in an increase tax revenues to the Town of \$1.1 million.

Road and Bridge Fund. The Road and Bridge fund accounts for receipts from local option gas taxes, the local alternative fuel decal fee, the 2 cent, 8th cent and 9th cent gas/motor fuel taxes. Expenditures related to road improvements, maintenance and drainage are generally incurred in the general fund and transfers are made to reimburse the general fund. Total fund balance of \$1,771,428 decreased by \$346,551 due to the annual transfer to the general fund for road related expenses.

Beach Nourishment Capital Project Fund. The Beach Nourishment Capital Project Fund was created to account for the expenditures of sand replacement and reconstructing beach structures along the Town's Gulf of Mexico coastline. The beach engineering continues, permits have been secured, and construction of groins at the north end of the island has begun. The beach nourishment projects is scheduled to continue through 2016. A spending authorization of \$16 million has been in place since 2012 where voters approved a referendum to authorize a general obligation bond issue to fund a partial beach nourishment to address the erosion at North Shore and various other "hot spots" in need of sand.

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The *Non-spendable* portion of fund balance, \$66,444, represents an amount that cannot be spent, such as inventory and prepaid expenses.

Restricted fund balances of \$11,408,816, are 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 or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned fund balance of \$2,102,993 Includes spendable fund balance amounts established by management of the Town that are intended to be used for specific purposes. Intent is expressed by the Town Commissioners or a body or official to which the Town Commissioners have delegated authority, which is the Town Manager, to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances (open purchase orders) are considered assignments of fund balances. \$1,610,075 has been assigned for future pension liabilities and the remaining amounts of \$492,918 are for open purchase orders outstanding at fiscal year end.

Unassigned fund balance is the residual classification for the general fund. The balance of \$2,394,637 represents the Town's cash balance available for any other purpose.

General Fund Budgetary Highlights

The detailed line item budget can be found on page 66 to 80 of the Required Supplementary Information (RSI) section which provides the original budget, the final budget after amendments, and the actual revenues received and expenditures incurred.

Budget Amendments			
	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenue	\$ 15,635,660	\$ 15,380,485	\$ (255,175)
Expenditures	\$ 15,425,585	\$ 15,070,410	\$ (355,175)
Fund Balance	\$ 210,075	\$ 310,075	\$ 100,000

During the year, the original expenditure budget was decreased \$355,175 and the revenue budget was decreased \$255,175 with a net offset of \$100,000 increase to fund balance. These transfers are summarized below:

Reference	Increase (Decrease) Revenue	Increase (Decrease) Expense	Increase (Decrease) Fund Balance	Reason
Ordinance 2014-09	\$ (449,000)	\$ (449,000)		Change in Accounting practice
Ordinance 2014-23	\$ 37,262	\$ 37,262		Watercraft Motors and Equipment
Ordinance 2014-35	\$ 100,000		100,000	Recalculation of indirect cost allocation
Ordinance 2014-36	\$ 56,563	\$ 56,563		Tennis Center Budget revision
	<u>\$ (255,175)</u>	<u>\$ (355,175)</u>	<u>\$ 100,000</u>	

Ordinance 2014-09 - Certain expenditures which were originally budgeted in the General Fund were moved to the Infrastructure Surtax Fund, for better accountability and matching of the revenues which were restricted for that specific purpose.

Ordinance 2014-23 – The Town received West Coast Inland Navigation District (WCIND) grant money to repower the 30' Intrepid with two Verado 300hp Outboard Motors.

Ordinance 2014-35 - Based on the recalculation of direct and indirect costs associated with building fund activities contained within the General Fund, the original appropriation of \$265,000 was increased to \$365,000.

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Ordinance 2014-36 – The Tennis Center Results of Operations were as follows:

	Budget	Actual	Variance
Revenues	\$492,500	\$549,064	\$ 56,564
Expenses	\$475,766	\$562,442	(\$ 86,676)
Profit (Loss)	\$ 16,734	(\$ 13,378)	(\$ 30,112)

The Tennis Center had favorable sales growth during the fiscal year, but an unfavorable expenditure growth due to a workers' compensation claim and inventory adjustments as a result of implementation of a new Point-of-sale System. Part of the budget shortfall was covered with additional Tennis revenues of \$56,564 which exceeded budgetary estimates. The rest of the shortfall, \$30,112, was covered by a transfer from Red Tide Contingency. The Finance Department has moved all tennis center activity from the general fund to a special revenue fund for FY2015 for better accountability.

The Town annually budgets a Contingency line item in the budget. This is a form of stabilization fund, similar to the Town's unassigned fund balance, or as some may call it, the rainy day fund. These funds may be used at a government's discretion to address emergencies and unanticipated costs throughout the fiscal year. They provide flexibility to respond to unexpected emergencies without utilizing fund balance reserves and may help a government achieve its goals. This account also ensures that a government has an ability to cover service costs and address unpredictable revenue fluctuations, which could occur during the budget year. The Town had budgeted \$250,000 for contingency and \$50,000 for Red Tide cleanup as a precaution.

Transfers from contingency of \$280,112 were made during the year as follows:

- \$ 12,000 to General Services for Underground Utility study
- \$ 175,000 to Planning, Zoning & Building Department for continued work on the Town's Code revisions.
- \$ 50,000 to Planning, Zoning & Building Department for work on the Town Center concept.
- \$ 13,000 to Public Works for continued consulting work on the solid waste bid.
- \$ 30,112 to Tennis Center

During the year, revenues exceeded budgetary estimates \$80,014 primarily due to these factors:

- Tourist Development Tax of \$64,826 is a new revenue for beach maintenance as a result of a modified Interlocal Agreement with Sarasota County. The General Fund contains the costs for these maintenance items in FY2014, however future TDT revenue and maintenance costs will be accounted for in the Beach Capital Projects fund for FY 2015.
- Casualty Insurance Premium Tax of \$81,017 was received from the State of Florida and immediately paid out to the Police Pension Plan as required under State Chapter 185. The Town does not budget for the receipts or payments out to the pension fund as the two offset each other.
- Franchise Fees collections for electricity bottomed out in 2013 and are back on the rise, averaging approximately \$75,000 per month. This may be due to the hot summer and the associated increasing electricity consumption.
- Charges for Services -A \$25,054 shortage in Zoning Fees occurred as they are difficult to predict for budgeting purposes. Fees are based on the activity going on in Town. Zoning fees have ranged from \$6,200 to \$81,000 in prior years.
- Fines & Forfeitures were short \$28,850 due to less local ordinance violations.

Town of Longboat Key, Florida
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During the year, expenditures were below budgetary estimates by \$546,313 primarily due to these factors:

In an attempt to build up fund balance, a directive was given to departments to curb spending where possible during the year.

- Town Clerk. \$24,329 surplus. The Town Clerk was able to curb advertising costs by modifying our public hearing advertisements while still maintaining compliance with statutory requirements.
- Finance & Accounting. \$18,546 surplus. Finance had a two month vacancy for the Chief Accountant. During that time, part time temporary help was utilized from Accountemps. Also, the pay scale for the new position was less than originally budgeted.
- Police. \$31,477 surplus. The Police Department restructured the department, eliminating 3 staff positions with lower paid employees. The replacement of patrol, crime scene and detective vehicles also reduced maintenance expenses with new vehicles under extended warranties.
- Fire. Surplus \$201,881. The Fire Department did exceptionally well in curbing spending, but the bulk of savings was in salaries and benefits.
- Transfer Out - Tennis. The Town moved the tennis center activities out of the general fund to its own special revenue fund for better accountability. A transfer to move the inventory off the general fund balance sheet was required in the amount of \$52,340.

Below is a comparison between the two fiscal years.

Town of Longboat Key General Fund Budgetary Basis			
	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Revenues:			
Property taxes, interest and lien fees	\$ 9,452,685	\$ 8,327,274	\$ 1,125,411
Other taxes	294,611	502,206	(207,595)
Licenses, fees and permits	36,586	27,758	8,828
Intergovernmental	1,244,597	1,187,617	56,980
Charges for services	839,020	790,975	48,045
Franchise fees	958,116	812,026	146,090
Fines and miscellaneous	284,087	172,461	111,626
Grants	94,417	148,914	(54,497)
Income on investments	66,216	11,981	54,235
Transfers from other funds	2,190,164	2,742,668	(552,504)
Total Revenues	<u>15,460,499</u>	<u>14,723,880</u>	<u>736,619</u>
Expenditures:			
General government	4,162,998	4,630,425	(467,427)
Public safety	8,716,741	9,177,003	(460,262)
Transportation	619,875	609,835	10,040
Culture and Recreation	764,679	755,428	9,251
Capital Outlay	207,464	890,185	(682,721)
Transfer to other funds	52,340	-	52,340
Total Expenditures	<u>14,524,097</u>	<u>16,062,876</u>	<u>(1,538,779)</u>
Net Change in Fund Balance	<u>\$ 936,402</u>	<u>\$ (1,338,996)</u>	<u>\$ 2,275,398</u>

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2014

Capital Assets

Our financial statements present capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities and those assets not subject to depreciation such as land and construction-in-progress.

The Town of Longboat Key's investment in capital assets for both governmental and business-type activities, net of accumulated depreciation at September 30, 2014 totaled \$74.3 million while September 30, 2013 totaled \$75.2 million.

This investment in capital assets, both purchased and donated, includes land, buildings and systems, improvements, machinery and equipment, parks, roads, and drainage structures. The Town invested an additional \$2.5 million in new capital assets and \$684,397 in Construction in Progress for Governmental activities. The Town invested an additional \$185,937 in new capital assets and \$1.5 million in Construction in Progress for Business-type Activities.

Major capital asset events, excluding construction in progress, during the current fiscal year include the following projects:

• Land 2.81 Acres-592 Bay Isles Rd	\$1,524,154
• Police SUVs (4)	114,390
• Police Patrol Vehicles (4)	100,526
• Primary & Secondary Server	85,907
• Streets - Backhoe	84,622
• Street Resurfacing	62,994
• EMS Stretchers	41,996
• Watercraft Outboard Motors	32,123
• Streets-Ford F-250 ¾ Ton Pickup	29,824
• High Pressure Fire Pump	12,500

The Town has plans to replace a subaqueous waste-water main crossing at Gulf Bay Road to Southwest Regional Wastewater Facility (SRWF), which is part of the ongoing rehabilitation and renovation of the Town's waste-water distribution system. The Town has engaged a consultant to assist with the preliminary engineering and bidding process. It is expected that this project will span the next three to four years. Preliminary budget estimates for this project is \$16 million, however, as design progresses the estimate will be finalized.

A \$16 million bond authorization is also in place for continued beach nourishment program which includes island-wide rebuilding, restoring and nourishing of the beaches of Longboat Key from the effects of long term beach erosion. The Town is in the process of obtaining permitting for erosion control structures for the north end of the island.

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2014

Below is a summary of the change in capital assets, net of depreciation for fiscal year 2014:

Capital Assets Net of Accumulated Depreciation (in thousands)				
Governmental Activities				
	2014	2013	Increase (Decrease)	Percent
Land	\$ 25,280	\$ 23,860	\$ 1,420	6.0%
Buildings	5,391	5,729	(338)	-5.9%
Streets and roadways	2,026	2,174	(148)	-6.8%
Improvements other than buildings	9,671	12,426	(2,755)	-22.2%
Vehicles and other equipment	2,105	2,209	(104)	-4.7%
Construction in progress	3,783	3,099	684	22.1%
Total	\$ 48,256	\$ 49,497	\$ (1,241)	-2.5%
Business Activities				
	2014	2013	Increase (Decrease)	Percent
Land	\$ 1,794	\$ 1,794	\$ -	0.0%
Buildings	211	241	(30)	-12.4%
Improvements other than buildings	20,278	21,384	(1,106)	-5.2%
Vehicles and other equipment	543	582	(39)	-6.7%
Construction in progress	3,181	1,693	1,488	87.9%
Total	\$ 26,007	\$ 25,694	\$ 313	1.2%

Additional information on the Town of Longboat Key's capital assets can be found in Note 3 of this report.

Long Term Debt

At September 30, 2014 the Town of Longboat Key had total bonded debt outstanding of \$13,162,832 of which \$1,350,000 is for the G.O. Facilities Bonds, \$7,803,800 is for the G.O. Note Series 2009 and \$4,009,032 is for the Water and Sewer State Revolving Fund Loans.

Outstanding Debt			
	2014	2013	Increase (Decrease)
General Obligation Bonds	\$ 9,153,800	\$ 9,747,400	\$ (593,600)
Notes Payable	4,009,032	4,197,527	(188,495)
Total	\$ 13,162,832	\$ 13,944,927	\$ (782,095)

The Town's current general obligation rating, with Standard & Poor's continues as AA-. The ratings reflect the strength of the Town of Longboat Key and its management staff. The Town of Longboat Key's rating of A2 was recently upgraded to A1 by Moody's Investor Services.

Other obligations include implicit rate subsidies for retiree medical costs, accrued vacation pay and sick leave and risk management. More detailed information about the Town's long-term liabilities is presented in Note 4 and Note 10 of the financial statements.

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2014

The constitution of the State of Florida sets no debt limit for municipalities. The Town maintains a “pay as you go” policy for most capital purchases. The Town of Longboat Key will issue debt only for the purposes of constructing or acquiring large nonrecurring permanent capital improvements and for making major renovations to existing capital improvements that are included within the Town’s Capital Improvement program. The only exception to the above would involve entering into long-term leases as described above when it is cost justifiable to do so or to fund emergency projects that are not included within the Town’s Capital Improvement program. All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event to exceed 20 years (30 years for sewer projects).

One measure of the Town’s debt levels is to compare the amount of debt outstanding to the book value (asset cost less accumulated depreciation) of the Town’s capital assets. According to the table below, a large percentage of capital assets owned by the Town’s Utility fund is encumbered by debt.

Equity in Net Capital Assets			
	(In thousands)		
	Governmental Activities	Business-type activities	Total Activities
Net Capital asset	\$ 48,256	\$ 26,007	\$ 74,263
Less related debt payable	(1,350)	(11,813)	(13,163)
Equity in net capital assets	<u>\$ 46,906</u>	<u>\$ 14,194</u>	<u>\$ 61,100</u>
Percentage of capital assets financed	<u>3%</u>	<u>45%</u>	<u>18%</u>

Additional information on general obligations bonds can be found in Note 4 of the financial statements.

Economic Factors and Next Year’s Budgets and Rates

Local and State Governments throughout the country, including Longboat Key, continue to deal with the global and national issues and the economic reality of Federal budget deficits and the slowly declining unemployment rates. Florida still leads the nation in home foreclosures, however, foreclosures are trending downward significantly and experts predict home prices in Southwest Florida will continue rising.

Sarasota County retail and development activity is picking up. The 880,000-sq.-ft. Mall at University Town Center opened up in October 2014. In the immediate vicinity are some 500 hotel rooms, 1,750 residential units and a \$39.5-million world-class rowing facility at Nathan Benderson Park.

The unemployment rate for the Sarasota-Bradenton-Northport combined area has decreased to 5.4% for 2014 as compared to 11.7% rate at its peak in 2009. The State of Florida overall rate of 6.1% for the same time period.

The Town did not add any major new programs or initiatives to the 2014-2015 budget, however there will be an increased focus on major capital projects, such as beach nourishment and the wastewater subaqueous pipeline replacement. Long term debt strategies will be developed for fiscal year 2016 and beyond with an increased focus on the core services for the Town in future budget plans in order to ease the stress of limited resources of taxpayers and current economic conditions. The Town has not appropriated any use of fund balance for the 2014-2015 budget.

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2014

Factors considered in preparing The Town of Longboat Key's budget for the 2015 fiscal year included:

- Maintaining publicly visible service levels while keeping department expenditures flat. No new positions or programs were introduced. No wage increases were provided except for the police bargaining unit.
- The total assessed value for real and personal property had increased 5.01% percent for the fiscal 2014-15 budget. These values are used to determine the ad valorem tax revenue to be received.

Fiscal Year	Taxable Value	Percent Change
2002	\$ 3,395,861,821	14.75%
2003	4,022,050,972	18.44%
2004	4,618,875,625	14.84%
2005	5,014,504,388	8.57%
2006	5,695,624,611	13.58%
2007	6,555,048,538	15.09%
2008	6,606,809,366	0.79%
2009	5,954,878,099	(9.87%)
2010	5,350,393,405	(10.15%)
2011	4,868,600,933	(9.00%)
2012	4,647,670,792	(4.54%)
2013	4,582,642,068	(1.40%)
2014	4,699,704,223	2.55%
2015	4,935,294,681	5.01%

All of these factors were considered in preparing the Town's budget for the 2015 fiscal year. The Town has increased its operating millage rate to 2.1763 from 2.0176 from fiscal year 2014 to fiscal year 2015 and added a new beach millage for the first of several capital projects.

Requests for Information

This financial report is designed to provide a general overview of The Town of Longboat Key Government's finances for all those with an interest in our government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to Susan L. Smith, Finance Director, Town of Longboat Key, at 501 Bay Isles Road, Longboat Key, Florida, 34228 or by phone at (941) 316-1999. We also recommend that you visit our website at www.longboatkey.org for further information.

Basic Financial Statements

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TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 71,411	\$ 8,035,058	\$ 8,106,469
Investments	15,783,659	9,855,720	25,639,379
Accounts receivables, net	101,815	741,659	843,474
Accrued income	31,811	11,383	43,194
Due from other governments	643,507	-	643,507
Prepaid items	3,827	-	3,827
Inventory	62,617	56,202	118,819
Restricted asset, cash and cash equivalents	-	1,410,476	1,410,476
Net pension asset	62,935	-	62,935
Capital assets			
Non-depreciable	28,956,786	3,776,569	32,733,355
Depreciable, net	19,299,341	22,230,730	41,530,071
Total assets	<u>\$ 65,017,709</u>	<u>\$ 46,117,797</u>	<u>\$ 111,135,506</u>
Liabilities			
Accounts payable	\$ 299,269	\$ 814,226	\$ 1,113,495
Accrued liabilities	351,865	37,932	389,797
Due to other governments	90	18,318	18,408
Customer deposits payable	-	342,920	342,920
Noncurrent liabilities			
Due within one year	665,244	581,262	1,246,506
Due in more than one year	1,478,760	11,262,784	12,741,544
Total liabilities	<u>2,795,228</u>	<u>13,057,442</u>	<u>15,852,670</u>
Net position			
Net investment in capital assets	46,906,127	14,194,467	61,100,594
Restricted for			
Capital projects	11,402,376	-	11,402,376
Debt service	6,440	1,067,543	1,073,983
Connection fees	-	1,300,057	1,300,057
Unrestricted	3,907,538	16,498,288	20,405,826
Total net position	<u>62,222,481</u>	<u>33,060,355</u>	<u>95,282,836</u>
Total liabilities and net position	<u>\$ 65,017,709</u>	<u>\$ 46,117,797</u>	<u>\$ 111,135,506</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Beach Nourishment Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 71,211	\$ -	\$ -	\$ 200	\$ 71,411
Investments	4,411,202	1,751,801	4,806,078	4,814,578	15,783,659
Accounts receivable, net	100,365	-	-	1,450	101,815
Accrued income	9,477	4,506	7,720	10,108	31,811
Due from other governments	250,902	15,121	-	377,484	643,507
Inventory	6,808	-	-	55,809	62,617
Prepaid items	3,604	-	-	223	3,827
Total assets	<u>\$ 4,853,569</u>	<u>\$ 1,771,428</u>	<u>\$ 4,813,798</u>	<u>\$ 5,259,852</u>	<u>\$ 16,698,647</u>
Liabilities, deferred inflows of resources, and fund balances					
Liabilities					
Accounts payable	\$ 246,916	\$ -	\$ 47,234	\$ 5,119	\$ 299,269
Accrued liabilities	351,865	-	-	-	351,865
Due to other governments	90	-	-	-	90
Total liabilities	<u>598,871</u>	<u>-</u>	<u>47,234</u>	<u>5,119</u>	<u>651,224</u>
Deferred inflows of resources					
Unavailable revenue	<u>74,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,533</u>
Fund balances					
Nonspendable	10,412	-	-	56,032	66,444
Restricted	-	1,771,428	4,444,511	5,192,877	11,408,816
Assigned	1,771,647	-	322,053	9,293	2,102,993
Unassigned	2,398,106	-	-	(3,469)	2,394,637
Total fund balances	<u>4,180,165</u>	<u>1,771,428</u>	<u>4,766,564</u>	<u>5,254,733</u>	<u>15,972,890</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,853,569</u>	<u>\$ 1,771,428</u>	<u>\$ 4,813,798</u>	<u>\$ 5,259,852</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Governmental capital assets			99,018,662	
Accumulated depreciation			<u>(50,762,535)</u>	48,256,127
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.				74,533
Net pension asset is not a financial asset in governmental fund activities and therefore is not reported in governmental funds.				62,935
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.				
Compensated absences			(540,326)	
OPEB payable			(253,678)	
Bonds payable			<u>(1,350,000)</u>	<u>(2,144,004)</u>
Net position of governmental activities				<u>\$ 62,222,481</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Road and Bridge Fund	Beach Nourishment Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 9,452,685	\$ -	\$ -	\$ 255,270	\$ 9,707,955
Other taxes	294,611	328,297	-	1,547,437	2,170,345
Licenses and permits	36,586	-	-	-	36,586
Intergovernmental revenues	1,244,597	83,567	-	-	1,328,164
Charges for services	839,020	39,975	-	-	878,995
Franchise fees	958,116	-	-	-	958,116
Fines and forfeitures	11,950	-	-	1,091	13,041
Grant revenues	94,417	-	49,418	7,240	151,075
Investment earnings	66,216	8,227	20,687	25,880	121,010
Miscellaneous revenues	272,137	-	-	-	272,137
Total revenues	<u>13,270,335</u>	<u>460,066</u>	<u>70,105</u>	<u>1,836,918</u>	<u>15,637,424</u>
Expenditures					
Current					
General government	4,095,093	-	-	3,263	4,098,356
Public safety	8,719,939	-	-	963	8,720,902
Transportation	619,875	9,613	-	-	629,488
Culture/recreation	764,679	-	42,524	-	807,203
Debt service					
Principal retirement	-	-	-	255,000	255,000
Interest	-	-	-	34,829	34,829
Capital outlay					
General government	6,399	-	-	1,524,154	1,530,553
Public safety	86,619	-	-	312,101	398,720
Transportation	114,446	-	-	63,936	178,382
Culture/recreation	-	-	1,068,008	7,360	1,075,368
Total expenditures	<u>14,407,050</u>	<u>9,613</u>	<u>1,110,532</u>	<u>2,201,606</u>	<u>17,728,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,136,715)</u>	<u>450,453</u>	<u>(1,040,427)</u>	<u>(364,688)</u>	<u>(2,091,377)</u>
Other financing sources (uses)					
Transfers in	2,190,164	-	400,000	56,042	2,646,206
Transfers out	(52,340)	(797,004)	-	(413,007)	(1,262,351)
Total other financing sources (uses)	<u>2,137,824</u>	<u>(797,004)</u>	<u>400,000</u>	<u>(356,965)</u>	<u>1,383,855</u>
Change in fund balances	1,001,109	(346,551)	(640,427)	(721,653)	(707,522)
Fund balances, beginning of year, as restated	<u>3,179,056</u>	<u>2,117,979</u>	<u>5,406,991</u>	<u>5,976,386</u>	<u>16,680,412</u>
Fund balances, end of year	<u>\$ 4,180,165</u>	<u>\$ 1,771,428</u>	<u>\$ 4,766,564</u>	<u>\$ 5,254,733</u>	<u>\$ 15,972,890</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Net Change in Fund Balances – Total Governmental Funds		\$ (707,522)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.</p>		
Capital outlay	\$ 3,183,022	
Less current year depreciation	<u>(4,219,829)</u>	<u>(1,036,807)</u>
The net effect of various miscellaneous transactions (i.e., sales) is to decrease net position.		(86,091)
The repayment of the principal of long-term debt consumes the financial resources of the governmental funds. However, it has no effect on net position.		255,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		74,533
<p>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.</p>		
Change in net pension asset	(3,894)	
Change in OPEB payable	(48,024)	
Change in compensated absences	<u>(26,705)</u>	<u>(78,623)</u>
Change in net position of governmental activities		<u>\$ (1,579,510)</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 7,510,450	\$ 524,608	\$ 8,035,058
Restricted cash and cash equivalents	1,410,476	-	1,410,476
Accounts receivable, net	741,659	-	741,659
Investments	8,989,297	866,423	9,855,720
Accrued income	9,864	1,519	11,383
Inventory	56,202	-	56,202
Total current assets	<u>18,717,948</u>	<u>1,392,550</u>	<u>20,110,498</u>
Noncurrent assets			
Capital assets, non-depreciable	3,776,569	-	3,776,569
Capital assets, net	22,230,730	-	22,230,730
Total noncurrent assets	<u>26,007,299</u>	<u>-</u>	<u>26,007,299</u>
Total assets	<u><u>\$ 44,725,247</u></u>	<u><u>\$ 1,392,550</u></u>	<u><u>\$ 46,117,797</u></u>
Liabilities			
Current liabilities			
Accounts payable	\$ 800,938	\$ 13,288	\$ 814,226
Bonds payable	356,200	-	356,200
Notes payable	193,848	-	193,848
Accrued liabilities	26,582	11,350	37,932
Compensated absences	18,156	13,058	31,214
Liabilities payable from restricted assets			
Due to other governments	-	18,318	18,318
Customer deposits payable	342,920	-	342,920
Total current liabilities	<u>1,738,644</u>	<u>56,014</u>	<u>1,794,658</u>
Noncurrent liabilities			
Bonds payable, net of current portion	7,447,600	-	7,447,600
Notes payable, net of current portion	3,815,184	-	3,815,184
Total non-current liabilities	<u>11,262,784</u>	<u>-</u>	<u>11,262,784</u>
Total liabilities	<u>13,001,428</u>	<u>56,014</u>	<u>13,057,442</u>
Net position			
Net investment in capital assets	14,194,467	-	14,194,467
Restricted for			
Debt service	1,067,543	-	1,067,543
Accumulated earnings on connection fees	1,300,057	-	1,300,057
Unrestricted	15,161,752	1,336,536	16,498,288
Total net position	<u>31,723,819</u>	<u>1,336,536</u>	<u>33,060,355</u>
Total liabilities and net position	<u><u>\$ 44,725,247</u></u>	<u><u>\$ 1,392,550</u></u>	<u><u>\$ 46,117,797</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 7,380,650	\$ 1,504,059	\$ 8,884,709
Late charges	26,161	-	26,161
Rentals and miscellaneous	10,226	14,206	24,432
Total operating revenues	<u>7,417,037</u>	<u>1,518,265</u>	<u>8,935,302</u>
Operating expenses			
Personnel services and benefits	604,510	541,617	1,146,127
Professional services	199,379	141,594	340,973
General and administrative	9,706	27,844	37,550
Materials and supplies	53,043	8,308	61,351
Utility services	121,043	-	121,043
Insurance	93,680	-	93,680
Repairs and maintenance	246,713	399	247,112
Water purchased for resale	1,263,619	-	1,263,619
Wastewater treatment	1,683,590	-	1,683,590
Miscellaneous	5,465	-	5,465
Depreciation	1,350,320	-	1,350,320
Total operating expenses	<u>5,631,068</u>	<u>719,762</u>	<u>6,350,830</u>
Operating income (loss)	<u>1,785,969</u>	<u>798,503</u>	<u>2,584,472</u>
Nonoperating revenues (expenses)			
Investment earnings	(18,168)	3,627	(14,541)
Loss on disposal of capital assets	(9,963)	-	(9,963)
Interest expense	(593,100)	-	(593,100)
Total nonoperating revenues (expenses)	<u>(621,231)</u>	<u>3,627</u>	<u>(617,604)</u>
Income before transfers	1,164,738	802,130	1,966,868
Transfers out	<u>(1,018,855)</u>	<u>(365,000)</u>	<u>(1,383,855)</u>
Change in net position	145,883	437,130	583,013
Total net position, beginning of year, as restated	31,577,936	899,406	32,477,342
Total net position, end of year	<u>\$ 31,723,819</u>	<u>\$ 1,336,536</u>	<u>\$ 33,060,355</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Water and Sewer	Building Department	Total
Cash flows from operating activities			
Cash received from customers	\$ 7,350,969	\$ 1,518,265	\$ 8,869,234
Cash paid to suppliers for goods and services	(3,400,325)	(175,233)	(3,575,558)
Cash paid to employees for services and benefits	(613,828)	(542,526)	(1,156,354)
Net cash provided (used) by operating activities	<u>3,336,816</u>	<u>800,506</u>	<u>4,137,322</u>
Cash flows from noncapital financing activities			
Transfer to other funds	(1,018,855)	(365,000)	(1,383,855)
Net cash provided (used) by noncapital financing activities	<u>(1,018,855)</u>	<u>(365,000)</u>	<u>(1,383,855)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(1,673,981)	-	(1,673,981)
Principal paid on bonds payable	(338,600)	-	(338,600)
Principal paid on notes payable	(188,495)	-	(188,495)
Interest paid	(540,455)	-	(540,455)
Net cash used in capital and related financing activities	<u>(2,741,531)</u>	<u>-</u>	<u>(2,741,531)</u>
Cash flows from investing activities			
Sale of investments	791,721	-	791,721
Purchase of investments	-	(3,361)	(3,361)
Interest received	(18,704)	3,361	(15,343)
Net cash provided by investing activities	<u>773,017</u>	<u>-</u>	<u>773,017</u>
Net change in cash and cash equivalents	349,447	435,506	784,953
Cash and cash equivalents, beginning of year	<u>8,571,479</u>	<u>89,102</u>	<u>8,660,581</u>
Cash and cash equivalents, end of year	<u>\$ 8,920,926</u>	<u>\$ 524,608</u>	<u>\$ 9,445,534</u>
Cash and cash equivalents classified as			
Cash and cash equivalents	\$ 7,510,450	\$ 524,608	\$ 8,035,058
Restricted cash and cash equivalents	1,410,476	-	1,410,476
Total cash and cash equivalents	<u>\$ 8,920,926</u>	<u>\$ 524,608</u>	<u>\$ 9,445,534</u>

(Continued)

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Water and Sewer	Building Department	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,785,969	\$ 798,503	\$ 2,584,472
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,350,320	-	1,350,320
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(67,288)	-	(67,288)
Prepays	-	10,089	10,089
Inventory	105,764	-	105,764
Increase (decrease) in liabilities:			
Accounts payable	170,149	36	170,185
Accrued liabilities	1,139	2,120	3,259
Due to other governments	-	(7,213)	(7,213)
Compensated absences payable	(10,457)	(3,029)	(13,486)
Customer deposits	1,220	-	1,220
Net cash provided (used) by operating activities	<u>\$ 3,336,816</u>	<u>\$ 800,506</u>	<u>\$ 4,137,322</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 43,328	\$ 125,373
Receivables		
Employer contributions	81,017	-
Interest receivable	80,493	-
Due from broker	6,236	-
Total receivables	167,746	-
Investments, at fair value		
U.S. Government and agency securities	7,625,282	-
Corporate bonds	3,411,974	-
Foreign bonds	35,139	-
Mortgage backed securities	408,831	-
Equity securities	21,135,071	-
Total investments	32,616,297	-
Other assets	-	45,345
Total assets	\$ 32,827,371	\$ 170,718
Liabilities		
Accounts payable	\$ 57,630	\$ -
Prepaid Town Contribution	3,604	-
Amounts held as agent for others	-	170,718
Total liabilities	61,234	170,718
Net Position		
Restricted for pension benefits - active and retired members' benefits	32,766,137	-
Total liabilities and net position	\$ 32,827,371	\$ 170,718

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Town	\$ 2,755,675
Employees	35,601
Total contributions	<u>2,791,276</u>
Investment income	
Income on investments	3,144,583
Less investment expense	(189,036)
Net investment income	<u>2,955,547</u>
Total additions	<u>5,746,823</u>
Deductions	
Pension benefits	2,739,379
Termination payments	1,136,430
Administrative expenses	161,921
Total deductions	<u>4,037,730</u>
Change in net position	<u>1,709,093</u>
Net position, restricted for pension benefits	
Beginning of year	<u>31,057,044</u>
End of year	<u><u>\$ 32,766,137</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Town of Longboat Key, Florida (the Town) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

The Town is a political subdivision of the State of Florida created by Special Act of 1957, Chapter 1540 and Chapter 69-1265. On March 20, 1975, the Town's Commission approved a new Charter by adopting Ordinance 75-2. The Town operates under a Commission-Manager form of government under which a seven member Commission is elected to serve as the executive and legislative body for the Town. The Commissioners appoint a Town Manager whose duties include the administration of directives and policies of the Commissioners and who has the responsibility for the operation of all Town provided services as authorized by its charter.

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships). Blended component units, although legally separate entities, are in substance part of the Town's operations and as a result considered to be financially accountable. The financial transactions of these component units are merged in with similar transactions of the Town as part of the primary government.

The following component units are reported in the Town's Comprehensive Annual Financial Report (CAFR). In August 1992 the Town passed ordinances creating two dependent special districts, Longboat Key Beach Erosion Control District A and Longboat Key Beach Erosion Control District B. The purpose of these districts is to renourish and maintain the Town's beachfront area. The services provided by these districts are solely for the benefit of the Town. These Districts began operations in January 1993 upon issuance of bonds. The governing boards of the Districts are substantially the same as that of the Town. These Districts are blended into the Town's primary government although retaining a separate legal identity. Separate financial statements are not prepared for these component units.

B. Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the Town.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

Government-wide financial statements include a statement of net position and a statement of activities. These statements report all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses on all non-fiduciary activities of the Town, providing a consolidated financial picture of the government as a whole. For the most part, the effect of interfund activity has been removed from these statements.

Each statement distinguishes between activities that are supported primarily by taxes and intergovernmental revenues (*governmental activities*) and activities that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, transportation, and culture / recreation. The business-type activities of the Town include the water and sewer system and building permits.

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. The effect of administrative and support services' indirect expense allocations has been eliminated in the government –wide financial statements. Depreciation expense for capital assets that serve all functions is reported as a direct expense of the general government function on the government-wide statement of activities. All interest on long term debt is considered indirect and is reported separately in the government-wide statement of activities.

Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, and other items not properly included among program revenues are reported instead as *general revenues*. For identifying the function to which program revenue pertains, the determining factor for *charges for services* is the function that generates the revenue. For *grants and contributions*, the determining factor is the function to which the revenues are restricted.

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. Fund structures have been designed to comply with all the requirements of bond resolutions and regulatory provisions or administrative action. The fund financial statements report additional and detailed information about the Town's operations for major funds individually and non-major funds in the aggregate for governmental, proprietary and fiduciary funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations. The preparation of financial statements in conformity with generally accepted accounting principles, as applicable to governmental units, requires management to make use of estimates that affect the reported amounts in the financial statements. Actual results could differ from estimates.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The government-wide financial statements, as well as the fund financial statements for proprietary funds and the pension trust funds, are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred regardless of the timing of related cash flows. Agency funds, however, have no measurement focus but do use the accrual basis of accounting for reporting assets and liabilities.

Proprietary Funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from producing or providing goods and services such as water, sewer and garbage services. Operating expenses for these operations include all costs related to providing the service or product. These costs include salaries, supplies, travel, contract services, depreciation, administrative expenses or other expense directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

All governmental fund financial statements are reported using a *current financial resources measurement focus* on a *modified accrual basis of accounting*. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures; (2) prepaid insurance and similar items, which are reported only on the balance sheet and do not affect expenditures; and (3) principal and interest on long-term debt, which are recognized when due.

Licenses and permits, charges for services, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings and most fines and forfeitures are recorded as earned since they are measurable and available.

The Town reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles to be accounted for in other funds are accounted for in the General Fund.

The *Road and Bridge Fund* was created to account for the collection of county road funds and state fuel taxes and expenditures made to maintain and improve the Town's roads and bridges.

The *Beach Nourishment Capital Project Fund* was created to account for the expenditures of reconstructing a beach along the Town's Gulf of Mexico coastline.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The following are reported as major proprietary funds:

The *Water and Sewer Fund* accounts for the operation of the Town's potable water, wastewater services to residents and businesses.

The *Building Department Fund* accounts for the permitting and inspecting functions of construction activities.

The Town also reports the following fund types:

The *Pension Trust Funds* account for the activities of the general employees', police officers' and firefighters' pension plans.

The *Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are merely clearing accounts for assets held by a government as an agent for individuals, private organizations, other governments or other funds. Agency funds held by the Town include the Code Enforcement Fund, which holds funds prior to legal disbursement and the Solid Waste Fund, Police Donations Fund, and the Fire Donations Fund, which hold money in a custodial capacity. In addition, the Solid Waste Fund collects receipts and remits collections to waste management in its custodial capacity; these receivables are classified as other assets. These funds are accounted for on an accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services or privileges provide, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items, Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned and then unassigned.

D. Cash and Investments

All funds participate in a pooled cash investment program, excluding certain investments held in a fiduciary capacity or those investments belonging to a specific fund due to legal or other restrictions. Formal accounting records detail the monthly equities of all participating funds. Interest earned on these investments is allocated to funds based on average equity balances.

Cash and cash equivalents are cash on hand as well as demand deposits and pooled cash and non-pooled investments with original maturities of three months or less.

The provisions of state statutes (Chapter 218.415) and local ordinances, including bond ordinances, provide that the Town may invest surplus funds (excluding pension trust funds) in the following ways:

- With banks and savings and loan associations through time deposits or savings accounts, provided such deposits are adequately collateralized;
- In negotiable direct obligations of the U.S. Government and certain of its agencies, or in obligations guaranteed by the U.S. Government or such agencies.

Pension trust funds may be invested in the above as well as certain corporate obligations and equities.

Investments

In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", all investments have been reported at fair value. The Town has implemented GASB 40, "Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3", which require more comprehensive disclosure of various common risks related to deposits and investments.

Investments in debt securities and money markets are recorded at fair value using quoted market prices. If quoted market prices are unavailable, fair values are based on quoted market prices of comparable instruments or values obtained from independent pricing services. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses are netted for financial statement presentation purposes. Realized gains and losses on investments held in more than one fiscal year are included as a change in the fair value of investments reported in the prior year(s) and the current fiscal year.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Cash and Investments - Continued

The following summarizes the Town's cash and investments, excluding Pension Trust Funds, at September 30, 2014 which are recorded at fair value:

Cash and Equivalents	Rating (Moody's)	Fair Value
Petty Cash	N/A	\$ 2,300
Public Depository accounts		
Checking	N/A	9,640,018
Money Market	N/A	591,018
Total cash and cash equivalents		10,233,336
Investments		
U.S. Government and Agency Obligations		
Less than 1 year maturities	Aaa	3,332,568
1 to 5 year maturities	Aaa	21,715,793
Total investments		25,048,361
Total cash and cash equivalents and investments		\$ 35,281,697
Amounts as presented on the entity wide statement of net position:		
Cash and cash equivalents		\$ 8,106,469
Investments		25,639,379
Restricted cash and cash equivalents		1,410,476
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Agency Funds		125,373
Total cash and cash equivalents and investments		\$ 35,281,697

Custodial Risk: All of the Town's deposits (checking, savings, money market and certificates of deposit) are held in the Town's name in banks or savings and loan associations certified by the State of Florida as qualified public depositories under Chapter 280, Florida Statutes, the Florida Security of Public Deposits Act and are either insured by federal depository insurance or through the State of Florida's public depository collateral pool.

Concentration of Credit Risk: It is the policy of the Town to diversify its investment portfolio. Assets are diversified to control the risk of loss resulting from over concentration for assets in a specific maturity, a specific issuer or a specific instrument or class of instruments, and dealers through whom these instruments are bought and sold. To limit concentration of credit risk the Town's investment policy requires diversification of the portfolio with maximum limits that can be invested per investment type. Diversification strategies are reviewed and revised periodically as necessary.

Custodial credit risk – investments: Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town requires its investments to be held in the Town's name to negate this risk.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Cash and Investments - Continued

Interest Rate Risk: Investment rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy, although not formalized, recognizes that the longer a maturity of an investment, the greater its price volatility. The Town limits its investment risk for investments by requiring all investments to have a maximum maturity of five years from the date of purchase.

E. Receivables

All trade receivables are reported net of an allowance for uncollectibles, which is generally equivalent to the receivables that are over 90 days past due.

F. Inventories and Prepaid Items

Inventories are determined by physical count and valued at cost using first-in first-out (FIFO) method. Inventories, consisting of expendable supplies are recorded as expenditures as they are used (consumption method). Governmental fund inventories are classified as nonspendable fund balance which indicates that the fund balance is not in spendable form.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchase.

G. Restricted Assets

The following items are classified as restricted assets of the statement of net position because their use is limited by applicable bond covenants or town policy: resources of the Town's enterprise fund are set aside for the repayment of scheduled annual debt service payments in the amount of \$1,067,543 and cash collected from water and sewer connection fees in the amount of \$1,300,057.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, streets and sidewalks, and similar items), are reported in the proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Assets are recorded at cost at the time of purchase and an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value at the date received. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest expense was capitalized during the year ended September 30, 2014.

Amounts expended for maintenance and repairs are charged to expenditures/expenses as incurred. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets (continued)

GASB No. 51 established accounting and financial reporting requirements for intangible assets. The Town complies with this statement by incorporating software, easements, patents, copyrights, water, timber and land rights as intangible assets.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshld</u>
Buildings	15 - 75	\$ 10,000
Building improvements	7 - 15	\$ 10,000
Equipment	5 - 10	\$ 5,000
Autos, trucks and buses	3 - 12	\$ 5,000
System infrastructure	20 - 40	\$ 25,000
Public domain infrastructure	20 - 50	\$ 25,000
Beach nourishment	7 - 15	\$ 25,000
Intangible Assets:		
Software Internally generated	3 - 10	\$ 25,000
Software Purchased	3 - 10	\$ 25,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend asset lives are not capitalized.

I. Unamortized Debt Expense

Unamortized debt expense is amortized by using the outstanding principal method over the life of the debt and is recorded as a reduction to bonds payable.

J. Amortization of Discount on Bonds

Amortization of discount on bonds is determined by using the outstanding principal method and is recorded as interest expense each year over the life of the debt.

K. Net Position / Fund Balance Classification

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

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Net Position / Fund Balance Classification (Continued)

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions in enabling legislation.

At year end, governmental activities net position restricted for other purposes was composed of amounts related to purposes as noted in the statement of net position.

Unrestricted net position – This category represents net position that does not meet the definition of “net investment in capital assets” or “restricted”.

In accordance with GASB Statement No. 54, the Town classified governmental fund balance as follows:

- **Nonspendable Fund Balance** – This represents amounts that that cannot be spent due to form (e.g. inventories, prepaid amounts) or legally or contractually required to be maintained intact (such as corpus of an endowment fund).
- **Restricted Fund Balance** – This represents amounts constrained for a specific purpose by external parties, such as creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** - This represents amounts that can only be used for specific purposes determined by a formal action (ordinance) of the town Commission, the Town's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action.
- **Assigned Fund Balance** - Assigned fund balances includes spendable fund balance amounts established by management of the Town that are intended to be used for a specific purposes that are neither considered restricted or committed. Intent is expressed by the Town Commission or a body or official to which the Town Commissioners have delegated authority, which is the Town manager, to assign amounts to be used for specific purposes. Appropriations of existing fund balances to eliminate deficits in a future budget and encumbrances are considered assignments of fund balance.
- **Unassigned Fund Balance** – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Net Position / Fund Balance Classification – Continued

The desired unassigned general fund balance shall be not less than two months or 16% of general fund operating expenditures. The desired combined unrestricted available fund balances should not be less than three months or 25%. The three month minimum is based on the caveat that there is sufficient cash available for borrowing in other funds in case of a natural disaster. Minimum target levels of unassigned fund balance are reviewed annually. If fund balance falls below minimum target levels, the Town Manager will so advise the Town Commission in order for the necessary action to be taken to restore the unassigned fund balance to acceptable levels within two budget cycles.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it such as in grant agreements requiring dollar for dollar spending.

When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

L. Property Taxes

Property tax revenue is recognized in the year for which taxes are levied provided the availability test is met.

The value of all taxable property is assessed as of January 1. The Town Commission levies property taxes by approving the millage rate for the following fiscal year in September. Property taxes become due and payable on November 1 of the same year. A 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of the next year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1. Tax certificate proceeds are remitted to the Town, thereby assuring that virtually all taxes levied are collected within the same fiscal year, after allowing for discounts and any disputed assessment in litigation. The tax certificate, once sold, represents a lien on the property, which may be redeemed by the property owner by paying the face amount of the certificate plus interest and other costs. Property taxes receivable and a corresponding reserve for uncollectable property taxes are not included in the financial statements, as there are no material delinquent taxes as of September 30, 2014. No accrual for the property tax levy becoming due in November of 2014 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Compensated Absences

Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days.

Employees are paid for 50% of accumulated sick leave upon death, normal retirement or early retirement. Accumulated vacation and vested sick leave are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability in the amount of \$394,600 has been accrued for vacation leave and \$176,940 has been accrued for vested accumulated sick leave as described above. A liability for these amounts is reported in governmental funds only when employees were terminated by year-end. The General Fund is the governmental fund where compensated absences are recorded. Non-vested sick leave is recorded when paid.

N. Budgets and Budgetary Data

The annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During the Month of April Citizens Goals and Objectives workshops are held. During the month of May the Town Manager and the department and division directors review the budget documents.
2. On or before June 1st of each year the Town Manager presents the Preliminary Budget.
3. In the month of June public budget workshops are held, and in July the tentative maximum millage is set. County and State agencies are advised.
4. On or before August 1st the Recommended Budget is presented to the Town Commission.
5. At the first Regular Commission meeting in September reading of the budget and millage ordinances takes place. Upon approval of the second reading the budget is legally adopted.
6. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations) is the line item level. Transfers of appropriations between funds and use of unallocated fund balances amend the budget and require approval by the Town Commission. Transfers of appropriations up to \$10,000 between line items within a department or among programs within a department may be approved by the Town Manager. Examples of line items are Wages, Office Supplies, Communications and Capital Outlay. The Town does not currently use program budgeting.
7. All appropriations except for capital expenditures shall lapse to the extent that it has not been expended or encumbered.
8. There were no significant supplementary budgetary appropriations made during the year for the Town's General Fund budget.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

P. Implementation of Governmental Accounting Standards Statements

Effective October 1, 2013, the Town's three pension plans (General Employees' Pension Plan, Police Officers' Pension Plan and the Fire Fighters' Pension Plan) implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the plans.

NOTE 2 – DEFINED BENEFIT PENSION PLANS

Plan Description

The Town has in effect three single employer pension plans, for general employees, police officers and firefighters, which cover all permanent full-time employees. The plans are maintained as separate Pension Trust Funds and are reported herein as part of the Town's reporting entity. The ordinances establishing the pension plans and its provisions were passed in 1972 for general employees and in 1975 for police and fire employees. An ordinance was passed in 1991 to modify benefits relative to the general employees' and police officers' pension plans.

Actuarial Assumption/Method Changes Since Prior Valuation

During 2013, the Town adopted several Ordinances which provide for a Plan freeze as of September 30, 2013 for the Fire Fighters and General Employees' pension plans. The Police Officers' plan was subsequently frozen effective February 1, 2014. In addition, the Town has opted out of participation in the premium tax revenue sharing program established by Chapter 175 and Chapter 185, Florida Statutes. As a result of the Plan freezes, employees cease contributing to the Plans and members become 100% vested regardless of the number of years of credited service. Early retirement provisions were eliminated except for general employees. Members with less than 10 years of credited service were allowed to elect to receive a refund of their accumulated contributions or the actuarial present value of their frozen accrued benefit, in lieu of any other benefit under the Plans. There is no assumption for future salary increases on any of the Plans. For the Police Officers' plan, the funding method was changed from Entry Age Normal Level Percentage of Pay to Entry Age Normal Level Dollar.

In lieu of the defined benefit plan, all current and future firefighters shall be enrolled in the State of Florida Retirement System (FRS). General employees and police officers elected a Town sponsored defined contribution 401(a) plan.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

Actuarial Assumption/Method Changes Since Prior Valuation (Continued)

Employee membership data as of September 30, 2014 follows:

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Fire Fighters'</u>	<u>Total</u>
Number of participants:				
Active	24	9	10	43
Retirees and terminated employees with vested benefits	56	21	42	119
Total	<u>80</u>	<u>30</u>	<u>52</u>	<u>162</u>

Members became 100% vested in their frozen accrued benefit on September 30, 2013 for firefighters and general employees and February 1, 2014 for police officers.

Benefit Provisions

Effective Date

General Employees, Police Officers, and Fire Fighters – April 1, 1992

Normal Retirement Date

General Employees – Earlier of age 62 or age 55 and 30 years of service

Police Officers – Earlier of age 60, age 55 and 10 years of service or 25 years of service

Fire Fighters – Earlier of age 60, age 55 and 10 years of service or 25 years of service

Early Retirement Date

General Employees – Age 50 and 15 years of service

Police Officers – None

Fire Fighters – None

Normal Retirement Benefit

General Employees – 2.75% of Average Final Compensation times years of credited service accrued as of September 30, 2013

Police Officers – 3.5% of Average Final Compensation times years of credited service accrued as of February 1, 2014

Fire Fighters – 3.5% of Average Final Compensation times years of credited service accrued as of September 30, 2013.

Normal Form of Benefit

General Employees, Police Officers and Fire Fighters – Life annuity with 120 months certain. Benefits and refunds of the Plans are recognized when due and payable in accordance with terms of the Plans.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

Benefit Provisions (Continued)

Disability Benefit – In the event an employee becomes totally and permanently disabled, disability benefits are available.

Termination of Employment Benefit – Upon an employee’s termination of employment for reason other than death, disability, or retirement, he shall be entitled to his “accrued benefit”, multiplied by his vested percentage from the following table. His accrued benefit means a deferred retirement benefit commencing as of his Normal or Early Retirement Date equal to the benefit computed as for normal or early retirement respectively based upon his Years of Service completed to date of termination and his Average Monthly Compensation as of such date.

Contributions and Reserves

Contributions – Employees

General Employees – None (previously 6% of compensation)

Police Officers – 10% of compensation until February 1, 2014 (none thereafter)

Fire Fighters – None (previously 10% of compensation)

Contributions – Town

The Town’s obligation to contribute is established by ordinance. The Town contributes remaining amounts necessary to fund the plans as actuarially determined using criteria to satisfy statutory funding requirements. The Town’s contribution to the Police Officers’ and Fire Fighters’ plan was supplemented by certain statutory contributions from the Office of the State Insurance Commissioner. The Town also pays directly all administrative costs incurred by the plans. It then reduces its final statutory funding requirement by the payments previously incurred. As a result of the Plan freezes, contributions from the State ceased in 2014.

The Town has received on-behalf payments totaling \$81,017 for the Police Officers’ plan. Per State law these funds are only for the benefit of the Police Officers’ plan. The Town cannot use the funds to offset the cost of additional pension benefits. The Town receives these funds into the general fund and recognizes these on-behalf payments as revenues and as expenditures when the funds are put into the Police Officers’ Pension Trust Fund.

Concentrations

There were no investments (other than U.S. government and U.S. government-guaranteed obligations) that represent more than 5% of net position restricted for benefits.

There are no investments in, loans to, or leases with, any Town official, government employer official, party related to a Town official or government employer official, non-employer contributor, or organization included in the reporting entity.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The following summarizes the investments of the Town's Pension Trust Funds at September 30, 2014 which are recorded at fair value:

Investment Type	Credit Rating (Moody's)	Fair Market	Investment Maturity (in Years)			
			Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	Not rated	\$ 1,693,644	\$ 1,693,644	\$ -	\$ -	\$ -
U.S. Government and agency securities	Aaa	5,931,638	847,480	3,784,076	1,199,126	100,956
Corporate obligations	A1	779,988	-	542,745	206,873	30,370
Corporate obligations	A2	662,961	85,752	220,211	278,296	78,702
Corporate obligations	A3	1,126,928	-	180,264	886,634	60,030
Corporate obligations	Aa1	60,571	-	-	60,571	-
Corporate obligations	Aa2	25,324	25,324	-	-	-
Corporate obligations	Aa3	76,245	-	76,245	-	-
Corporate obligations	Baa1	394,389	-	136,578	122,858	134,953
Corporate obligations	Baa2	285,568	-	194,214	91,354	-
Mortgage backed	Not rated	408,831	-	-	-	408,831
Foreign obligations	A1	35,139	-	35,139	-	-
		<u>11,481,226</u>	<u>\$ 2,652,200</u>	<u>\$ 5,169,472</u>	<u>\$ 2,845,712</u>	<u>\$ 813,842</u>
Equity securities	Not rated	<u>21,135,071</u>				
Total investments		<u>\$ 32,616,297</u>				

Rate of return - For the year ended September 30, 2014, the annual money-weighted rate of return on the Town's pension plan investments, net of pension plan investment expense, was as follows: 9.94% for the Police Officers' pension, 9.60% for the Fire Fighters' pension, and 9.53% for the General Employees' pension. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Plan may not be able to recover its deposits.

Deferred Retirement Option Program (DROP) - The Town has a DROP for the Police Officers' Pension plan. A participant may join when he/she has satisfied normal retirement requirements. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include a) actual net rate of investment return credited for each fiscal quarter, or b) a fixed rate money market account. The DROP balance as of September 30, 2014 is \$64,350.

The Town has a DROP for the Fire Fighters' Pension plan. A participant may join when he/she has satisfied normal retirement requirements. New DROP participants are not permitted after September 30, 2013. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include a) actual net rate of investment return credited for each fiscal quarter, or b) a fixed rate money market account. The DROP balance as of September 30, 2014 is \$629,785

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The Town has a DROP for the General Employees' Pension plan. A participant may join within 12 months following satisfaction of normal retirement requirements. New DROP participants are not allowed after September 30, 2013. Participation in the DROP cannot exceed 60 months. DROP benefits at the participant's election (may change once during the DROP period) include a) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or b) 6.5% fixed rate. Earnings are credited each fiscal quarter. The DROP balance as of September 30, 2014 is \$380,440.

Plan Disclosures

Effective October 1, 2013, the Town's plans implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the plans. The information disclosed below is presented in accordance with this new standard. Each of the Town's three plans issues separate financial statements.

Net Pension Liability of the Town

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

	General Employees'	Police Officers'	Fire Fighters'	Total
Total pension liability	\$ 14,870,522	\$ 11,167,348	\$ 28,652,782	\$ 54,690,652
Plan fiduciary net position	(10,203,724)	(6,857,206)	(15,705,207)	(32,766,137)
Town's net pension liability	<u>\$ 4,666,798</u>	<u>\$ 4,310,142</u>	<u>\$ 12,947,575</u>	<u>\$ 21,924,515</u>
Plan fiduciary net position as a percentage of Total pension liability	68.62%	61.40%	54.81%	59.91%

The required schedule of changes in the Town's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2013 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014 using the following actuarial assumptions applied to all periods included in the measurement:

	General Employees'	Police Officers'	Fire Fighters'
Inflation	3.0%	3.0%	3.0%
Salary increases	0.0%	0.0%	0.0%
Investment rate of return	7.0%	7.5%	7.5%

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

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

Asset Class	Long Term Expected Real Rate of Return		
	General Employees'	Police Officers'	Fire Fighters'
	Domestic equity	7.50%	7.50%
International equity	8.50%	8.50%	7.70%
Fixed income	2.50%	2.50%	2.30%

Discount Rate: The discount rate used to measure the total pension liability for the Police Officers' and Fire Fighters' plans was 7.5% and was 7.0% for the General Employees' plan.

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 plans' 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.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liabilities of the Town, calculated using the discount rates noted above, as well as what the Town's net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
General Employees:	6.00%	7.00%	8.00%
Sponsor's Net Pension Liability	\$ 6,279,913	\$ 4,666,798	\$ 3,314,135
Police Officers:	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 5,445,079	\$ 4,310,142	\$ 3,356,507
Fire Fighters:	6.50%	7.50%	8.50%
Sponsor's Net Pension Liability	\$ 16,287,340	\$ 12,947,575	\$ 10,170,601
Total:	\$ 28,012,332	\$ 21,924,515	\$ 16,841,243

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

Employer Disclosures

Until the Town implements the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective October 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the plans under GASB Statement No. 67 as previously discussed.

Annual Pension Cost and Net Pension Obligation: The annual required contribution, annual pension cost, and net pension obligation (NPO) for fiscal year 2014 was determined as part of the October 1, 2013 actuarial valuation. The chart below shows the components of the annual pension cost for the current year along with the percentage actually contributed by the Town.

	General Employees'	Police Officers'	Fire Fighters'	Total
Actuarially Determined Contribution (A)	\$ 597,459	\$ 633,590	\$ 1,526,725	\$ 2,757,774
Interest on NPO	(795)	(142)	(4,374)	(5,311)
Adjustment to (A)	1,404	256	7,545	9,205
Annual Pension Cost	598,068	633,704	1,529,896	2,761,668
Contributions Made	597,459	633,590	1,526,725	2,757,774
Increase in NPO	609	114	3,171	3,894
NPO Beginning of Year (asset)	(10,264)	(1,889)	(54,676)	(66,829)
NPO End of Year (asset)	\$ (9,655)	\$ (1,775)	\$ (51,505)	\$ (62,935)

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The annual pension cost, actual contributions, and the net pension obligation (asset) for the current and previous two years are presented in the table below.

Year Ended September 30,	Annual Pension Cost	Actual Contributions	Percentage Contributed	Net Pension Obligation
General Employees				
2012	\$ 832,147	\$ 831,624	99.94%	\$ (10,835)
2013	986,811	986,240	99.94%	(10,264)
2014	598,068	597,459	99.90%	(9,655)
Police Officers				
2012	925,370	925,246	99.99%	(2,006)
2013	902,324	902,207	99.99%	(1,889)
2014	633,704	633,590	99.98%	(1,775)
Fire Fighters				
2012	1,460,650	1,458,445	99.85%	(56,853)
2013	1,814,561	1,812,384	99.88%	(54,676)
2014	1,529,896	1,526,725	99.79%	(51,505)

As of the most recent valuation date performed in accordance with GASB 27, October 1, 2013, the funded status of the plans were as follows:

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
General Employees	10/1/2013	\$ 9,306,433	\$ 14,671,207	\$ 5,364,774	63.43%	N/A	N/A
Police Officers	10/1/2013	6,446,047	11,606,913	5,160,866	55.54%	N/A	N/A
Fire Fighters	10/1/2013	14,260,344	26,913,699	12,653,355	52.99%	N/A	N/A

The required schedules of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations above are based on the substantive plans in effect as of October 1, 2013 and the current sharing pattern of costs between employer and employee.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The assumptions used in the October 1, 2013 actuarial valuation are as follows.

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Fire Fighters'</u>
Valuation date	10/1/2013	10/1/2013	10/1/2013
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level percentage - closed	Level percentage - closed	Level percentage - closed
Remaining amortization period	30 years	30 years	30 years
Actuarial asset valuation method	4 year smooth	4 year smooth	4 year smooth
Actuarial assumptions:			
Investment rate of return	7.50%	7.50%	8.00%
Projected salary increases	None	None	None

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The defined benefit pension plans do issue stand-alone financial reports. The Town is presenting the statement of fiduciary net position and the statement of changes in fiduciary net position below and on the subsequent page for all three pension funds of the Town.

	General Employees Pension	Police Officers' Pension	Firefighters' Pension	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,980	\$ 37,348	\$ 43,328
Receivables				
Town contributions	-	81,017	-	81,017
Interest receivable	15,675	15,864	48,954	80,493
Due from broker	-	-	6,236	6,236
Total receivables	<u>15,675</u>	<u>96,881</u>	<u>55,190</u>	<u>167,746</u>
Investments, at fair value				
U.S. Government and agency securities	1,368,662	1,655,738	4,600,882	7,625,282
Corporate bonds	1,775,119	666,387	970,468	3,411,974
Foreign bonds	-	35,139	-	35,139
Mortgage backed securities	408,831	-	-	408,831
Equity securities	6,643,322	4,410,566	10,081,183	21,135,071
Total investments	<u>10,195,934</u>	<u>6,767,830</u>	<u>15,652,533</u>	<u>32,616,297</u>
Total Assets	<u><u>\$ 10,211,609</u></u>	<u><u>\$ 6,870,691</u></u>	<u><u>\$ 15,745,071</u></u>	<u><u>\$ 32,827,371</u></u>
LIABILITIES				
Accounts Payable	\$ 7,885	\$ 11,980	\$ 37,765	\$ 57,630
Prepaid Town Contribution	-	1,505	2,099	3,604
Total liabilities	<u>7,885</u>	<u>13,485</u>	<u>39,864</u>	<u>61,234</u>
NET POSITION				
Restricted for pension benefits	<u>10,203,724</u>	<u>6,857,206</u>	<u>15,705,207</u>	<u>32,766,137</u>
Total Liabilities and Net Position	<u><u>\$ 10,211,609</u></u>	<u><u>\$ 6,870,691</u></u>	<u><u>\$ 15,745,071</u></u>	<u><u>\$ 32,827,371</u></u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

	General Employees Pension	Police Officers' Pension	Firefighters' Pension	Total
ADDITIONS				
Contributions				
Town	\$ 597,459	\$ 633,590	\$ 1,524,626	\$ 2,755,675
Employees	-	35,601	-	35,601
Total contributions	<u>597,459</u>	<u>669,191</u>	<u>1,524,626</u>	<u>2,791,276</u>
Investment income				
Net appreciation in fair value of investments	604,079	555,001	1,181,552	2,340,632
Interest and dividends	327,007	147,770	329,174	803,951
	<u>931,086</u>	<u>702,771</u>	<u>1,510,726</u>	<u>3,144,583</u>
Investment expense	(18,807)	(43,877)	(126,352)	(189,036)
Net investment income	<u>912,279</u>	<u>658,894</u>	<u>1,384,374</u>	<u>2,955,547</u>
Total Additions	<u>1,509,738</u>	<u>1,328,085</u>	<u>2,909,000</u>	<u>5,746,823</u>
DEDUCTIONS				
Pension benefits	641,286	686,912	1,411,181	2,739,379
Termination payments	160,667	580,371	395,392	1,136,430
Administrative expenses	65,356	35,945	60,620	161,921
Total Deductions	<u>867,309</u>	<u>1,303,228</u>	<u>1,867,193</u>	<u>4,037,730</u>
Net change in plan net position	642,429	24,857	1,041,807	1,709,093
Plan net position, restricted for pension benefits:				
Beginning of year	9,561,295	6,832,349	14,663,400	31,057,044
End of year	<u>\$ 10,203,724</u>	<u>\$ 6,857,206</u>	<u>\$ 15,705,207</u>	<u>\$ 32,766,137</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 – CAPITAL ASSETS

	<u>Balance October 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance September 30</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 23,755,446	\$ 1,524,154	\$ -	\$ -	\$ 25,279,600
Construction in progress	3,098,839	684,397	-	(106,050)	3,677,186
Total capital assets, not being depreciated	<u>26,854,285</u>	<u>2,208,551</u>	<u>-</u>	<u>(106,050)</u>	<u>28,956,786</u>
Capital assets, being depreciated					
Buildings	9,694,187	11,277	(87,583)	-	9,617,881
Streets and roadways	6,651,189	63,936	-	-	6,715,125
Improvements other than buildings	47,553,914	464,810	(8,354)	-	48,010,370
Vehicles and other equipment	6,016,534	434,448	(838,532)	106,050	5,718,500
Total capital assets, being depreciated	<u>69,915,824</u>	<u>974,471</u>	<u>(934,469)</u>	<u>106,050</u>	<u>70,061,876</u>
Less accumulated depreciation for					
Buildings	(3,964,747)	(331,728)	69,514	-	(4,226,961)
Streets and roadways	(4,477,475)	(211,718)	-	-	(4,689,193)
Improvements other than buildings	(35,141,320)	(3,206,475)	8,354	-	(38,339,441)
Vehicles and other equipment	(3,807,542)	(469,908)	770,510	-	(3,506,940)
Total accumulated depreciation	<u>(47,391,084)</u>	<u>(4,219,829)</u>	<u>848,378</u>	<u>-</u>	<u>(50,762,535)</u>
Total capital assets, being depreciated, net	<u>22,524,740</u>	<u>(3,245,358)</u>	<u>(86,091)</u>	<u>106,050</u>	<u>19,299,341</u>
Governmental activities capital assets, net	<u>\$ 49,379,025</u>	<u>\$ (1,036,807)</u>	<u>\$ (86,091)</u>	<u>\$ -</u>	<u>\$ 48,256,127</u>
	<u>Balance October 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance September 30</u>
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 1,794,235	\$ -	\$ -	\$ -	\$ 1,794,235
Construction in progress	1,693,199	1,488,044	-	(1,198,909)	1,982,334
Total capital assets, not being depreciated	<u>3,487,434</u>	<u>1,488,044</u>	<u>-</u>	<u>(1,198,909)</u>	<u>3,776,569</u>
Capital assets, being depreciated					
Buildings	2,452,121	-	(468,657)	-	1,983,464
Improvements other than buildings	32,841,586	119,071	(2,656)	-	32,958,001
Vehicles and other equipment	3,040,776	66,866	(1,735,749)	1,198,909	2,570,802
Total capital assets, being depreciated	<u>38,334,483</u>	<u>185,937</u>	<u>(2,207,062)</u>	<u>1,198,909</u>	<u>37,512,267</u>
Less accumulated depreciation for					
Buildings	(2,211,090)	(22,740)	461,596	-	(1,772,234)
Improvements other than buildings	(11,457,868)	(1,225,075)	2,656	-	(12,680,287)
Vehicles and other equipment	(2,459,358)	(102,505)	1,732,847	-	(829,016)
Total accumulated depreciation	<u>(16,128,316)</u>	<u>(1,350,320)</u>	<u>2,197,099</u>	<u>-</u>	<u>(15,281,537)</u>
Total capital assets, being depreciated, net	<u>22,206,167</u>	<u>(1,164,383)</u>	<u>(9,963)</u>	<u>1,198,909</u>	<u>22,230,730</u>
Business-type activities capital assets, net	<u>\$ 25,693,601</u>	<u>\$ 323,661</u>	<u>\$ (9,963)</u>	<u>\$ -</u>	<u>\$ 26,007,299</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 3 – CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to the functions of the government as follows:

Governmental Activities		
General government		\$ 216,760
Public safety		499,219
Transportation		241,074
Culture and recreation		3,262,776
Total depreciation expense, governmental activities		<u>\$ 4,219,829</u>
 Business-type activities		
Water and sewer		\$ 1,350,320
Total depreciation expense, business-type activities		<u>\$ 1,350,320</u>

NOTE 4 – LONG TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 1,605,000	\$ -	\$ (255,000)	\$ 1,350,000	\$ 260,000
Net OPEB obligation	205,654	144,187	(96,163)	253,678	-
Compensated absences	513,621	676,444	(649,739)	540,326	405,244
Total governmental activities	<u>\$ 2,324,275</u>	<u>\$ 820,631</u>	<u>\$ (1,000,902)</u>	<u>\$ 2,144,004</u>	<u>\$ 665,244</u>
Business-type activities					
General obligation note	\$ 8,142,400	\$ -	\$ (338,600)	\$ 7,803,800	\$ 356,200
Notes payable	4,197,527	-	(188,495)	4,009,032	193,848
Compensated absences	44,702	64,589	(78,077)	31,214	31,214
Total business-type activities	<u>\$ 12,384,629</u>	<u>\$ 64,589</u>	<u>\$ (605,172)</u>	<u>\$ 11,844,046</u>	<u>\$ 581,262</u>

Compensated absences are reported in governmental funds only if they have matured. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – LONG TERM DEBT – CONTINUED

Long-term debt payable as of September 30, 2014 is composed of the following issues:

General Obligation Bonds

2010 Bank Loan - Refunding of the Series 1999 Bonds due in annual installments through October 1, 2019 in amounts ranging from \$245,000 to \$280,000, plus interest at a rate of 2.17% on various series maturities; collateralized by ad valorem tax levies. \$1,350,000

General Obligation Note, Series 2009, due in annual installments through October 1, 2029 in amounts ranging from \$188,900 to \$724,400, plus interest at a rate of 5.2%; collateralized by ad valorem tax levies with the intention of payment coming from the net revenues of the utility system. 7,803,800
 Total bonds payable \$9,153,800

Notes Payable

Water and Sewer State Revolving Fund Loans, due in annual installments of \$305,545 including interest at the rate of 2.82% on various maturities; collateralized by revenues of the Water and Sewer Fund. \$4,009,032
 Total notes payable \$4,009,032

The annual debt service payments required on outstanding debt at September 30, 2014 are as follows:

Fiscal Year	General Obligation - 2010 Bank Loan			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 260,000	\$ 29,295	\$ 289,295	\$ 193,848	\$ 111,698	\$ 305,546
2016	265,000	23,653	288,653	199,353	106,192	305,545
2017	270,000	17,902	287,902	205,014	100,531	305,545
2018	275,000	12,043	287,043	210,837	94,709	305,546
2019	280,000	6,075	286,075	216,824	88,722	305,546
2020-2024	-	-	-	1,180,056	347,672	1,527,728
2025-2029	-	-	-	1,357,408	170,320	1,527,728
2030-2031	-	-	-	445,692	12,627	458,319
	<u>\$ 1,350,000</u>	<u>\$ 88,968</u>	<u>\$ 1,438,968</u>	<u>\$ 4,009,032</u>	<u>\$ 1,032,471</u>	<u>\$ 5,041,503</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 4 – LONG TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2014 are as follow (continued):

Fiscal Year	General Obligation - Series 2009			Total		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 356,200	\$ 405,798	\$ 761,998	\$ 810,048	\$ 546,791	\$ 1,356,839
2016	374,800	387,275	762,075	839,153	517,120	1,356,273
2017	394,200	367,785	761,985	869,214	486,218	1,355,432
2018	414,700	347,287	761,987	900,537	454,039	1,354,576
2019	436,300	325,723	762,023	933,124	420,520	1,353,644
2020-2024	2,546,500	1,263,750	3,810,250	3,726,556	1,611,422	5,337,978
2025-2029	3,281,100	529,136	3,810,236	4,638,508	699,456	5,337,964
2030-2031	-	-	-	445,692	12,627	458,319
	<u>\$ 7,803,800</u>	<u>\$ 3,626,754</u>	<u>\$ 11,430,554</u>	<u>\$ 13,162,832</u>	<u>\$ 4,748,193</u>	<u>\$ 17,911,025</u>

Authorized but Unissued Debt

The total of authorized but unissued bonds at September 30, 2014 is \$29,130,426.

Project	Bonding Authorization	Previously Bounded	Authorized But Unissued
Water and Sewer Improvements	\$ 27,000,000	\$ 13,869,574	\$ 13,130,426
Beach Nourishment	16,000,000	-	16,000,000

Pursuant to a resolution adopted by referendum on March 17, 2009, the Town authorized the issuance of tax-exempt debt not to exceed \$27,000,000 to reimburse various costs and expenses relating to the acquisition, rehabilitation, replacement and equipping of various capital improvements to the Town's water and wastewater utility system.

Pursuant to a resolution adopted by referendum on March 15, 2011, the Town authorized the borrowing authorization of \$16,000,000 to finance the estimated cost of the Town's island-wide rebuilding, restoring and nourishing of the beaches of Longboat Key from the effects of long-term beach erosion, including construction and installation of erosion control structures and obtaining and depositing of sand for the Longboat Key Beach Erosion Control Districts' northerly Gulf of Mexico beaches.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 5 – RESTRICTIONS ON NET POSITION/FUND BALANCES

The net position of the Water and Sewer Fund is restricted in the amount of \$1,067,543 in accordance with the terms of the bond ordinances and Town policy, which require establishment of reserve accounts equal to the debt service of the next fiscal year. In the Water and Sewer Fund net position has been further restricted, in the amount of \$1,300,057 representing the balance of water and sewer connection fees and related investment earnings collected for further capital additions or payments on bonds related to the water and sewer system. Management of the Town has chosen to reflect these as restrictions of net position, as appropriate for the fund types involved. Governmental fund balances are classified as follows:

General Fund		
Nonspendable:	Inventory	\$ 6,808
	Prepaid items	3,604
Assigned:	Offset future pension costs	1,610,075
	Encumbrances	161,572
Unassigned		2,398,106
Total General Fund fund balance		<u>\$ 4,180,165</u>
Road and Bridge		
Restricted:	Highway maintenance and road improvements	<u>\$ 1,771,428</u>
Beach Nourishment Capital Project Fund		
Restricted:	Beach nourishment and projects	\$ 4,444,511
Assigned:	Encumbrances	322,053
Total Beach Nourishment Capital Project Fund fund balance		<u>\$ 4,766,564</u>
Nonmajor Governmental Funds		
Nonspendable:	Inventory	\$ 223
	Prepaid items	55,809
Restricted:	Infrastructure Surtax	1,345,488
	Tourist Development Tax	2,077,317
	Beach District A	103,382
	Beach District B	1,459
	Tree Replacement	43,116
	Police Training	64,125
	Law Enforcement	179,327
	General Obligation Facility Bonds	6,440
	Streets Capital Projects	338,676
	Land Acquisition Fees	462,834
	Canal Dredging	409,904
	Parks and Recreation	160,809
Assigned:	Infrastructure Surtax - encumbrances	6,315
	Streets Capital Projects - encumbrances	2,978
Unassigned:	Tennis Center	(3,469)
Total Nonmajor Governmental Funds fund balance		<u>\$ 5,254,733</u>
Total governmental funds fund balance		<u>\$ 15,972,890</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 6 – INTERFUND TRANSFERS

	Transfers In			Total Transfers
	General Fund	Beach Nourishment	Nonmajor Governmental	
Transfers Out				
(1) Water and Sewer Fund	\$ 1,018,855	\$ -	\$ -	\$ 1,018,855
(2) Building Department Fund	365,000	-	-	365,000
(7) General Fund	-	-	52,340	52,340
(3)(4) Road & Bridge Fund	797,004	-	-	797,004
(5)(6) Non Major Governmental Funds	9,305	400,000	3,702	413,007
Total Transfers	<u>\$ 2,190,164</u>	<u>\$ 400,000</u>	<u>\$ 56,042</u>	<u>\$ 2,646,206</u>

- (1) Administration fees transferred to General Fund from Water and Sewer Enterprise Fund
- (2) Administration fees transferred to General Fund from Building Enterprise Fund
- (3) FDOT monies received in Road & Bridge Fund; Street Department Operations
- (4) Reimbursement for seawall construction from Road and Bridge Fund
- (5) Reimbursement for Fire/Police Equipment
- (6) Tourist Development
- (7) Transfer of tennis center assets from General Fund to new Tennis Center Fund

NOTE 7 – COMPLIANCE

The Town Commission passed an Ordinance and Resolution to amend the budget to cover the negative balances. However, there are some accounts in the General Fund that finished with immaterial negative balances.

NOTE 8 – COMMITMENTS

Grant Programs

The Town participates in several state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives periodically. Such grant programs include FEMA, Department of Environmental Protection Beach Restorations and various other state and local grants.

Contract Commitments

The Town has open construction contracts totaling approximately \$1,052,000 for various capital outlay projects.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 9 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and pollution related activities. The Town's participation in the risk pool requires annual premium payments in return for transferring risks among pool participants. Settled claims from these risks have not exceeded the risk pool insurance limits nor have additional premiums been assessed relative to the past three years.

The Town is a member of a purchasing cooperative of government agencies for the purpose of providing employee health benefits through Public Risk Management of Florida Group Health Trust. The Town offers to its employees and covered dependents a choice of two medical plans, two dental plans, vision, life and long and short term disability insurance. Medical plans do not have a lifetime maximum per insured.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

The Town of Longboat Key administers a single-employer OPEB plan. The purpose of this plan is to account for the implicit rate subsidy the Town provides to its retirees. Florida Statutes require that municipalities provide their retirees access to the same health insurance programs as their current employees at the same rates. Since the inclusion of the retirees results in higher overall health insurance costs to the municipality which cannot be passed on to the retirees, it in effect results in what is called the implicit rate subsidy. This is the only post employment benefit the Town of Longboat Key provides to its retirees other than its pension plans.

Employees who retire under a Town-sponsored pension plan are entitled to participate in the group medical insurance plan, provided, if the Town has a Medicare Supplemental Plan, the employee will be entitled to participate only in the Medicare Supplemental Plan.

Membership in the plan consisted of the following at September 30, 2014:

Retirees and beneficiaries receiving benefits	29
Active plan members	<u>103</u>
Total	132

Separate financial statements for the Town's OPEB plan are not available. Funds from the General Fund are used to liquidate the OPEB liability.

This actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress presented in the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the Actuarial Valuation, the Entry Age Normal (level % of pay) actuarial cost method was used. The Town utilizes a closed amortization over 30 Years. Select Actuarial Assumptions are listed in the table below:

Funding Interest Rate:	4.5%
Health Care Inflation:	Pre-Medicare and Post-Medicare: 7.5% in fiscal 2014; 6.5% in fiscal 2015 (grading down to 5% per year to 4.5% in fiscal 2019)
Payroll Growth	2.0%
Inflation Assumption	3.0%
Amortization of UAAL	Level Percentage of Payroll (Closed Amortization over 30 Years)

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Employee Contribution Information

Retirees participating in the group insurance plans offered by the Town of Longboat Key are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums.

Note that the projected employee contributions for the Dental benefits are assumed to cover the entire cost of the program.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Employee Contribution Information – Continued

Valuation Date	10/1/2010	10/1/2013
Applicable for Fiscal Year Ending	<u>9/30/2013</u>	<u>9/30/2014</u>
Annual required contribution (ARC)	\$ 120,780	\$ 145,066
Interest on the Net OPEB Obligation	7,355	9,254
Adjustment to the ARC	<u>(7,904)</u>	<u>(10,133)</u>
Total Annual OPEB Cost	120,231	144,187
Estimated Employer Contributions	<u>(78,008)</u>	<u>(96,163)</u>
Increase in the Net OPEB Obligation	42,223	48,024
Net OPEB Obligation (beginning of year)	<u>163,431</u>	<u>205,654</u>
Net OPEB Obligation (end of year)	<u><u>\$ 205,654</u></u>	<u><u>\$ 253,678</u></u>
Funded status as of:	<u>10/1/2010</u>	<u>10/1/2013</u>
Actuarial Accrued Liability (AAL)	\$ 1,221,935	\$ 1,523,000
Actuarial Value of Assets (AVA)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 1,221,935</u></u>	<u><u>\$ 1,523,000</u></u>
Funded ratio	<u>0.0%</u>	<u>0.0%</u>
Covered Payroll	<u><u>\$ 6,403,848</u></u>	<u><u>\$ 6,356,552</u></u>
Ratio of UAAL to Covered Payroll	<u>19.1%</u>	<u>24.0%</u>

Three Year Trend Information

<u>Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
9/30/2014	\$ 144,187	66.7%	\$ 253,678
9/30/2013	120,231	73.1%	205,654
9/30/2012	119,454	63.2%	163,431

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2013	\$ -	\$ 1,523,000	\$ 1,523,000	0.00%	\$ 6,356,552	24.0%
10/1/2012	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2011	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 11 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Town does not currently budget for the on-behalf payments made by the State for the Police and Firefighters' Pension Trust Funds. Generally accepted accounting principles require these payments to be recorded as revenues and expenditures in the governmental funds. Therefore, the pension budget line in the general fund will typically be over budget by these on-behalf payments. The Town had no significant amounts in excess of appropriations as of September 30, 2014.

NOTE 12 – OTHER EMPLOYEES' PENSION PLANS

Florida Retirement System (FRS)

Substantially all Town fire fighter employees are participants in the Florida Retirement System (the "plan"), a multiple-employer, cost-sharing public retirement system. The plan, which is controlled by the state legislature and administered by the State of Florida's Department of Administration, Division of Retirement, covers approximately 650,000 full-time employees of various governmental units within the state of Florida.

Employees enrolled in the plan vest at eight years of creditable service. Employees enrolled in the plan on or after July 1, 2011, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before the normal retirement date.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 12 – OTHER EMPLOYEES’ PENSION PLANS (Continued)

Retirement benefits are based upon age, average compensation and years-of-service credit where average compensation is computed as the average of an individual’s five highest years of earnings. For employees enrolled in the plan on or after July 1, 2011, average final compensation is the average of the eight highest years of earnings. Effective July 1, 2011, employees are required to contribute 3% of their salary as a retirement contribution on a pre-tax basis. The Town automatically deducts this contribution from the employees’ wages and remits this along with its monthly contributions. Members participating in the DROP were not required to make a 3% contribution.

The Town has no responsibility to the plan other than to make the periodic payments required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained by writing to the Florida Division of Retirement, 2639 Monroe Street, Building C, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon state-wide rates established by the State of Florida, as follows:

	<u>Effective Contribution Rates - Employer</u>	
	<u>July 2013 to June 2014</u>	<u>July 2014 to June 2015</u>
Regular employees	6.95%	7.37%
Special risk employees	19.06%	19.82%
DROP employees	12.84%	12.28%
Elected officials	33.03%	43.24%
Senior management	18.31%	21.14%

The Town began participating in the FRS on October 1, 2013. The Town’s contributions made during the year ended September 30, 2014, were \$352,216; equal to the actuarially determined contribution requirement for the year. Employees’ contributions into the pension plan for the year ending September 30, 2014 were \$56,043. The Town has determined, in accordance with GASB Statement No. 27, that there was no pension liability before or at transition.

NOTE 12 – RESTATEMENTS

The Town has determined that a restatement of net position of the governmental and business type activities is required to reflect corrections to beginning balances. The restatement was needed to record unbilled accounts receivable for the fiscal year 2013 in the Town’s Water and Sewer Fund. The City had not recognized the utility revenue for a portion of the utility services (water and sewer) utilized, but not yet billed for the final month prior to year end. An additional adjustment was needed to correct the final cost of capital assets and related retainage payable in the Beach Nourishment Capital Projects Fund. These adjustments are summarized below.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 12 – RESTATEMENTS (Continued)

Net position, Governmental Activities, previously reported	\$ 63,788,941
Adjustment to correct cost of capital assets	13,050
Beginning net position, Governmental Activities, as restated	<u>\$ 63,801,991</u>
Net position, Business-type Activities, previously reported	\$ 32,388,076
Adjustment to correct revenues and receivables	89,266
Beginning net position, Business-type Activities, as restated	<u>\$ 32,477,342</u>
Fund balance, Beach Nourishment Capital Project, previously reported	\$ 5,276,491
Adjustment to correct accounts payable balances	130,500
Beginning fund balance, Beach Nourishment Capital Project, as restated	<u>\$ 5,406,991</u>
Net position, Water and Sewer Fund, previously reported	\$ 31,488,670
Adjustment to correct revenues and receivables	89,266
Beginning net position, Water and Sewer Fund, as restated	<u>\$ 31,577,936</u>

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to year end, the Town issued General Obligation Revenue Refunding Bonds, Series 2014 in the amount of \$4,680,000. These bonds were used to advance refund a portion of the outstanding General Obligation Note, Series 2009. Due to a reduction in interest rates, the Town is anticipated to save \$1,136,498 of future debt service costs within the Water and Sewer Fund. The net present value of these savings is \$904,645.

**Required
Supplementary
Information**

General Fund

The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, transportation, and culture and recreation). These activities are funded principally by property taxes, user fees, and grants from other governmental units.

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes				
Ad Valorem Taxes / Sarasota County	\$ 6,839,590	\$ 6,839,590	\$ 6,850,851	\$ 11,261
Ad Valorem Taxes / Manatee County	2,615,137	2,615,137	2,601,834	(13,303)
	<u>9,454,727</u>	<u>9,454,727</u>	<u>9,452,685</u>	<u>(2,042)</u>
Other Taxes				
Tourist development tax - beach maintenance	-	-	64,826	64,826
Casualty Ins Premium Tax/ Police Pension	-	-	81,017	81,017
Local Business Tax	156,000	156,000	148,768	(7,232)
	<u>156,000</u>	<u>156,000</u>	<u>294,611</u>	<u>138,611</u>
Licenses and Permits				
Mobile Home Licenses	500	500	600	100
Fire Prevention Inspection Fees	4,000	4,000	10,903	6,903
Alcoholic Beverage Licenses	13,000	13,000	9,958	(3,042)
Boat Registration / Sarasota Cnty	4,000	4,000	3,495	(505)
Permits / Sign	6,000	6,000	8,695	2,695
Permits / Misc	1,500	1,500	2,935	1,435
	<u>29,000</u>	<u>29,000</u>	<u>36,586</u>	<u>7,586</u>
Intergovernmental				
St Rev Sharing / Sales Tax	127,000	127,000	134,144	7,144
St Rev Sharing / Comm Tax	613,000	613,000	587,946	(25,054)
Local Govt 1/2 Cent Sales Tax	486,000	486,000	522,507	36,507
	<u>1,226,000</u>	<u>1,226,000</u>	<u>1,244,597</u>	<u>18,597</u>
Charges for services				
Firefighters Supplemental Comp	17,280	17,280	17,930	650
Zoning Fees / Petitions	40,000	40,000	14,678	(25,322)
Lien search fees	-	-	4,260	4,260
Fire Inspection Fees	50,000	50,000	27,375	(22,625)
Re-Inspection Fees	500	500	-	(500)
Emergency Medical Service Fees	200,000	200,000	208,530	8,530
Rec Ctr / Registrations/Fees	16,000	16,000	13,613	(2,387)
Rec Ctr / Memberships	3,000	3,000	2,402	(598)
Tennis Ctr / Yearly-Family/Res	59,500	58,665	58,665	-
Tennis Ctr / Yearly-Single/Res	116,500	114,194	114,194	-
Tennis Ctr / Script Cards	26,000	30,339	30,339	-
Tennis Ctr / Walk on play	20,000	19,839	19,839	-
Tennis Ctr / Lessons	147,500	153,788	153,788	-
Tennis Ctr / Tournament/Spec Events	17,000	24,083	24,083	-
Union administration fee	150	150	300	150
Rent / 4110 Gulf of Mexico	-	-	11,750	11,750
Misc Rev / Tennis Ctr Merch Sales	100,000	137,274	137,274	-
	<u>813,430</u>	<u>865,112</u>	<u>839,020</u>	<u>(26,092)</u>

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues (continued)				
Franchise fees				
Franchise Fees / Electricity	\$ 850,000	\$ 850,000	\$ 900,863	\$ 50,863
Franchise Fees / Gas	44,000	44,000	37,466	(6,534)
Franchise Fees / Solid Waste	19,000	19,000	19,787	787
	<u>913,000</u>	<u>913,000</u>	<u>958,116</u>	<u>45,116</u>
Fines and forfeitures				
Court Fines / Sarasota County	10,000	10,000	2,558	(7,442)
Court Fines / Manatee County	5,000	5,000	2,109	(2,891)
Violations / Fire Alarm Ordinance	3,000	3,000	700	(2,300)
Violations / Handicap Fines	300	300	100	(200)
Violations / Local Ordinances Misc	20,000	20,000	3,493	(16,507)
Other Fines / Police Parking Fines	2,500	2,500	2,790	290
Other finds / candidate late filing	-	-	50	50
Other fines / tag seizure	-	-	150	150
	<u>40,800</u>	<u>40,800</u>	<u>11,950</u>	<u>(28,850)</u>
Grant revenues				
Fed Grants / Sarasota/Manatee EMS	32,625	32,625	-	(32,625)
Other Grants / WCIND	57,155	94,417	94,417	-
	<u>89,780</u>	<u>127,042</u>	<u>94,417</u>	<u>(32,625)</u>
Investment earnings				
Interest On Investments	75,000	75,000	59,203	(15,797)
Gain (Loss) on Sale of Investments	(25,000)	(25,000)	7,013	32,013
Interest / Sarasota Tax Collector	6,000	6,000	-	(6,000)
Interest / Manatee Tax Collector	1,200	1,200	-	(1,200)
	<u>57,200</u>	<u>57,200</u>	<u>66,216</u>	<u>9,016</u>
Miscellaneous revenues				
Copies / Maps / Ordinances / Etc	2,000	2,000	570	(1,430)
Sale Of Fixed Assets	20,000	20,000	29,363	9,363
Insurance Proceeds	-	-	1,098	1,098
Contribution from private organization	209,393	209,393	182,074	(27,319)
Refund Of Prior Year Expenditures	-	-	6,338	6,338
Misc Rev / Workers Comp Reimburse	6,000	12,252	22,573	10,321
Misc Rev / Police Dept	200	200	269	69
Misc Rev / Other	2,000	2,000	7,392	5,392
Misc Rev / Rec Ctr/Vending Machine	700	700	344	(356)
Misc Rev / Tree Replacement (98.06)	3,000	3,000	-	(3,000)
Misc Rev / Rec Ctr Rental	8,000	8,000	2,330	(5,670)
Misc Rev / P-Card Rebate	14,500	14,500	15,157	657
Misc Rev / Tennis Ctr Vend Machine	4,000	4,329	4,329	-
Misc Rev / Tennis Ctr Miscellaneous	2,000	300	300	-
	<u>271,793</u>	<u>276,674</u>	<u>272,137</u>	<u>(4,537)</u>

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues (continued)				
Other financing sources				
Transfer from Road and Bridge Fund	\$ 841,750	\$ 841,750	\$ 797,004	\$ (44,746)
Transfer from Infrastructure Fund	449,000	-	-	-
Transfer from G.O. Sewer Bond Fund	9,325	9,325	9,305	(20)
Transfer from Water & Sewer Fund	1,018,855	1,018,855	1,018,855	-
Transfer from Building Department Fund	265,000	365,000	365,000	-
	<u>2,583,930</u>	<u>2,234,930</u>	<u>2,190,164</u>	<u>(44,766)</u>
Total revenues	<u>\$ 15,635,660</u>	<u>\$ 15,380,485</u>	<u>\$ 15,460,499</u>	<u>\$ 80,014</u>
Expenditures:				
Current				
General government				
Legislative				
Town Commission				
Travel / Conference / Training	\$ 15,000	\$ 15,000	\$ 4,406	\$ 10,594
Communications	8,000	8,000	5,226	2,774
Postage and Freight	500	842	842	-
Rental / Building	350	513	512	1
Printing and Forms	400	400	172	228
Duplication Costs	2,000	2,000	2,000	-
Miscellaneous	4,332	3,357	3,171	186
Office Supplies	1,500	1,970	1,969	1
Bks/Publications/Subscrip/Memb Dues	2,550	2,550	1,884	666
Total Town Commission	<u>34,632</u>	<u>34,632</u>	<u>20,182</u>	<u>14,450</u>
Executive				
Town Manager				
Wages / Executive	237,453	237,991	237,991	-
Wages / Regular	78,874	79,090	79,090	-
Wages / Temporary	1,250	781	781	-
Fica Taxes	19,756	19,946	19,946	-
Pension	18,448	18,099	18,099	-
Town Contrib Salary Savings / 401K	4,090	5,822	5,822	-
Town Contrib Def Comp / ICMA 401-A	53,852	53,852	53,852	-
Insurance / Medical	31,854	31,312	31,312	-
Insurance / Disability	1,392	1,557	1,557	-
Insurance / Life	1,625	2,026	2,026	-
Workers Compensation	580	579	579	-
Travel / Conference / Training	930	1,109	1,109	-
Communications	5,350	6,225	6,225	-
Cell phone allowance	-	138	138	-
Postage and Freight	250	171	171	-
Rental / Building	200	248	248	-
Repair and maintenance - Automotive Equipment	500	-	-	-
Miscellaneous	75	20	20	-

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Office Supplies	\$ 400	\$ 357	\$ 357	\$ -
Fuel and Oil	100	363	363	-
Misc Operating Supplies	-	200	200	-
Bks/Publications/Subscrip/Memb Dues	2,000	3,842	3,842	-
Total Town Manager	458,979	463,728	463,728	-
Town Clerk				
Wages / Executive	88,379	88,623	88,622	1
Wages / Regular	97,195	91,795	86,533	5,262
Wages / Temporary	5,000	5,000	3,935	1,065
Wages / Overtime	750	750	706	44
Fica Taxes	14,636	14,636	13,536	1,100
Pension	17,460	18,420	18,420	-
Town Contrib Salary Savings / 401-K	4,301	4,304	4,304	-
Town Contrib Def Comp / ICMA 401-A	19,034	19,621	19,621	-
Insurance / Medical	12,443	12,443	12,139	304
Insurance/ Disability	628	629	628	1
Insurance / Life	346	398	397	1
Workers Compensation	345	345	345	-
Professional Services / Other	19,000	19,000	16,206	2,794
Travel / Conference / Training	2,089	2,089	1,163	926
Communications	2,000	2,382	2,382	-
Postage and Freight	2,500	2,667	2,667	-
Rental/Building	-	30	29	1
Repair and maintenance - Other Equipment	200	200	180	20
Printing and Forms	7,500	9,388	9,387	1
Miscellaneous	-	510	510	-
Advertising	49,812	44,795	32,479	12,316
Office Supplies	1,000	1,000	607	393
Misc Operating Supplies	100	100	-	100
Bks/Pubs/Subscrip/Memb Dues	520	713	713	-
Total Town Clerk	345,238	339,838	315,509	24,329
Financial and administrative				
Finance Department				
Wages / Executive	95,014	95,276	95,275	1
Wages / Regular	267,010	254,910	249,559	5,351
Wages / Temporary	200	4,175	4,174	1
Wages / Overtime	-	378	377	1
Fica Taxes	27,710	27,710	25,747	1,963
Pension	46,394	49,622	49,622	-
Town Contrib Salary Savings / 401-K	3,129	3,288	3,287	1
Town Contrib Def Comp / ICMA 401-A	39,233	39,233	38,107	1,126
Insurance / Medical	73,232	62,409	54,370	8,039
Insurance / Disability	1,593	1,593	1,503	90

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Insurance / Life	\$ 878	\$ 913	\$ 913	\$ -
Workers Compensation	659	659	658	1
Professional Services / Other	440	12,540	12,540	-
Travel / Conference / Training	4,000	4,000	3,327	673
Communications	3,100	3,100	2,645	455
Cell phone allowance	-	231	231	-
Insurance opt out allowance	-	593	593	-
Postage and Freight	2,100	2,100	1,452	648
Rental / Building	150	1,190	1,190	-
Repair and maintenance - Other Equipment	75	75	-	75
Printing and Forms	200	200	132	68
Miscellaneous	300	300	288	12
Advertising	400	995	995	-
Office Supplies	850	1,177	1,176	1
Bks/Publications/Subscrip/Memb Dues	1,300	1,300	1,260	40
Total Finance Department	<u>567,967</u>	<u>567,967</u>	<u>549,421</u>	<u>18,546</u>
Human Resources				
Wages / Regular	72,093	72,291	72,291	-
Fica Taxes	5,515	5,402	5,402	-
Town Contrib Salary Savings / 401-K	2,163	2,163	2,163	-
Town Contrib Def Comp / ICMA 401-A	11,535	11,831	11,830	1
Insurance / Medical	11,689	11,319	11,318	1
Insurance / Disability	317	318	317	1
Insurance / Life	175	202	201	1
Workers Compensation	126	126	125	1
Prof Service / Other	9,500	13,098	13,098	-
Travel / Conference / Training	1,494	523	523	-
Car Allowance	400	-	-	-
Communications	1,750	1,918	1,917	1
Postage and Freight	200	78	78	-
Rental / Building	-	197	197	-
Printing and Forms	200	-	-	-
Miscellaneous	250	-	-	-
Advertising	1,500	25	25	-
Office Supplies	350	400	399	1
Small Tools and Minor Equipment	-	223	222	1
Bks/Publications/Subscrip/Memb Dues	400	193	185	8
Total Human Resources	<u>119,657</u>	<u>120,307</u>	<u>120,291</u>	<u>16</u>
Public Works				
Wages / Executive	109,262	109,563	109,563	-
Wages / Regular	206,003	206,570	206,569	1
Wages / Temporary	-	762	761	1
Wages / Overtime	-	288	287	1

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Fica Taxes	\$ 23,965	\$ 23,846	\$ 23,845	\$ 1
Pension	66,152	66,977	66,976	1
Town Contrib Salary Savings / 401-K	7,525	7,549	7,549	-
Town Contrib Def Comp / ICMA 401-A	36,022	37,096	37,095	1
Insurance / Medical	35,821	35,080	35,080	-
Insurance / Disability	1,387	1,388	1,387	1
Insurance / Life	763	878	878	-
Workers Compensation	3,637	3,637	3,633	4
Professional Services / Other	20,000	28,415	29,222	(807)
Travel / Conference / Training	2,293	2,293	2,028	265
Communications	3,000	3,000	2,691	309
Cell phone allowance	-	381	381	-
Postage and Freight	600	620	620	-
Rental / Building	400	400	329	71
Rental / Equipment	3,815	3,061	3,060	1
Repair and maintenance - Automotive Equipment	1,000	1,136	1,136	-
Repair and maintenance - Other Equipment	-	362	362	-
Printing and Forms	100	100	79	21
Duplication Costs	1,450	1,034	993	41
Miscellaneous	150	150	138	12
Office Supplies	800	824	824	-
Fuel and Oil	4,150	5,785	5,785	-
Small Tools and Minor Equipment	-	100	100	-
Bks/Publications/Subscrip/Memb Dues	600	600	525	75
Total Public Works	<u>528,895</u>	<u>541,895</u>	<u>541,896</u>	<u>(1)</u>
Legal counsel				
Town Attorney				
Contractual Services / Legal	250,000	181,857	180,870	987
Misc Legal Expenses	15,000	-	-	-
Other Attorneys	40,000	93,000	89,533	3,467
Town Attorney / Litigation	47,000	77,143	77,142	1
Duplication costs	-	122	121	1
Bks/Pubs/Subscrip/Memb Dues	3,000	2,878	-	2,878
Total Town Attorney	<u>355,000</u>	<u>355,000</u>	<u>347,666</u>	<u>7,334</u>
Comprehensive planning				
Planning & Zoning				
Wages / Executive	95,805	95,805	88,582	7,223
Wages / Regular	206,399	172,047	116,173	55,874
Fica Taxes	23,119	20,737	14,780	5,957
Pension	47,517	47,990	47,989	1
Town Contrib Salary Savings / 401-K	5,244	5,244	3,832	1,412
Town Contrib Def Comp / ICMA 401-A	36,320	33,518	25,688	7,830
Insurance / Medical	59,245	58,495	40,195	18,300

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Insurance / Disability	\$ 1,448	\$ 1,311	\$ 979	\$ 332
Insurance / Life	794	718	558	160
Workers Compensation	1,270	1,269	1,268	1
Professional Services / Other	65,100	265,100	250,402	14,698
Professional Services / Town Center	-	25,000	25,000	-
Travel / Conference / Training	1,588	1,588	1,063	525
Communications	4,000	4,000	3,235	765
Cell phone allowance	-	139	138	1
Postage and Freight	2,000	2,000	927	1,073
Rental / Building	1,000	1,000	979	21
Rental / Equipment	2,500	2,500	2,099	401
Repair and maintenance - Automotive Equipment	3,000	3,000	751	2,249
Repair and maintenance - Other Equipment	100	1,268	1,268	-
Printing and Forms	450	994	993	1
Duplication Costs	300	300	148	152
Licenses and Taxes	125	125	-	125
Miscellaneous	1,000	1,113	1,112	1
Advertising	12,000	12,000	10,082	1,918
Code Enforcement Board Actions	500	500	-	500
Office Supplies	1,000	1,000	989	11
Uniforms	250	250	54	196
Fuel and Oil	900	1,078	1,078	-
Misc Operating Supplies	500	500	313	187
Small Tools and Minor Equipment	500	500	210	290
Bks/Publications/Subscrip/Memb Dues	3,000	3,000	2,385	615
Total Planning & Zoning	576,974	764,089	643,270	120,819
Other general government				
Information Technology				
Wages / Executive	112,965	117,620	117,620	-
Wages / Regular	190,632	190,632	188,660	1,972
Wages / Overtime	500	642	641	1
Fica Taxes	22,881	22,881	22,606	275
Pension	20,686	25,881	25,881	-
Town Contrib Salary Savings / 401-K	7,877	5,470	5,470	-
Town Contrib Def Comp / ICMA 401-A	35,231	35,778	35,777	1
Insurance / Medical	38,779	43,323	43,322	1
Insurance / Disability	1,336	1,336	1,318	18
Insurance / Life	732	776	776	-
Workers Compensation	549	549	548	1
Professional Services / Other	136,000	127,200	127,187	13
Travel / Conference / Training	5,863	5,863	6,654	(791)
Car Allowance	250	341	340	1
Communications	36,000	33,000	32,868	132
Postage and Freight	18	18	4	14

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Rental/Building	\$ 2,000	\$ 2,000	\$ 1,093	\$ 907
Repair and maintenance - Other Equipment	45,000	45,242	46,240	(998)
Printing and Forms	4,000	1,900	3,999	(2,099)
Duplication Costs	25	25	-	25
Advertising	-	823	823	-
Office Supplies	250	250	-	250
Misc Operating Supplies	1,700	1,387	300	1,087
Small Tools and Minor Equipment	17,500	24,000	27,411	(3,411)
Computer Software	9,000	10,583	10,583	-
Bks/Publications/Subscrip/Memb Dues	250	1,504	1,504	-
Total Information Technology	<u>690,024</u>	<u>699,024</u>	<u>701,625</u>	<u>(2,601)</u>
 Municipal Buildings				
Electricity	29,000	27,284	26,708	576
Water	9,150	9,150	6,791	2,359
Rental / equipment	-	150	150	-
Repair and maintenance - Buildings	22,366	22,366	19,490	2,876
Repair and maintenance - Grounds	2,500	2,500	871	1,629
Repair and maintenance - Other Equipment	15,525	15,525	4,722	10,803
Repair and maintenance - Buildings - Contractual	30,000	31,566	31,566	-
Miscellaneous	700	700	125	575
Improvements To Buildings	20,000	-	-	-
Total Municipal Buildings	<u>129,241</u>	<u>109,241</u>	<u>90,423</u>	<u>18,818</u>
 General Services				
Wellness	-	1,296	1,296	-
Unemployment	-	9,169	9,169	-
Prof Service / Fin and Adm	39,500	30,000	9,705	20,295
Prof Service / Investment expense	-	1,124	1,124	-
Accounting and Auditing	25,400	21,600	16,375	5,225
Rental / Equipment	8,379	4,379	3,880	499
Miscellaneous	2,400	2,440	2,439	1
Office Supplies	1,500	1,500	1,079	421
Bks/Publications/Subscrip/Membersh	7,500	7,500	7,500	-
Professional Services /Other	35,000	35,000	34,292	708
Communications	200	200	30	170
Television Media	18,000	18,000	13,566	4,434
Insurance / Property	134,000	132,370	107,860	24,510
Insurance / Other	120,000	120,020	120,019	1
Duplication Costs	1,500	5,952	5,951	1
Miscellaneous	5,000	5,000	2,421	2,579
Visa / Mastercard Fees	-	2,829	2,829	-
Misc Operating Supplies / Vend Mach	1,000	1,000	542	458
Solid waste recycling	2,000	2,000	-	2,000
Sarasota Bay Estuary Program	15,000	15,000	15,000	-

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Prof Service / Underground wiring	\$ -	\$ 12,000	\$ 5,925	\$ 6,075
Contingencies	250,000	-	-	-
Prof Service / Red Tide Cleaning	50,000	19,888	-	19,888
Economic Development Council	9,500	9,500	7,985	1,515
Total general services	<u>725,879</u>	<u>457,767</u>	<u>368,987</u>	<u>88,780</u>
Total general government	<u>4,532,486</u>	<u>4,453,488</u>	<u>4,162,998</u>	<u>290,490</u>
Public safety				
Law enforcement				
Police Department				
Wages / Executive	92,706	92,961	92,960	1
Incentive Pay / Executive	1,560	1,560	1,521	39
Wages / Regular	1,311,869	1,328,158	1,296,983	31,175
Incentive Pay / Regular	28,059	28,059	26,105	1,954
Wages / Holiday	49,968	64,817	64,815	2
Shift Differential	30,171	30,171	27,027	3,144
Wages / Overtime	20,000	20,000	15,685	4,315
Fica Taxes	117,377	119,759	112,948	6,811
Pension	730,725	616,157	703,724	(87,567)
Town Contrib Salary Savings / 401-K	8,020	8,505	8,504	1
Town Contrib Def Comp / ICMA 401-A	162,940	155,801	133,864	21,937
Insurance / Medical	283,314	284,064	276,272	7,792
Insurance / Disability	6,138	6,275	6,076	199
Insurance / Life	3,379	3,775	3,774	1
Workers Compensation	32,178	32,778	32,149	629
Professional Services / Other	14,500	10,500	2,378	8,122
Travel / Conference / Training	11,848	18,871	18,871	-
Communications	24,380	30,000	30,000	-
Insurance Opt Out Allowance	2,000	2,000	423	1,577
Postage and Freight	1,000	1,000	731	269
Electricity	12,550	12,550	12,142	408
Water	700	1,385	1,385	-
Rental / Building	1,800	6,105	6,105	-
Rental / Equipment	6,500	6,500	4,162	2,338
Repair and maintenance - Buildings	12,000	12,000	11,904	96
Repair and maintenance - Automotive Equipment	36,000	33,500	24,520	8,980
Repair and maintenance - Other Equipment	17,000	17,000	9,834	7,166
Printing and Forms	500	1,570	1,570	-
Duplication Costs	500	567	566	1
Licenses and Taxes	200	791	790	1
Miscellaneous	1,400	1,400	1,065	335
Advertising	-	1,000	426	574
Office Supplies	3,500	3,500	3,432	68
Cleaning and Sanitation Supplies	250	348	348	-
Uniforms	11,000	13,530	13,529	1

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Fuel and Oil	\$ 78,000	\$ 68,435	\$ 67,834	\$ 601
Misc Operating Supplies	3,000	3,000	1,709	1,291
Small Tools and Minor Equipment	9,300	7,800	2,667	5,133
Laundry and Clothing Allowance	11,700	14,657	14,657	-
Property and Evidence Supplies	1,700	1,700	-	1,700
Minor equipment - WCIND funded	-	5,139	3,178	1,961
Bks/Publications/Subscrip/Memb Dues	1,500	2,000	1,578	422
Total Police Department	<u>3,141,232</u>	<u>3,069,688</u>	<u>3,038,211</u>	<u>31,477</u>
 Fire control/rescue service				
Fire Department				
Wages / Executive	95,160	95,496	95,496	-
Incentive Pay / Executive	3,501	3,501	3,414	87
Wages / Regular	2,379,986	2,361,885	2,361,885	-
Incentive Pay / Regular	51,565	63,671	63,670	1
Wages / Holiday	97,183	97,183	94,998	2,185
Wages / Temporary	1,500	1,500	510	990
Wages / Overtime	116,766	126,656	126,656	-
State Incentive	16,561	18,085	18,084	1
Fica Taxes	211,208	201,708	197,876	3,832
Pension	1,377,053	1,557,957	1,462,627	95,330
Town Contribution - FRS	418,785	370,550	353,270	17,280
Town Contrib Salary Savings / 401-K	4,548	4,548	3,345	1,203
Town Contrib Def Comp / ICMA 401-A	25,250	26,741	26,740	1
Insurance / Medical	387,920	387,920	363,817	24,103
Insurance / Disability	10,576	10,576	10,467	109
Insurance / Life	5,810	6,533	6,533	-
Workers Compensation	86,862	86,862	86,755	107
Professional Services / Other	61,050	61,050	47,330	13,720
Travel / Conference / Training	25,600	25,600	14,465	11,135
Car Allowance	300	300	81	219
Communications	20,000	20,000	14,108	5,892
Cell phone allowance	-	47	46	1
Insurance opt out allowance	-	1,347	1,346	1
Postage and Freight	350	415	415	-
Electricity	25,000	25,000	22,437	2,563
Water	1,900	2,607	2,606	1
Rental / Equipment	6,400	6,400	2,780	3,620
Repair and maintenance - Buildings	21,500	21,500	21,041	459
Repair and maintenance - Automotive Equipment	67,550	75,051	75,051	-
Repair and maintenance - Other Equipment	35,750	26,250	22,824	3,426
Printing and Forms	2,500	2,500	1,705	795
Duplication Costs	350	350	293	57
Licenses and Taxes	3,750	1,549	448	1,101
Miscellaneous	3,000	3,000	1,404	1,596

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Expenditures (continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Advertising	\$ 200	\$ 200	\$ -	\$ 200
Office Supplies	4,000	4,000	1,899	2,101
Chemicals	2,500	2,500	1,332	1,168
Cleaning and Sanitation Supplies	3,300	3,300	2,712	588
Uniforms	18,000	18,000	17,451	549
Fuel and Oil	49,000	36,894	36,860	34
Rescue Supplies	33,000	36,742	36,742	-
Misc Operating Supplies	3,000	3,301	3,300	1
Small Tools and Minor Equipment	24,150	24,150	20,535	3,615
Laundry and Clothing Allowance	24,960	17,335	17,335	-
Uniforms - Bunker Gear	13,200	13,200	9,400	3,800
Pharmaceuticals	12,000	13,152	13,152	-
Bks/Pubs/Subscrip/Memb Dues	3,000	3,000	2,990	10
Total Fire Department	<u>5,755,544</u>	<u>5,870,112</u>	<u>5,668,231</u>	<u>201,881</u>
Emergency and disaster relief services				
Communications	3,150	6,956	6,956	-
Postage and Freight	1,100	1,210	1,209	1
Rental / Buildings	3,350	-	-	-
Repair and maintenance - Other Equipment	100	45	-	45
Printing and Forms	1,845	2,134	2,134	-
Miscellaneous	400	-	-	-
Misc Operating Supplies	400	-	-	-
Total Emergency and disaster relief services	<u>10,345</u>	<u>10,345</u>	<u>10,299</u>	<u>46</u>
Total public safety	<u>8,907,121</u>	<u>8,950,145</u>	<u>8,716,741</u>	<u>233,404</u>
Transportation				
Street Department				
Wages / Regular	267,110	244,958	244,956	2
Wages / Overtime	4,000	2,014	2,014	-
Fica Taxes	20,740	18,411	18,410	1
Pension	83,258	83,258	82,994	264
Town Contrib Salary Savings / 401-K	3,516	3,516	2,664	852
Town Contrib Def Comp / ICMA 401-A	23,334	23,334	22,148	1,186
Insurance / Medical	53,802	53,802	52,102	1,700
Insurance / Disability	1,141	1,141	1,053	88
Insurance / Life	629	652	651	1
Workers Compensation	9,796	9,796	9,787	9
Professional Services / Other	-	6,000	5,828	172
Travel / Conference / Training	5,589	5,589	3,980	1,609
Communications	2,732	2,732	2,491	241
Cell phone allowance	-	231	231	-
Postage and Freight	50	50	30	20
Electricity	45,000	45,000	44,424	576

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Expenditures (continued)	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Water	\$ 400	\$ 400	\$ 174	\$ 226
Rental / Equipment	500	746	746	-
Repair and maintenance - Buildings	-	74	73	1
Repair and maintenance - Grounds	5,000	5,000	1,354	3,646
Repair and maintenance - Automotive Equipment	8,000	11,274	11,273	1
Repair and maintenance - Other Equipment	8,000	11,940	11,939	1
Repair and maintenance - Right Of Way	33,500	40,591	40,590	1
Repair and maintenance - Storm	2,000	2,000	1,664	336
Repair and maintenance - Street Lights	5,000	5,000	3,738	1,262
Licenses and Taxes	50	195	194	1
Miscellaneous	50	62	61	1
Advertising	-	1,108	1,108	-
Office Supplies	300	300	10	290
Chemicals	1,000	1,384	1,384	-
Cleaning and Sanitation Supplies	150	150	33	117
Uniforms	3,000	3,000	2,836	164
Fuel and Oil	25,700	25,700	19,109	6,591
Misc Operating Supplies	450	452	451	1
Small Tools and Minor Equipment	3,000	3,854	3,854	-
Laundry and Clothing Allowance	1,650	1,650	1,522	128
Repair and maintenance - Streets	4,700	4,700	3,716	984
Repair and maintenance - Drainage and Culverts	10,200	13,170	13,170	-
Repair and maintenance - Signs	7,000	7,113	7,113	-
Bks/Publications/Subscrip/Memb Dues	40	40	-	40
Total Street Department and Transportation	<u>640,387</u>	<u>640,387</u>	<u>619,875</u>	<u>20,512</u>
Culture and recreation				
Parks Division				
Wages / Regular	77,667	73,216	72,995	221
Wages / Overtime	1,500	1,500	1,034	466
Fica Taxes	6,056	6,056	5,561	495
Pension	24,940	24,940	24,868	72
Town Contrib Salary Savings / 401-K	2,375	2,375	2,316	59
Town Contrib Def Comp / ICMA 401-A	6,990	7,141	7,141	-
Insurance / Medical	17,981	17,981	16,562	1,419
Insurance / Disability	342	346	345	1
Insurance / Life	187	216	216	-
Workers Compensation	2,195	2,195	2,192	3
Professional Services / Other	-	1,600	1,600	-
Communications	1,200	1,244	1,244	-
Cell phone allowance	-	35	35	-
Electricity	4,000	4,000	3,332	668
Water	4,000	4,000	1,259	2,741
Rental / Equipment	150	150	-	150
Repair and maintenance - Buildings	-	135	135	-

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Repair and maintenance - Grounds	\$ 11,723	\$ 13,370	\$ 13,370	\$ -
Repair and maintenance - Automotive Equipment	1,000	1,125	1,125	-
Repair and maintenance - Other Equipment	2,500	2,500	1,292	1,208
Repair and maintenance - Beach Accesses	13,000	13,000	9,250	3,750
Repair and maintenance - Grounds/Contractual	27,800	27,800	10,230	17,570
Repair and maintenance - Storm	1,000	1,000	143	857
Repair and maintenance - Channel Markers	1,000	1,000	-	1,000
Repair and maintenance - Canal Clearance/Trim	1,700	1,700	-	1,700
Miscellaneous	100	775	774	1
Chemicals	700	700	408	292
Uniforms	600	606	605	1
Fuel and Oil	5,550	5,550	2,070	3,480
Misc Operating Supplies	250	250	36	214
Small Tools and Minor Equipment	2,000	2,000	1,284	716
Laundry and Clothing Allowance	550	550	550	-
Repair and maintenance - Signs	100	100	-	100
Bks/Publications/Subscrip/Memb Dues	150	150	-	150
Total Parks Division	219,306	219,306	181,972	37,334
Recreation Center				
Communications	750	750	716	34
Postage and Freight	25	25	2	23
Electricity	4,930	4,930	4,098	832
Water	650	1,121	1,121	-
Repair and maintenance - Buildings	9,514	8,493	7,912	581
Repair and maintenance - Grounds	4,500	4,500	2,867	1,633
Repair and maintenance - Other Equipment	400	400	-	400
Repair and maintenance - Grounds/Contractual	8,000	8,000	960	7,040
Miscellaneous	25	25	-	25
Office Supplies	275	275	48	227
Cleaning and Sanitation Supplies	250	290	289	1
Misc Operating Supplies	1,000	1,000	480	520
Small Tools and Minor Equipment	2,000	2,510	2,510	-
Bks/Publications/Subscrip/Memb Dues	200	200	160	40
Total Recreation Center	32,519	32,519	21,163	11,356
Tennis Center				
Wages / Regular	163,739	179,866	179,866	-
Wages / Holiday	3,779	3,353	3,353	-
Wages / Supplemental - Lessons	103,250	116,248	116,248	-
Wages / Supplemental - Spec Events	-	1,154	1,153	1
Fica Taxes	20,714	21,986	21,986	-
Pension	27,487	25,574	25,574	-
Town Contrib Salary Savings / 401-K	3,792	3,969	3,968	1
Town Contrib Def Comp / ICMA 401-A	14,710	14,447	14,446	1

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Insurance / Medical	\$ 17,981	\$ 17,611	\$ 17,610	\$ 1
Insurance / Disability	376	376	376	-
Insurance / Life	206	238	237	1
Workers Compensation	3,417	3,414	3,414	-
Communications	950	1,004	1,004	-
Postage and Freight	250	26	25	1
Electricity	2,875	3,593	3,592	1
Water	11,300	12,581	12,580	1
Gas	450	335	335	-
Repair and maintenance - Buildings	5,000	4,071	4,071	-
Repair and maintenance - Grounds	11,350	6,113	6,113	-
Repair and maintenance - Other Equipment	-	514	514	-
Printing and Forms	800	831	830	1
Licenses and Taxes	-	784	784	-
Miscellaneous	100	-	-	-
Visa/Mastercard Fees	9,000	16,155	16,189	(34)
Costs / Vending Machines	800	1,761	1,760	1
Costs / Merchandise	64,690	112,401	112,401	-
Costs / Special Events	5,500	10,324	9,403	921
Costs / Start-Up / Promotion	2,000	1,916	1,916	-
Office Supplies	600	299	299	-
Cleaning and Sanitation Supplies	50	29	29	-
Misc Operating Supplies	200	382	381	1
Small Tools and Minor Equipment	-	577	577	-
Bks/Publications/Subscrip/Memb Dues	400	510	510	-
Total Tennis Center	<u>475,766</u>	<u>562,442</u>	<u>561,544</u>	<u>898</u>
Total culture and recreation	<u>727,591</u>	<u>814,267</u>	<u>764,679</u>	<u>49,588</u>
Capital Outlay				
Other equipment	199,000	9,000	6,399	2,601
Automotive equipment	144,000	-	-	-
Other equipment	104,000	-	-	-
Water craft	-	32,123	32,123	-
Other equipment	56,000	56,000	54,496	1,504
Automotive equipment	30,000	30,000	29,824	176
Other equipment	85,000	85,000	84,622	378
Total Capital Outlay	<u>618,000</u>	<u>212,123</u>	<u>207,464</u>	<u>4,659</u>
Other financing uses				
Transfer out to the Tennis Center Fund	-	-	52,340	(52,340)
Total expenditures	<u>15,425,585</u>	<u>15,070,410</u>	<u>14,524,097</u>	<u>546,313</u>
Change in fund balance	<u>\$ 210,075</u>	<u>\$ 310,075</u>	936,402	<u>\$ 626,327</u>

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (BUDGET BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Budgetary expenditures are different than GAAP expenditures because				
Encumbrances outstanding at September 30, 2013, liquidated				
during the year ended September 30, 2014			\$ (96,865)	
Encumbrances outstanding at September 30, 2014			<u>161,572</u>	
Change in Fund Balance as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds			<u>\$ 1,001,109</u>	

TOWN OF LONGBOAT KEY, FLORIDA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Local Option Gas Tax / Sarasota	\$ 76,000	\$ 76,000	\$ 69,592	\$ (6,408)
Local Option Gas Tax / Manatee	97,000	97,000	38,987	(58,013)
Local Option Gas Tax / Sarasota 5 Cents	85,000	85,000	80,135	(4,865)
Local Option Gas Tax / Manatee 5 Cents	70,000	70,000	73,192	3,192
2 Cent Gas Tax / Sarasota	40,000	40,000	34,791	(5,209)
2 Cent Gas Tax / Manatee	30,000	30,000	31,600	1,600
	<u>398,000</u>	<u>398,000</u>	<u>328,297</u>	<u>(69,703)</u>
Intergovernmental revenue				
8th cent Motor Fuel Tax	50,000	50,000	46,016	(3,984)
Rebate on Municipal Vehicles	5,000	5,000	6,871	1,871
9th Cent Gas Tax / Sarasota	21,000	21,000	18,819	(2,181)
9th Cent Gas Tax / Manatee	12,150	12,150	11,861	(289)
	<u>88,150</u>	<u>88,150</u>	<u>83,567</u>	<u>(4,583)</u>
Charges for service				
Maintenance GMD Right of Way	13,600	13,600	5,010	(8,590)
Maintenance Traffic Signals	26,000	26,000	34,965	8,965
	<u>39,600</u>	<u>39,600</u>	<u>39,975</u>	<u>375</u>
Investment earnings				
Interest on Investments	30,000	30,000	15,707	(14,293)
Gain (Loss) on Sale of Investments	(5,000)	(5,000)	(7,480)	(2,480)
	<u>25,000</u>	<u>25,000</u>	<u>8,227</u>	<u>(16,773)</u>
Total revenues	<u>550,750</u>	<u>550,750</u>	<u>460,066</u>	<u>(90,684)</u>
Expenditures				
Transportation				
Prof Services / Investment expense	-	-	1,425	(1,425)
Stormwater monitor / regulation	-	-	8,188	(8,188)
Total expenditures	<u>-</u>	<u>-</u>	<u>9,613</u>	<u>(9,613)</u>
Excess of revenues over expenditures	<u>550,750</u>	<u>550,750</u>	<u>450,453</u>	<u>(100,297)</u>
Other financing uses				
Transfers out - General Fund	(841,750)	(841,750)	(797,004)	44,746
Total other financing uses	<u>(841,750)</u>	<u>(841,750)</u>	<u>(797,004)</u>	<u>44,746</u>
Change in fund balance	(291,000)	(291,000)	(346,551)	(55,551)
Fund balance, beginning of year	<u>2,117,979</u>	<u>2,117,979</u>	<u>2,117,979</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,826,979</u>	<u>\$ 1,826,979</u>	<u>\$ 1,771,428</u>	<u>\$ (55,551)</u>

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - GENERAL EMPLOYEES PENSION**

	<u>2014</u>	<u>2013</u>
Total pension liability		
Service cost	\$ 2,197	\$ 2,053
Interest on total pension liability	999,070	976,287
Differences between expected and actual experience	-	-
Benefit payments, including refunds of employee contributions	<u>(801,953)</u>	<u>(504,068)</u>
Net change in total pension liability	199,314	474,272
Total pension liability - beginning	14,671,208	14,196,936
Total pension liability - ending (a)	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
Plan fiduciary net position		
Contributions - employer	\$ 597,459	\$ 986,240
Contributions - state	-	-
Contributions - employee	-	153,500
Net investment income	912,279	865,755
Benefit payments, including refunds of member contributions	(801,953)	(504,068)
Administrative expenses	<u>(65,356)</u>	<u>(23,490)</u>
Net change in plan fiduciary net position	642,429	1,477,937
Plan fiduciary net position - beginning	9,561,296	8,083,359
Plan fiduciary net position - ending (b)	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
Plan fiduciary net position as a percentage of the total pension liability	68.62%	65.17%
Covered-employee payroll	\$ 1,373,718	\$ 2,558,341
Town's net pension liability as a percentage of covered-employee payroll	339.72%	199.74%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION**

	<u>2014</u>	<u>2013</u>
Total pension liability		
Service cost	\$ 6,496	\$ 6,043
Interest on total pension liability	823,074	835,384
Differences between expected and actual experience	-	-
Benefit payments, including refunds of employee contributions	<u>(1,267,283)</u>	<u>(744,769)</u>
Net change in total pension liability	<u>(437,713)</u>	<u>96,658</u>
Total pension liability - beginning	<u>11,605,061</u>	<u>11,508,403</u>
Total pension liability - ending (a)	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
Plan fiduciary net position		
Contributions - employer	\$ 552,573	\$ 824,909
Contributions - state	81,017	77,298
Contributions - employee	35,601	100,547
Net investment income	658,894	785,731
Benefit payments, including refunds of member contributions	(1,267,283)	(744,769)
Administrative expenses	<u>(35,945)</u>	<u>(28,794)</u>
Net change in plan fiduciary net position	<u>24,857</u>	<u>1,014,922</u>
Plan fiduciary net position - beginning	<u>6,832,349</u>	<u>5,817,427</u>
Plan fiduciary net position - ending (b)	<u>\$ 6,857,206</u>	<u>\$ 6,832,349</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 4,310,142</u>	<u>\$ 4,772,712</u>
Plan fiduciary net position as a percentage of the total pension liability	61.40%	58.87%
Covered-employee payroll	\$ 900,553	\$ 1,005,469
Town's net pension liability as a percentage of covered-employee payroll	478.61%	474.68%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - FIRE PENSION**

	<u>2014</u>	<u>2013</u>
Total pension liability		
Service cost	\$ 17,183	\$ 15,910
Interest on total pension liability	2,082,208	2,046,450
Change in assumptions	1,446,265	-
Benefit payments, including refunds of employee contributions	<u>(1,806,573)</u>	<u>(1,426,754)</u>
Net change in total pension liability	1,739,083	635,606
Total pension liability - beginning	26,913,699	26,278,093
Total pension liability - ending (a)	<u>\$ 28,652,782</u>	<u>\$ 26,913,699</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,524,626	\$ 1,542,566
Contributions - state	-	269,818
Contributions - employee	-	259,097
Net investment income	1,384,374	1,401,812
Benefit payments, including refunds of member contributions	(1,806,573)	(1,426,754)
Administrative expenses	<u>(60,620)</u>	<u>(54,124)</u>
Net change in plan fiduciary net position	1,041,807	1,992,415
Plan fiduciary net position - beginning	14,663,400	12,670,985
Plan fiduciary net position - ending (b)	<u>\$ 15,705,207</u>	<u>\$ 14,663,400</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 12,947,575</u>	<u>\$ 12,250,299</u>
Plan fiduciary net position as a percentage of the total pension liability	54.81%	54.48%
Covered-employee payroll	\$ 849,832	\$ 2,590,971
Town's net pension liability as a percentage of covered-employee payroll	1523.55%	472.81%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES PENSION**

	2014	2013
Actuarially determined contribution	\$ 597,459	\$ 986,240
Contributions in relation to the actuarially determined contribution	597,459	986,240
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,373,718	\$ 2,558,341
Contributions as a percentage of covered-employee payroll	43.49%	38.55%

Notes to the Schedule:

Valuation Date October 1, 2012
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method:	Entry age normal actuarial cost method
Amortization method:	Level percentage of pay, closed
Remaining amortization period:	30 years (as of 10/1/2012)
Asset valuation method:	Each year, the actuarial value of assets is brought forward using the historical geometric four-year average market value return. Over time, this may result in a deminis bias that is above or below the market value of assets.
Inflation:	3.0% per year
Salary increases:	None (previously a schedule based on credited service). Projected salary through the freeze date is increased based on information provided by the Town to account for non-regular compensation.
Interest Rate:	7.0% per year, compounded annually, net of investment-related expenses
Payroll growth:	None
Retirement age:	The earlier of age 62 or age 55 and completion of 30 years of credited service. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	5% per year, for each year of eligibility, beginning at age 50 with 15 years of credited service.

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
POLICE PENSION**

	2014	2013
Actuarially determined contribution	\$ 633,590	\$ 902,207
Contributions in relation to the actuarially determined contribution	633,590	902,207
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 900,553	\$ 1,005,469
Contributions as a percentage of covered-employee payroll	70.36%	89.73%

Notes to the Schedule:

Valuation Date October 1, 2012
 Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding method:	Entry age normal actuarial cost method
Amortization method:	Level percentage of pay, closed
Remaining amortization period:	30 years (as of 10/1/2012)
Asset valuation method:	The actuarial value of assets is brought forward using the historical four-year geometric average of market value returns (net of fees). Over time, this may result in a deminis bias that is above or below the market value of assets.
Inflation:	3.0% per year
Salary increases:	None
Interest Rate:	7.5% per year, compounded annually, net of investment-related expenses
Payroll growth:	None
Retirement age:	The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	None

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIRE PENSION**

	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 1,524,626	\$ 1,812,384
Contributions in relation to the actuarially determined contribution	<u>1,524,626</u>	<u>1,812,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 849,832	\$ 2,590,971
Contributions as a percentage of covered-employee payroll	179.40%	69.95%

Notes to the Schedule:

Valuation Date	October 1, 2012
Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.	
Methods and assumptions used to determine contribution rates:	
Funding method:	Entry age normal actuarial cost method
Amortization method:	Level percentage of pay, closed
Remaining amortization period:	30 years (as of 10/1/2012)
Asset valuation method:	The actuarial value of assets is brought forward using the historical four-year geometric average of market value returns (net of fees). Over time, this may result in a deminis bias that is above or below the market value of assets.
Inflation:	3.0% per year
Salary increases:	N/A (Previously 6.0% per year until the assumed retirement age). Projected salary at the freeze date is adjustd based on the eligible estimated payouts provided by the Town as of September 21, 2013.
Interest Rate:	8.0% per year, compounded annually, net of investment-related expenses
Payroll growth:	None (previously 3.1% per year)
Cost of Living adjustment:	3.0% per year, beginning 5 years after retirement
Retirement age:	The earlier of age 60, age 55 with 10 years of credited service, or 25 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	N/A (previously commencing with attainment of early retirement status (age 45 with 15 years of service or age 50 with 10 years of service). Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year).

The schedule will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PENSION INVESTMENT RETURNS**

	<u>2014</u>	<u>2013</u>
General Employees:		
Annual money-weighted rate of return, net of investment expenses	9.53%	10.30%
Police:		
Annual money-weighted rate of return, net of investment expenses	9.94%	13.20%
Fire:		
Annual money-weighted rate of return, net of investment expenses	9.60%	10.62%

Notes to the Schedules:

The schedules will present 10 years of information once it is accumulated.

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
General Employees:						
10/1/2013	\$ 9,306,433	\$ 14,671,207	\$ 5,364,774	63.43%	N/A	N/A
10/1/2012	8,133,440	13,591,166	5,457,726	59.84%	2,402,728	227.15%
10/1/2011	7,293,178	13,688,407	6,395,229	53.28%	2,413,590	264.97%
10/1/2010	7,067,928	13,266,355	6,198,427	53.28%	2,612,601	237.25%
10/1/2009	7,387,522	13,759,135	6,371,613	53.69%	2,848,067	223.72%
10/1/2008	7,182,145	12,454,845	5,272,700	58.94%	2,902,474	172.42%
10/1/2007	8,634,553	12,794,985	4,160,432	67.48%	3,033,800	137.14%
10/1/2006	7,934,281	11,677,728	3,743,447	67.94%	3,170,797	118.06%
10/1/2005	6,911,035	10,593,880	3,682,845	65.24%	3,091,997	119.11%
10/1/2004	6,319,438	9,725,116	3,405,678	64.98%	2,944,775	115.65%
Police:						
10/1/2013	\$ 6,446,047	\$ 11,606,913	\$ 5,160,866	55.54%	N/A	N/A
10/1/2012	5,677,007	11,828,890	6,151,883	47.99%	1,001,603	614.20%
10/1/2011	4,902,682	10,784,254	5,881,572	45.46%	967,293	608.04%
10/1/2010	4,837,127	10,840,105	6,002,978	44.62%	871,703	688.65%
10/1/2009	4,941,954	10,975,790	6,033,836	45.03%	1,043,912	578.00%
10/1/2008	4,835,067	10,171,054	5,335,987	47.54%	1,189,694	448.52%
10/1/2007	4,990,471	9,494,028	4,503,557	52.56%	1,218,461	369.61%
10/1/2006	4,587,701	7,206,042	2,618,341	63.66%	1,095,238	239.07%
10/1/2005	4,292,743	6,843,316	2,550,573	62.73%	1,025,085	248.82%
10/1/2004	4,248,110	6,326,962	2,078,852	67.14%	997,837	208.34%
Fire:						
10/1/2013	14,260,344	26,913,699	12,653,355	52.99%	N/A	N/A
10/1/2012	12,743,682	27,693,570	14,949,888	46.02%	2,354,945	634.83%
10/1/2011	11,899,137	27,164,254	15,265,117	43.80%	2,476,609	616.37%
10/1/2010	11,770,977	26,130,298	14,359,321	45.05%	2,590,585	554.29%
10/1/2009	11,039,177	25,024,616	13,985,439	44.11%	2,670,074	523.78%
10/1/2008	10,542,260	22,967,953	12,425,693	45.90%	2,521,157	492.86%
10/1/2007	10,254,057	22,829,673	12,575,616	44.92%	2,622,998	479.44%
10/1/2006	9,015,742	18,478,105	9,462,363	48.79%	2,180,863	433.88%
10/1/2005	8,051,648	17,422,859	9,371,211	46.21%	2,269,491	412.92%
10/1/2004	7,376,890	14,527,020	7,150,130	50.78%	2,152,196	332.22%

Notes to the Schedule:

The above schedules were prepared in accordance with GASB Statement No. 27.

The actuarial assumptions used for the schedule are detailed in Note 2 of the financial statements – employer disclosure section.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects.

Infrastructure Surtax

To account for the Town's portion of the Sarasota County local option one-cent sales tax and expenditures made to acquire and maintain governmental infrastructure.

Beach Erosion Control District A

To account for the special taxing district's bond construction funds and collection of district taxes.

Tourist Development Tax

To account for the beach nourishment portion of tourist development tax revenues.

Beach Erosion Control District B

To account for the special taxing district's bond construction funds and collection of district taxes.

Tree Replacement Fund

To account for fees collected through permits for tree removal or relocation for which funds may only be used to plant or replace trees on public property. Funds may be used for Town or State projects that include trees.

Police Training

To account for revenue received through the court system which may only be used for police education and training.

Law Enforcement Fund (LETF)

To account for receipt of awards for information or assistance leading to a civil or criminal forfeiture. Funds are restricted to crime prevention, safe neighborhood, drug abuse education and prevention, other law enforcement purposes, defibrillators, matching funds for federal grants, but may not be used to meet normal operating expenses of the agency.

Tennis Fund

To account for the sales and expenses associated with running the Tennis Center facility.

Debt Service Funds

General Obligation Sewer Bonds

To account for the property tax collections for Sarasota and Manatee County collectors office and pays annual debt service payment on bonds.

General Obligation Facility Bonds

To account for the property tax collections for Sarasota and Manatee County collectors office and pays annual debt service payment on bonds.

TOWN OF LONGBOAT KEY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue Funds					
	Infrastructure Surtax	Tourist Development Tax	Beach District A	Beach District B	Tree Replacement	Police Training
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,298,423	1,750,098	103,195	1,459	43,095	63,689
Accounts receivable, net	-	-	-	-	-	-
Due from other governments	51,358	324,132	-	-	-	407
Inventory	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	223
Accrued income on investments	2,022	3,087	187	-	21	29
Total assets	<u>\$ 1,351,803</u>	<u>\$ 2,077,317</u>	<u>\$ 103,382</u>	<u>\$ 1,459</u>	<u>\$ 43,116</u>	<u>\$ 64,348</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Nonspendable	-	-	-	-	-	223
Restricted	1,345,488	2,077,317	103,382	1,459	43,116	64,125
Assigned	6,315	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,351,803</u>	<u>2,077,317</u>	<u>103,382</u>	<u>1,459</u>	<u>43,116</u>	<u>64,348</u>
Total liabilities and fund balances	<u>\$ 1,351,803</u>	<u>\$ 2,077,317</u>	<u>\$ 103,382</u>	<u>\$ 1,459</u>	<u>\$ 43,116</u>	<u>\$ 64,348</u>

		Debt Service Funds		Capital Project Funds					Total
Law Enforcement Trust	Tennis Center	General Obligation Sewer Bonds	General Obligation Facilities Bonds	Streets Capital Projects	Land Acquisition Fees	Facilities Capital Project	Canal Dredging	Parks and Recreation	Governmental Funds
\$ -	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200
179,242	-	-	4,716	340,816	460,213	-	409,219	160,413	4,814,578
-	1,450	-	-	-	-	-	-	-	1,450
-	-	-	1,587	-	-	-	-	-	377,484
-	55,809	-	-	-	-	-	-	-	55,809
-	-	-	-	-	-	-	-	-	223
85	-	-	137	838	2,621	-	685	396	10,108
<u>\$ 179,327</u>	<u>\$ 57,459</u>	<u>\$ -</u>	<u>\$ 6,440</u>	<u>\$ 341,654</u>	<u>\$ 462,834</u>	<u>\$ -</u>	<u>\$ 409,904</u>	<u>\$ 160,809</u>	<u>\$ 5,259,852</u>
\$ -	\$ 5,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,119
-	5,119	-	-	-	-	-	-	-	5,119
-	55,809	-	-	-	-	-	-	-	56,032
179,327	-	-	6,440	338,676	462,834	-	409,904	160,809	5,192,877
-	-	-	-	2,978	-	-	-	-	9,293
-	(3,469)	-	-	-	-	-	-	-	(3,469)
<u>179,327</u>	<u>52,340</u>	<u>-</u>	<u>6,440</u>	<u>341,654</u>	<u>462,834</u>	<u>-</u>	<u>409,904</u>	<u>160,809</u>	<u>5,254,733</u>
<u>\$ 179,327</u>	<u>\$ 57,459</u>	<u>\$ -</u>	<u>\$ 6,440</u>	<u>\$ 341,654</u>	<u>\$ 462,834</u>	<u>\$ -</u>	<u>\$ 409,904</u>	<u>\$ 160,809</u>	<u>\$ 5,259,852</u>

TOWN OF LONGBOAT KEY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue Funds					
	Infrastructure Surtax	Tourist Development Tax	Beach District A	Beach District B	Tree Replacement	Police Training
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	567,058	575,583	-	-	-	-
Grant	-	-	-	-	-	-
Fines and Miscellaneous	-	-	-	-	-	1,091
Income on investments	5,673	6,680	462	12	163	240
Total revenues	<u>572,731</u>	<u>582,263</u>	<u>462</u>	<u>12</u>	<u>163</u>	<u>1,331</u>
Expenditures						
Current						
General government	-	1,203	248	176	28	-
Public Safety	805	-	-	-	-	41
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital Outlay						
General government	-	-	-	-	-	-
Public Safety	312,101	-	-	-	-	-
Transportation	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>312,906</u>	<u>1,203</u>	<u>248</u>	<u>176</u>	<u>28</u>	<u>41</u>
Excess (deficiency) of revenues over expenditures	<u>259,825</u>	<u>581,060</u>	<u>214</u>	<u>(164)</u>	<u>135</u>	<u>1,290</u>
Other Financing Sources (Uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	(400,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>259,825</u>	<u>181,060</u>	<u>214</u>	<u>(164)</u>	<u>135</u>	<u>1,290</u>
Fund balances, beginning	<u>1,091,978</u>	<u>1,896,257</u>	<u>103,168</u>	<u>1,623</u>	<u>42,981</u>	<u>63,058</u>
Fund balances, ending	<u>\$ 1,351,803</u>	<u>\$ 2,077,317</u>	<u>\$ 103,382</u>	<u>\$ 1,459</u>	<u>\$ 43,116</u>	<u>\$ 64,348</u>

Law Enforcement Trust	Tennis Center	Debt Service Funds		Capital Project Funds					Total Governmental Funds
		General Obligation Sewer Bonds	General Obligation Facilities Bonds	Streets Capital Projects	Land Acquisition Fees	Facilities Capital Project	Canal Dredging	Parks and Recreation	
\$ -	\$ -	\$ -	\$ 255,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,270
-	-	-	-	-	404,796	-	-	-	1,547,437
-	-	-	-	-	-	-	-	7,240	7,240
-	-	-	-	-	-	-	-	-	1,091
678	-	-	1,457	1,631	6,560	-	1,752	572	25,880
678	-	-	256,727	1,631	411,356	-	1,752	7,812	1,836,918
-	-	-	131	285	792	-	288	112	3,263
117	-	-	-	-	-	-	-	-	963
-	-	-	255,000	-	-	-	-	-	255,000
-	-	-	34,829	-	-	-	-	-	34,829
-	-	-	-	-	1,524,154	-	-	-	1,524,154
-	-	-	-	-	-	-	-	-	312,101
-	-	-	-	63,936	-	-	-	-	63,936
-	-	-	-	-	-	-	-	7,360	7,360
117	-	-	289,960	64,221	1,524,946	-	288	7,472	2,201,606
561	-	-	(33,233)	(62,590)	(1,113,590)	-	1,464	340	(364,688)
-	52,340	-	3,702	-	-	-	-	-	56,042
-	-	(9,305)	-	-	-	(3,702)	-	-	(413,007)
-	52,340	(9,305)	3,702	-	-	(3,702)	-	-	(356,965)
561	52,340	(9,305)	(29,531)	(62,590)	(1,113,590)	(3,702)	1,464	340	(721,653)
178,766	-	9,305	35,971	404,244	1,576,424	3,702	408,440	160,469	5,976,386
\$ 179,327	\$ 52,340	\$ -	\$ 6,440	\$ 341,654	\$ 462,834	\$ -	\$ 409,904	\$ 160,809	\$ 5,254,733

TOWN OF LONGBOAT KEY, FLORIDA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Infrastructure Surtax / Sarasota	550,000	550,000	567,058	17,058
	<u>550,000</u>	<u>550,000</u>	<u>567,058</u>	<u>17,058</u>
Investment earnings				
Interest on Investments	12,000	12,000	8,838	(3,162)
Gain (Loss) on Sale of Investments	(5,000)	(5,000)	(3,165)	1,835
	<u>7,000</u>	<u>7,000</u>	<u>5,673</u>	<u>(1,327)</u>
Total Revenues	<u>557,000</u>	<u>557,000</u>	<u>572,731</u>	<u>15,731</u>
Expenditures				
Current				
Public safety				
Prof Services / Investment expense	-	-	805	(805)
Capital Outlay				
Public facility - interior painting	-	10,000	7,426	2,574
Public facility - floor covering	-	10,000	3,851	6,149
Public facility - roof repairs	-	10,000	-	10,000
Public facility - server replacement	-	96,000	85,907	10,093
Public facility - telephone system	-	85,000	-	85,000
Police patrol vehicles	-	131,016	126,144	4,872
Police detective SUV	-	88,773	88,773	-
Police radio equipment	-	104,000	-	104,000
Total expenditures	<u>-</u>	<u>534,789</u>	<u>312,906</u>	<u>221,883</u>
Excess of revenues over expenditures	<u>557,000</u>	<u>22,211</u>	<u>259,825</u>	<u>237,614</u>
Other financing uses				
Transfers out - General Fund	(449,000)	-	-	-
Total other financing sources (uses)	<u>(449,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	108,000	22,211	259,825	237,614
Fund balance, beginning of year	<u>1,091,978</u>	<u>1,091,978</u>	<u>1,091,978</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,199,978</u>	<u>\$ 1,114,189</u>	<u>\$ 1,351,803</u>	<u>\$ 237,614</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - TOURIST DEVELOPMENT TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Tourist Development Tax / Sarasota	\$ 380,000	\$ 380,000	\$ 324,132	\$ (55,868)
Tourist Development Tax / Manatee	228,000	228,000	251,451	23,451
	<u>608,000</u>	<u>608,000</u>	<u>575,583</u>	<u>(32,417)</u>
Investment earnings				
Interest on Investments	24,500	24,500	13,435	(11,065)
Gain (Loss) on Sale of Investments	(1,500)	(1,500)	(6,755)	(5,255)
	<u>23,000</u>	<u>23,000</u>	<u>6,680</u>	<u>(16,320)</u>
Total Revenues	<u>631,000</u>	<u>631,000</u>	<u>582,263</u>	<u>(48,737)</u>
Expenditures				
Current				
General government				
Prof Services / Investment expense	-	-	1,203	(1,203)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,203</u>	<u>(1,203)</u>
Excess of revenues over expenditures	<u>631,000</u>	<u>631,000</u>	<u>581,060</u>	<u>(49,940)</u>
Other financing uses				
Transfers out - Capital Projects Fund	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Change in fund balance	231,000	231,000	181,060	(49,940)
Fund balance, beginning of year	<u>1,896,257</u>	<u>1,896,257</u>	<u>1,896,257</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,127,257</u>	<u>\$ 2,127,257</u>	<u>\$ 2,077,317</u>	<u>\$ (49,940)</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BEACH DISTRICT A FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	1,000	1,000	819	(181)
Gain (Loss) on Sale of Investments	(200)	(200)	(357)	(157)
	<u>800</u>	<u>800</u>	<u>462</u>	<u>(338)</u>
Total Revenues	<u>800</u>	<u>800</u>	<u>462</u>	<u>(338)</u>
Expenditures				
Current				
General government				
Prof Services / Investment expense	-	-	73	(73)
Miscellaneous	175	175	175	-
Total expenditures	<u>175</u>	<u>175</u>	<u>248</u>	<u>(73)</u>
Change in fund balance	625	625	214	(411)
Fund balance, beginning of year	<u>103,168</u>	<u>103,168</u>	<u>103,168</u>	<u>-</u>
Fund balance, end of year	<u>\$ 103,793</u>	<u>\$ 103,793</u>	<u>\$ 103,382</u>	<u>\$ (411)</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BEACH DISTRICT B FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	-	-	13	13
Gain (Loss) on Sale of Investments	-	-	(1)	(1)
	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
 Total Revenues	 <u>-</u>	 <u>-</u>	 <u>12</u>	 <u>12</u>
Expenditures				
Current				
General government				
Prof Services / Investment expense	-	-	1	(1)
Miscellaneous	175	175	175	-
Total expenditures	<u>175</u>	<u>175</u>	<u>176</u>	<u>(1)</u>
 Change in fund balance	 (175)	 (175)	 (164)	 11
 Fund balance, beginning of year	 <u>1,623</u>	 <u>1,623</u>	 <u>1,623</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 1,448</u>	 <u>\$ 1,448</u>	 <u>\$ 1,459</u>	 <u>\$ 11</u>

TOWN OF LONGBOAT KEY, FLORIDA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	-	-	312	312
Gain (Loss) on Sale of Investments	-	-	(149)	(149)
	<u>-</u>	<u>-</u>	<u>163</u>	<u>163</u>
 Total Revenues	 <u>-</u>	 <u>-</u>	 <u>163</u>	 <u>163</u>
Expenditures				
Current				
General government				
Prof Services / Investment expense	-	-	28	(28)
Total expenditures	<u>-</u>	<u>-</u>	<u>28</u>	<u>(28)</u>
 Change in fund balance	 -	 -	 135	 135
 Fund balance, beginning of year	 <u>42,981</u>	 <u>42,981</u>	 <u>42,981</u>	 <u>-</u>
 Fund balance, end of year	 <u><u>\$ 42,981</u></u>	 <u><u>\$ 42,981</u></u>	 <u><u>\$ 43,116</u></u>	 <u><u>\$ 135</u></u>

TOWN OF LONGBOAT KEY, FLORIDA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures				
Police education fines / Sarasota	\$ -	\$ -	\$ 862	\$ 862
Police education fines / Manatee	-	-	229	229
	<u>-</u>	<u>-</u>	<u>1,091</u>	<u>1,091</u>
Investment earnings				
Interest on Investments	-	-	458	458
Gain (Loss) on Sale of Investments	-	-	(218)	(218)
	<u>-</u>	<u>-</u>	<u>240</u>	<u>240</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>1,331</u>	<u>1,331</u>
Expenditures				
Current				
Public safety				
Prof Services / Investment expense	-	-	41	(41)
Total expenditures	<u>-</u>	<u>-</u>	<u>41</u>	<u>(41)</u>
Change in fund balance	-	-	1,290	1,290
Fund balance, beginning of year	<u>63,058</u>	<u>63,058</u>	<u>63,058</u>	<u>-</u>
Fund balance, end of year	<u>\$ 63,058</u>	<u>\$ 63,058</u>	<u>\$ 64,348</u>	<u>\$ 1,290</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	-	-	1,296	1,296
Gain (Loss) on Sale of Investments	-	-	(618)	(618)
	<u>-</u>	<u>-</u>	<u>678</u>	<u>678</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>678</u>	<u>678</u>
Expenditures				
Current				
Public safety				
Prof Services / Investment expense	-	-	117	(117)
Total expenditures	<u>-</u>	<u>-</u>	<u>117</u>	<u>(117)</u>
Change in fund balance	-	-	561	561
Fund balance, beginning of year	<u>178,766</u>	<u>178,766</u>	<u>178,766</u>	<u>-</u>
Fund balance, end of year	<u>\$ 178,766</u>	<u>\$ 178,766</u>	<u>\$ 179,327</u>	<u>\$ 561</u>

TOWN OF LONGBOAT KEY, FLORIDA

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	-	-	-	-
Gain (Loss) on Sale of Investments	-	-	-	-
	-	-	-	-
Total Revenues	-	-	-	-
Other financing sources				
Transfers in - General Fund	-	-	52,340	52,340
Total other financing sources	-	-	52,340	52,340
Change in fund balance	-	-	52,340	52,340
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 52,340	\$ 52,340

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - G.O. SEWER BONDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	-	-	-	-
Gain (Loss) on Sale of Investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses				
Transfers out - General Fund	(9,325)	(9,325)	(9,305)	20
Total other financing uses	<u>(9,325)</u>	<u>(9,325)</u>	<u>(9,305)</u>	<u>20</u>
Change in fund balance	(9,325)	(9,325)	(9,305)	20
Fund balance, beginning of year	<u>9,305</u>	<u>9,305</u>	<u>9,305</u>	<u>-</u>
Fund balance, end of year	<u>\$ (20)</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 20</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - G.O. FACILITIES BONDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes				
Ad Valorem Taxes / Sarasota County	\$ 184,498	\$ 184,498	\$ 185,080	\$ 582
Ad Valorem Taxes / Manatee County	70,543	70,543	70,190	(353)
	<u>255,041</u>	<u>255,041</u>	<u>255,270</u>	<u>229</u>
Investment earnings				
Interest on Investments	2,000	2,000	1,315	(685)
Gain (Loss) on Sale of Investments	(500)	(500)	142	642
	<u>1,500</u>	<u>1,500</u>	<u>1,457</u>	<u>(43)</u>
 Total Revenues	 <u>256,541</u>	 <u>256,541</u>	 <u>256,727</u>	 <u>186</u>
Expenditures				
Current				
General government				
Prof Services / Investment expense	-	-	131	(131)
Debt service				
Principal retirement	255,000	255,000	255,000	-
Interest	34,829	34,829	34,829	-
Total expenditures	<u>289,829</u>	<u>289,829</u>	<u>289,960</u>	<u>(131)</u>
 Deficiency of revenues under expenditures	 <u>(33,288)</u>	 <u>(33,288)</u>	 <u>(33,233)</u>	 <u>55</u>
Other financing sources				
Transfers in - Facilities Capital Projects	3,715	3,715	3,702	(13)
Total other financing sources	<u>3,715</u>	<u>3,715</u>	<u>3,702</u>	<u>(13)</u>
 Change in fund balance	 <u>(29,573)</u>	 <u>(29,573)</u>	 <u>(29,531)</u>	 <u>42</u>
 Fund balance, beginning of year	 <u>35,971</u>	 <u>35,971</u>	 <u>35,971</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 6,398</u>	 <u>\$ 6,398</u>	 <u>\$ 6,440</u>	 <u>\$ 42</u>

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Pension Trust Funds

To account for the Town's single employer defined benefit pension plans which provides pension benefits for full-time personnel.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Code Enforcement Bond Fund

The Town holds bond money as security for changes which need to remedy violations of the Town Code.

Solid Waste Fund

The Town bills and collects solid waste and recycling fees through its water and sewer billing system and remits fees to the Town's contracted hauler.

Police Donation Fund

The Town allows the Police Department to accept contributions in lieu of gratuities and provide a general use and benefit to the members of the Police Department.

Fire Donation Fund

The Town allows the Fire Department to accept contributions in lieu of gratuities and provide a general use and benefit to the members of the Fire Department.

TOWN OF LONGBOAT KEY, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2014**

	Code Enforcement	Solid Waste	Police Donations	Total
Assets				
Cash and cash equivalents	\$ 63,625	\$ 43,085	\$ 18,663	\$ 125,373
Other assets	-	45,345	-	45,345
Total assets	<u>\$ 63,625</u>	<u>\$ 88,430</u>	<u>\$ 18,663</u>	<u>\$ 170,718</u>
Liabilities				
Amounts held as agent for others	63,625	88,430	18,663	170,718
Total liabilities	<u>\$ 63,625</u>	<u>\$ 88,430</u>	<u>\$ 18,663</u>	<u>\$ 170,718</u>

TOWN OF LONGBOAT KEY, FLORIDA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Balance 10/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2014</u>
<u>Code Enforcement Fund</u>				
Assets				
Cash and cash equivalents	\$ 63,637	\$ -	\$ -	\$ 63,625
Total assets	<u>\$ 63,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,625</u>
Liabilities				
Amounts held as agent for others	63,637	-	-	63,637
Total liabilities	<u>\$ 63,637</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,637</u>
<u>Solid Waste Fund</u>				
Assets				
Cash and cash equivalents	\$ 50,677	\$ 602,124	\$ 609,716	\$ 43,085
Other assets	69,163	576,306	600,124	45,345
Total assets	<u>\$ 119,840</u>	<u>\$ 1,178,430</u>	<u>\$ 1,209,840</u>	<u>\$ 88,430</u>
Liabilities				
Amounts held as agent for others	119,840	1,178,430	1,209,840	88,430
Total liabilities	<u>\$ 119,840</u>	<u>\$ 1,178,430</u>	<u>\$ 1,209,840</u>	<u>\$ 88,430</u>
<u>Police Donations Fund</u>				
Assets				
Cash and cash equivalents	\$ 18,536	\$ 4,191	\$ 4,064	\$ 18,663
Total assets	<u>\$ 18,536</u>	<u>\$ 4,191</u>	<u>\$ 4,064</u>	<u>\$ 18,663</u>
Liabilities				
Amounts held as agent for others	18,536	4,191	4,064	18,663
Total liabilities	<u>\$ 18,536</u>	<u>\$ 4,191</u>	<u>\$ 4,064</u>	<u>\$ 18,663</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 132,850	\$ 602,124	\$ 609,601	\$ 125,373
Other assets	69,163	576,306	600,124	45,345
Total assets	<u>\$ 202,013</u>	<u>\$ 1,178,430</u>	<u>\$ 1,209,725</u>	<u>\$ 170,718</u>
Liabilities				
Amounts held as agent for others	202,013	1,178,430	1,209,725	170,718
Total liabilities	<u>\$ 202,013</u>	<u>\$ 1,178,430</u>	<u>\$ 1,209,725</u>	<u>\$ 170,718</u>

Statistical Section

This part of the Town of Longboat Key'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 Town's overall financial health.

Contents

Financial Trends (Pages 106 – 110) (Tables 1 – 4)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being has changed over time.

Revenue Capacity (Pages 111 – 114) (Tables 5 – 8)

These schedules contain information to help the reader assess the Town's most significant sources of revenue.

Debt Capacity (Pages 115 – 118) (Tables 9 – 12)

These schedules contain information to help the reader assess the affordability of the Town's current level of debt and the Town's ability to issue debt in the future.

Demographics and Economic Information (Pages 119 and 120) (Tables 13 and 14)

These schedules offer demographics and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information (Pages 121 – 123) (Tables 15 – 17)

These schedules contain information regarding the number of employees, the operating indicators, and the capital assets used in the various functions and programs

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

TOWN OF LONGBOAT KEY, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Table 1)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 25,215,831	\$ 41,882,184	\$ 42,290,238	\$ 42,894,752	\$ 43,964,904	\$ 47,245,000	\$ 52,337,893	\$ 50,178,473	\$ 47,891,475	\$ 46,906,127
Restricted										
Capital projects	-	-	-	-	-	-	-	-	13,087,478	11,402,376
Debt service	-	-	-	-	-	-	-	-	45,276	6,440
Unrestricted	30,981,666	21,372,081	25,708,253	25,995,939	25,556,164	23,223,474	16,439,938	17,433,460	2,764,712	3,907,538
Total governmental activities net assets	<u>\$ 56,197,497</u>	<u>\$ 63,254,265</u>	<u>\$ 67,998,491</u>	<u>\$ 68,890,691</u>	<u>\$ 69,521,068</u>	<u>\$ 70,468,474</u>	<u>\$ 68,777,831</u>	<u>\$ 67,611,933</u>	<u>\$ 63,788,941</u>	<u>\$ 62,222,481</u>
Business-type activities										
Net investment in capital assets	\$ 5,461,454	\$ 5,467,196	\$ 10,781,157	\$ 12,873,521	\$ 6,703,052	\$ 13,979,979	\$ 16,834,998	\$ 14,945,148	\$ 13,353,674	\$ 14,194,467
Restricted										
Debt Service	976,562	977,158	549,531	439,625	439,625	439,625	439,625	439,625	1,067,550	1,067,543
Renewal and Replacement	-	-	484,332	597,497	9,933,478	10,078,892	5,735,449	3,672,943	-	-
Connection fees	2,815,148	2,864,492	2,924,435	2,962,633	2,988,697	3,012,774	3,026,870	3,036,737	1,294,486	1,300,057
Water and sewer revenue reserve	-	-	-	108,500	108,138	-	-	-	-	-
Unrestricted	6,052,515	9,751,124	7,949,484	8,522,334	8,034,429	2,540,724	5,609,562	10,100,635	16,672,366	16,498,288
Total business-type activities net assets	<u>\$ 15,305,679</u>	<u>\$ 19,059,970</u>	<u>\$ 22,688,939</u>	<u>\$ 25,504,110</u>	<u>\$ 28,207,419</u>	<u>\$ 30,051,994</u>	<u>\$ 31,646,504</u>	<u>\$ 32,195,088</u>	<u>\$ 32,388,076</u>	<u>\$ 33,060,355</u>
Primary government										
Net investment in capital assets	\$ 30,677,285	\$ 47,349,380	\$ 53,071,395	\$ 55,768,273	\$ 50,667,956	\$ 61,224,979	\$ 69,172,891	\$ 65,123,621	\$ 61,245,149	\$ 61,100,594
Restricted										
Capital projects	-	-	-	-	-	-	-	-	13,087,478	11,402,376
Debt Service	976,562	977,158	549,531	439,625	439,625	439,625	439,625	439,625	1,112,826	1,073,983
Renewal and Replacement	-	-	484,332	597,497	9,933,478	10,078,892	5,735,449	3,672,943	-	-
Connection fees	2,815,148	2,864,492	2,924,435	2,962,633	2,988,697	3,012,774	3,026,870	3,036,737	1,294,486	1,300,057
Water and sewer revenue reserve	-	-	-	108,500	108,138	-	-	-	-	-
Unrestricted	37,034,181	31,123,205	33,657,737	34,518,273	33,590,593	25,764,198	22,049,500	27,534,095	19,437,078	20,405,826
Total primary government net assets	<u>\$ 71,503,176</u>	<u>\$ 82,314,235</u>	<u>\$ 90,687,430</u>	<u>\$ 94,394,801</u>	<u>\$ 97,728,487</u>	<u>\$ 100,520,468</u>	<u>\$ 100,424,335</u>	<u>\$ 99,807,021</u>	<u>\$ 96,177,017</u>	<u>\$ 95,282,836</u>

TOWN OF LONGBOAT KEY, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Table 2)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 5,629,984	\$ 6,025,745	\$ 5,908,741	\$ 5,994,425	\$ 6,492,935	\$ 6,053,957	\$ 7,467,428	\$ 7,296,613	\$ 4,794,174	\$ 4,412,661
Public safety	6,090,821	6,329,436	8,279,922	7,077,431	6,868,927	6,594,044	7,022,706	6,675,600	9,648,821	9,276,537
Transportation	918,564	471,559	601,173	800,339	735,368	779,937	507,134	735,024	837,858	882,169
Economic Environment	-	-	-	-	27,477	27,381	69,300	8,990	10,262	4,069,126
Culture & recreation	2,792,705	1,788,228	3,573,199	3,724,306	2,923,280	2,970,085	3,146,845	3,861,447	3,960,972	-
Interest on long-term debt	666,031	673,380	583,349	477,593	377,878	281,042	92,512	70,462	40,145	34,829
Total governmental activities expenses	16,098,105	15,288,348	18,946,384	18,074,094	17,425,865	16,706,446	18,305,925	18,648,136	19,292,232	18,675,322
Business-type activities:										
Water and sewer	4,671,948	4,608,751	4,947,613	4,650,462	4,704,066	5,042,936	5,533,338	5,926,342	6,196,380	6,234,131
Building Department	-	-	-	897,275	694,992	482,307	533,565	522,213	578,350	719,762
Total business-type activities	4,671,948	4,608,751	4,947,613	5,547,737	5,399,058	5,525,243	6,066,903	6,448,555	6,774,730	6,953,893
Total primary government expenses	\$ 20,770,053	\$ 19,897,099	\$ 23,893,997	\$ 23,621,831	\$ 22,824,923	\$ 22,231,689	\$ 24,372,828	\$ 25,096,691	\$ 26,066,962	\$ 25,629,215
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,777,242	\$ 2,458,102	\$ 2,198,335	\$ 104,807	\$ 67,916	\$ 133,174	\$ 62,779	\$ 132,563	\$ 194,057	\$ 53,176
Public safety	252,380	255,789	36,349	298,350	314,869	320,239	322,745	243,276	232,970	352,312
Transportation	-	-	39,681	45,393	80,525	40,491	44,385	14,050	74,253	39,975
Culture & recreation	350,686	361,290	2,733	340,423	415,772	420,025	469,975	493,120	442,788	557,692
Operating grants and contributions	959,225	1,447,422	43,062	-	153,441	146,878	130,882	342,084	199,421	506,453
Capital grants and contributions	91,846	2,223,624	3,484,766	177,248	462,453	424,792	571,183	1,837,074	8,236	49,418
Total governmental activities program revenues	4,431,379	6,746,227	5,804,926	966,221	1,494,976	1,485,599	1,601,949	3,062,167	1,151,725	1,559,026
Business-type activities:										
Charges for services:										
Water and sewer	7,011,875	7,884,422	8,106,980	8,114,443	8,161,663	7,498,653	7,262,114	7,128,657	7,284,125	7,417,037
Building Department	-	-	-	980,050	821,342	975,460	933,697	1,083,741	866,011	1,518,265
Operating grants and contributions	4,551	4,357	5,307	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	613,668	-	31,022	-
Total business-type activities program revenues	7,016,426	7,888,779	8,112,287	9,094,493	8,983,005	8,474,113	8,809,479	8,212,398	8,181,158	8,935,302
Total primary government program revenues	\$ 11,447,805	\$ 14,635,006	\$ 13,917,213	\$ 10,060,714	\$ 10,477,981	\$ 9,959,712	\$ 10,411,428	\$ 11,274,565	\$ 9,332,883	\$ 10,494,328
Net (Expense)/Revenue										
Governmental activities	\$ (11,666,726)	\$ (8,542,121)	\$ (13,141,458)	\$ (17,107,873)	\$ (15,930,889)	\$ (15,220,847)	\$ (16,703,976)	\$ (15,585,969)	\$ (18,140,507)	\$ (17,116,296)
Business-type activities	2,344,478	3,280,028	3,164,674	3,546,756	3,583,947	2,948,870	2,742,576	1,763,843	1,406,428	1,981,409
Total primary government net expense	\$ (9,322,248)	\$ (5,262,093)	\$ (9,976,784)	\$ (13,561,117)	\$ (12,346,942)	\$ (12,271,977)	\$ (13,961,400)	\$ (13,822,126)	\$ (16,734,079)	\$ (15,134,887)

TOWN OF LONGBOAT KEY, FLORIDA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Table 2)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 10,153,257	\$ 10,903,316	\$ 11,704,884	\$ 11,856,511	\$ 11,204,310	\$ 10,258,192	\$ 9,247,176	\$ 8,776,567	\$ 8,576,215	\$ 9,707,955
Gasoline taxes	552,259	540,676	522,613	507,807	489,367	490,026	487,002	515,847	389,503	411,864
Sales taxes	815,625	830,079	1,413,737	1,256,289	1,100,986	1,082,606	1,127,784	1,128,388	1,160,767	1,223,709
State revenue sharing	574,902	572,877	598,886	603,664	680,595	602,486	591,914	612,738	570,126	587,946
Business Tax	-	-	112,016	175,361	198,083	158,263	166,731	503,673	502,206	958,116
Tourist tax	633,270	571,529	583,205	599,800	635,662	614,800	542,761	496,733	509,370	294,611
Franchise tax	948,406	1,090,604	1,112,370	1,088,276	1,118,650	1,020,208	980,723	896,715	812,026	575,583
Licenses and Permits	-	-	-	39,785	-	-	-	-	-	-
Income on Investments	937,899	1,122,929	1,726,767	838,643	133,952	550,321	181,250	134,982	51,128	121,010
Miscellaneous	40,864	40,021	38,064	43,189	75,191	106,746	413,975	101,035	162,869	272,137
Net Transfers	-	-	-	990,748	924,470	1,284,605	1,262,605	1,264,805	1,262,605	1,383,855
Total governmental activities	14,656,482	15,672,031	17,812,542	18,000,073	16,561,266	16,168,253	15,001,921	14,431,483	13,996,815	15,536,786
Business-type activities:										
Income on Investments	199,815	474,263	461,167	259,163	153,267	180,310	114,539	49,546	35,522	(14,541)
Gain on disposal of capital assets	-	-	3,128	-	(115,305)	-	-	-	-	-
Miscellaneous	-	-	-	-	5,870	-	-	-	13,644	-
Net Transfers	-	-	-	(990,748)	(924,470)	(1,284,605)	(1,262,605)	(1,264,805)	(1,262,605)	(1,383,855)
Total business-type activities	199,815	474,263	464,295	(731,585)	(880,638)	(1,104,295)	(1,148,066)	(1,215,259)	(1,213,439)	(1,398,396)
Total primary government	14,856,297	16,146,294	18,276,837	17,268,488	15,680,628	15,063,958	13,853,855	13,216,224	12,783,376	14,138,390
Change in Net Position										
Governmental activities	\$ 2,989,756	\$ 7,129,910	\$ 4,671,084	\$ 892,200	\$ 630,377	\$ 947,406	\$ (1,702,055)	\$ (1,154,486)	\$ (4,143,692)	\$ (1,579,510)
Business-type activities	2,544,293	3,754,291	3,628,969	2,815,171	2,703,309	1,844,575	1,594,510	548,584	192,989	583,013
Total primary government	\$ 5,534,049	\$ 10,884,201	\$ 8,300,053	\$ 3,707,371	\$ 3,333,686	\$ 2,791,981	\$ (107,545)	\$ (605,902)	\$ (3,950,703)	\$ (996,497)

TOWN OF LONGBOAT KEY, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (Table 3)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 502,669	\$ 235,837	\$ 267,232	\$ 166,392	\$ 335,340	\$ 1,381,392				
Building Division	-	-	695,019	-	-	-				
Unreserved	5,555,601	6,267,721	4,819,326	5,098,242	5,166,748	3,986,168				
Total general fund	<u>\$ 6,058,270</u>	<u>\$ 6,503,558</u>	<u>\$ 5,781,577</u>	<u>\$ 5,264,634</u>	<u>\$ 5,502,088</u>	<u>\$ 5,367,560</u>				
All Other Governmental Funds										
Reserved	\$ 11,892,695	\$ 436,225	\$ 147,430	\$ 257,877	\$ 2,118,714	\$ 461,414				
Unreserved, reported in:										
Special revenue funds	5,824,404	6,664,778	8,016,575	9,378,505	8,888,713	7,847,267				
Debt service funds	2,409	2,440	13,552	24,391	32,534	41,372				
Capital projects funds	7,427,452	8,061,199	12,256,600	11,496,487	9,481,773	10,012,269				
Total all other governmental funds	<u>\$ 25,146,960</u>	<u>\$ 15,164,642</u>	<u>\$ 20,434,157</u>	<u>\$ 21,157,260</u>	<u>\$ 20,521,734</u>	<u>\$ 18,362,322</u>				
General Fund										
Nonspendable							154,260	116,818	159,043	10,412
Committed							1,000,000	1,000,000	-	-
Assigned							486,253	393,857	1,706,941	1,771,647
Unassigned							3,369,650	2,953,482	1,313,072	2,398,106
Total general fund							<u>\$ 5,010,163</u>	<u>\$ 4,464,157</u>	<u>\$ 3,179,056</u>	<u>\$ 4,180,165</u>
All Other Governmental Funds										
Nonspendable, reported in:										
Special Revenue Funds							\$ -	\$ -	\$ -	\$ 56,032
Restricted, reported in:										
Special Revenue Funds							5,297,690	5,899,155	5,495,810	5,585,642
Debt Service Funds							65,718	80,656	45,276	6,440
Capital Projects Funds							6,061,009	7,380,539	7,591,668	5,816,734
Assigned							560,440	197,275	238,102	331,346
Unassigned							-	-	-	(3,469)
Total all other governmental funds							<u>\$ 11,984,857</u>	<u>\$ 13,557,625</u>	<u>\$ 13,370,856</u>	<u>\$ 11,792,725</u>

Note: GASB 54 was implemented during fiscal year 2011.

TOWN OF LONGBOAT KEY, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Table 4)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 10,153,257	\$ 10,903,316	\$ 11,704,884	\$ 11,856,511	\$ 11,714,672	\$ 10,257,437	\$ 9,247,176	\$ 8,776,567	\$ 8,576,215	\$ 9,707,955
Other taxes	1,337,523	1,272,972	1,236,895	1,185,498	1,323,112	1,698,975	1,646,303	1,995,198	1,912,164	2,170,345
Licenses and permits	1,987,559	1,509,921	1,078,428	181,301	26,683	25,324	23,795	31,971	27,758	36,586
Intergovernmental	2,216,737	2,771,012	2,130,367	1,865,298	1,271,219	1,274,719	1,286,117	1,295,746	1,270,315	1,328,164
Charges for services	627,584	573,300	587,447	705,915	814,835	863,614	869,432	817,473	865,228	878,995
Franchise	948,406	1,090,604	1,112,370	1,088,276	1,118,650	1,020,128	980,723	896,715	812,026	958,116
Fines/miscellaneous/interest	1,832,452	4,183,162	6,038,473	1,092,743	613,151	657,380	585,654	236,017	224,106	406,188
Grants	-	-	-	-	615,894	571,670	702,065	2,179,158	198,123	151,075
Land acquisition	42,909	220,163	-	-	-	-	-	-	-	-
Total revenues	19,146,427	22,524,450	23,888,864	17,975,542	17,498,216	16,369,247	15,341,265	16,228,845	13,885,935	15,637,424
Expenditures										
General government	4,986,832	5,734,955	6,219,824	5,687,372	6,229,730	5,705,494	7,156,191	7,037,417	4,528,112	4,098,356
Physical environment	5,821,758	14,245,986	6,213	-	-	-	-	-	-	-
Public safety	5,674,612	5,888,579	6,942,090	6,866,816	6,481,483	6,134,442	6,277,819	6,175,591	9,173,803	8,720,902
Transportation	676,201	881,001	637,096	555,889	477,998	507,587	507,134	507,735	609,835	629,488
Economic Environment	-	-	-	-	27,477	27,381	69,300	8,990	8,987	-
Culture and recreation	766,940	724,365	1,508,115	762,602	722,927	702,745	765,943	688,400	755,428	807,203
Debt service										
Principal retirement	575,000	2,885,000	2,960,000	3,055,000	3,059,454	2,920,000	5,425,000	220,000	245,000	255,000
Interest	651,460	671,899	570,148	467,621	142,993	276,233	89,916	70,462	40,145	34,829
Fiscal charges	14,571	1,481	13,201	9,972	431	4,809	2,596	-	-	-
Capital outlay	856,053	992,761	484,644	1,354,858	1,678,265	3,669,101	5,386,179	1,758,293	1,579,802	3,183,023
Total expenditures	20,023,427	32,026,027	19,341,331	18,760,130	18,820,758	19,947,792	25,680,078	16,466,888	16,941,112	17,728,801
Excess of revenues over (under) expenditures	(877,000)	(9,501,577)	4,547,533	(784,588)	(1,322,542)	(3,578,545)	(10,338,813)	(238,043)	(3,055,177)	(2,091,377)
Other Financing Sources (uses)										
Bond proceeds	-	-	-	-	-	-	2,355,000	-	-	-
Payment to escrow agent	-	-	-	-	-	-	(13,654)	-	-	-
Transfers in	3,638,176	3,640,545	4,303,693	4,627,985	5,971,869	6,422,389	5,452,360	2,292,605	3,480,482	2,646,206
Transfers out	(3,638,176)	(3,640,545)	(4,303,693)	(3,637,237)	(5,047,399)	(5,137,784)	(4,189,755)	(1,027,800)	(2,217,877)	(1,262,351)
Total other financing sources (uses)	-	-	-	990,748	924,470	1,284,605	3,603,951	1,264,805	1,262,605	1,383,855
Net change in fund balances	\$ (877,000)	\$ (9,501,577)	\$ 4,547,533	\$ 206,160	\$ (398,072)	\$ (2,293,940)	\$ (6,734,862)	\$ 1,026,762	\$ (1,792,572)	\$ (707,522)
Debt service as a percentage of noncapital expendit	6%	11%	19%	20%	11%	19%	20%	2%	2%	2%

TOWN OF LONGBOAT KEY, FLORIDA

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)
(Table 5)**

Fiscal Year	Real and Personal Property Sarasota County	Real and Personal Property Manatee County	Total Assessed Value	Estimated Actual Value ⁽¹⁾	Total Direct Tax Rate	Ratio Of Total Assessed To Total Estimated Actual Value
2005	\$ 3,666,581,208	\$ 1,347,923,180	\$ 5,014,504,388	\$ 5,014,504,388	1.6360	100%
2006	4,157,146,112	1,538,478,499	5,695,624,611	5,695,624,611	1.5849	100%
2007	4,742,440,174	1,812,608,364	6,555,048,538	6,555,048,538	1.5011	100%
2008	4,732,518,406	1,874,290,960	6,606,809,366	6,606,809,365	1.5098	100%
2009	4,236,364,578	1,718,513,521	5,954,878,099	5,954,878,099	1.5583	100%
2010	3,481,431,456	1,371,391,139	4,852,822,595	4,852,822,595	1.5554	100%
2011	3,345,287,529	1,299,318,422	4,644,605,951	4,644,605,951	1.9588	100%
2012	3,304,226,339	1,276,571,873	4,580,798,212	4,580,798,212	1.9549	100%
2013	3,301,413,064	1,276,173,127	4,577,586,191	4,577,586,191	1.9436	100%
2014	3,400,782,934	1,297,409,359	4,698,192,293	4,698,192,293	2.1320	100%

SOURCE: Certification from County Property Appraisers Offices - Sarasota and Manatee Counties.

Note: The year indicated is for the fiscal year ended September 30. The amounts indicated are for valuations established as of the prior January 1. As an example, the 2014 Sarasota County valuation of \$3,400,782,934 represents valuations as of January 1, 2013. Taxes were collected during 2013/2014.

(1) The property appraisers have always maintained that assessments were at 100% of actual value; and there was no independent attempt to establish an estimated actual value.

TOWN OF LONGBOAT KEY, FLORIDA

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)
(Table 6)**

Fiscal Year	Town Direct Rates			Overlapping Rates			
	Operating Millage	General Obligation Debt Service	Total Direct Rate	⁽¹⁾ Beach Erosion Control District A	District B	Manatee County	Sarasota County
2005	1.5000	0.1360	1.6360	0.6013	0.1504	16.6488	13.9029
2006	1.4650	0.1199	1.5849	0.5781	0.1445	16.3962	13.3769
2007	1.4175	0.0836	1.5011	0.5044	0.1261	15.8571	12.5259
2008	1.4062	0.1036	1.5098	0.5011	0.1253	14.7309	11.9768
2009	1.5000	0.0583	1.5583	0.5520	0.1380	14.4501	11.8988
2010	1.4903	0.0651	1.5554	0.6146	0.1536	14.6371	12.4261
2011	1.8872	0.0716	1.9588	-	-	14.7045	12.8905
2012	1.8872	0.0677	1.9549	-	-	14.9504	12.4919
2013	1.8872	0.0564	1.9436	-	-	14.5824	12.7257
2014	2.0760	0.0560	2.1320	-	-	14.3360	12.6597

SOURCE: Town's Financial records and Property Appraiser's Office in Sarasota and Manatee Counties.

NOTE: The Town of Longboat Key is located within two counties. Taxpayers pay taxes to the County in which they reside. Taxes are collected by both Counties and distributed to the Town. The year indicates the year taxes are collected. Assessments are based on the valuations as of January 1 of the previous year. As an example, 2014 direct tax rate of 2.132 applies to valuations as of January 1, 2013.

⁽¹⁾ The Town has two dependent special districts that were created for beach erosion control. District A is primarily beachfront properties, while District B encompasses all other properties on Longboat Key.

TOWN OF LONGBOAT KEY, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS
 SEPTEMBER 30, 2014
 (Table 7)

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Avenue of the Flowers LLC	\$ 22,328,700	1	0.48%			
OPROCK Longboat (Hilton)	16,500,000	2	0.35%			
LB 500 LLC (3000 Harbourside Dr)	16,077,200	3	0.34%			
Veranda Beach Club	12,765,500	4	0.27%	\$ 13,934,000	3	0.28%
P & W Charters	12,633,489	5	0.27%			
Pleasant Real Estate LLC	10,799,910	6	0.23%			
Robert Hutcheson	10,734,749	7	0.23%			
Mike McKee	10,508,971	8	0.22%			
BBC Key LLC	9,363,200	9	0.20%			
LB 500 LLC (361 Longboat club)	7,223,500	10	0.15%			
Key Club Associates				18,429,000	1	0.37%
Positano				18,000,000	2	0.36%
Ben & Barbara Place				13,739,200	4	0.27%
Hilton				13,739,099	5	0.27%
Harbourside Golf Course				9,732,600	6	0.19%
Orchid on Longboat Key				7,812,984	7	0.16%
Town Plaza				7,120,000	8	0.14%
Worldwide Properties of America				6,860,500	9	0.14%
Four Winds				6,491,030	10	0.13%
Total	<u>\$ 128,935,219</u>		<u>2.74%</u>	<u>\$ 106,995,718</u>		<u>2.31%</u>

DATA SOURCE: Sarasota and Manatee Counties' Tax Rolls.

TOWN OF LONGBOAT KEY, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS
(Table 8)

Fiscal Year	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Collections	Percentage of Levy
2005	\$ 10,571,646	N/A	N/A	N/A	\$ 10,153,257	96.0%
2006	11,329,947	N/A	N/A	N/A	10,903,316	96.2%
2007	12,148,019	N/A	N/A	N/A	11,704,885	96.4%
2008	12,278,622	N/A	N/A	N/A	11,856,511	96.6%
2009	11,584,041	N/A	N/A	N/A	11,204,310	96.7%
2010	10,644,758	\$ 10,257,437	96.4%	\$ 5,549	10,262,986	96.4%
2011	9,536,616	9,241,627	96.9%	4,684	9,246,311	97.0%
2012	9,085,731	8,771,883	96.5%	15	8,771,898	96.5%
2013	8,896,997	8,327,260	93.6%	-	8,327,260	93.6%
2014	10,016,546	9,707,938	96.9%	-	9,707,938	96.9%

SOURCE: Town's Audited Financial Statements and Sarasota and Manatee County Property Appraiser's Office.

1. Property taxes become due and payable on November 1 of each year and a 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Therefore, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1, of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1 of each year. A small difference is also indicated by changes to original tax levy due to Board of Equalization adjustments which reduces assessed valuations and the percentage collected based on the original tax levy. Property taxes receivable and the corresponding reserve for uncollectable property taxes are not included in the financial statements as there are no material delinquent taxes as of September 30, 2014.
2. Tax levy includes millage for operating and debt service requirements.
3. Collection in subsequent years is reported for Manatee County only; Sarasota County does not provide.

TOWN OF LONGBOAT KEY, FLORIDA

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Table 9)**

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government ⁽¹⁾	Percentage of Personal Income ⁽¹⁾	Per Capita	Percentage of Actual Estimated Value of Property ⁽²⁾
	General Obligation Bonds	Loans Payable	General Obligation Bonds	Notes Payable				
2005	\$ 19,785,000	\$ -	\$ -	\$ 1,860,000	\$ 21,645,000	N/A	\$ 2,825	0.43%
2006	19,340,000	-	-	1,525,000	20,865,000	2.99%	2,722	0.37%
2007	13,940,000	-	-	1,175,000	15,115,000	2.03%	1,965	0.23%
2008	10,885,000	-	-	800,000	11,685,000	1.64%	1,518	0.18%
2009	8,060,000	-	9,250,000	410,000	17,720,000	2.49%	2,302	0.27%
2010	5,140,000	-	9,061,100	3,614,177	17,815,277	2.88%	2,332	0.37%
2011	2,070,000	-	8,789,018	4,412,945	15,271,963	2.47%	2,219	0.29%
2012	1,850,000	-	8,464,300	4,380,815	14,695,115	2.48%	2,137	0.30%
2013	1,605,000	-	8,142,400	4,197,523	13,944,923	2.10%	2,026	0.30%
2014	1,350,000	-	7,803,800	4,009,032	13,162,832	2.08%	1,929	0.28%

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

⁽²⁾ See Schedule 5 footnote 2 for explanation of Actual Estimated Value of Property.

TOWN OF LONGBOAT KEY, FLORIDA

**RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Table 10)**

Fiscal Year	Governmental Activities General Obligation Bonds	Business- Type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2005	\$ 19,785,000	\$ -	\$ 140,517	\$ 19,644,483	0.39%	2,584
2006	19,340,000	-	145,456	19,194,544	0.34%	2,518
2007	13,940,000	-	13,552	13,926,448	0.21%	1,811
2008	10,885,000	-	24,391	10,860,609	0.16%	1,480
2009	8,060,000	9,250,000	32,534	17,277,466	0.13%	1,053
2010	5,140,000	9,061,100	41,372	14,159,728	0.11%	667
2011	2,070,000	8,789,018	65,718	10,793,300	0.22%	1,568
2012	1,850,000	8,464,300	71,354	10,242,946	0.22%	1,489
2013	1,605,000	8,142,400	35,972	9,711,428	0.21%	1,411
2014	1,350,000	7,803,800	6,440	9,147,360	0.19%	1,340

NOTE:

- (1) See Schedule 5 for property value data
- (2) See Schedule 13 for population data

TOWN OF LONGBOAT KEY, FLORIDA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2014
(Table 11)**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Longboat Key ⁽¹⁾</u>	<u>Amount Applicable to Longboat Key</u>
Town of Longboat Key	\$ 1,350,000	100.00%	\$ 1,350,000
Overlapping Bonded Debt:			
Manatee County	4,605,000	5.37%	\$ 247,289
Total Overlapping Bonded Debt	<u>4,605,000</u>		<u>247,289</u>
Total net direct and net overlapping bonded debt	<u>\$ 5,955,000</u>		<u>\$ 1,597,289</u>

⁽¹⁾ Calculated as a ratio of taxable valuation of property in the Town of Longboat Key to total taxable valuation of property in Sarasota and Manatee Counties.

Sources: Sarasota and Manatee Counties Finance Division

TOWN OF LONGBOAT KEY, FLORIDA

PLEGDED - REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Table 12)

Fiscal Year	General Obligation Bonds (Beach and Facilities)			
	Pledged Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
2005	\$ 2,359,223	\$ 160,000	\$ 587,502	3.2
2006	2,543,115	2,605,000	611,873	0.8
2007	2,556,235	2,660,000	542,607	0.8
2008	3,769,016	3,055,000	458,708	1.1
2009	3,205,619	2,825,000	370,585	1.0
2010	3,203,221	2,920,000	276,233	1.0
2011	3,898,888	3,070,000	89,916	1.2
2012	703,869	220,000	70,462	2.4
2013	650,002	245,000	40,145	2.3
2014	655,041	255,000	34,828	2.3

Fiscal Year	General Obligation Bonds (Water and Sewer)			
	Ad Valorem Taxes	Debt Service		Coverage
		Principal	Interest	
2005	\$ 328,672	\$ 265,000	\$ 63,958	1.0
2006	335,961	280,000	46,315	1.0
2007	195,381	300,000	27,540	0.6
2008	323,109	310,000	8,913	1.0
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-

Fiscal Year	Water and Sewer Revenue Bonds ⁽²⁾ ; State Revolving Fund Loan ⁽³⁾ ; General Obligation Note ⁽⁴⁾					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 7,211,690	\$ 3,960,544	\$ 3,251,146	\$ 315,000	\$ 118,010	7.5
2006	8,398,496	4,060,400	4,338,096	335,000	101,630	9.9
2007	8,576,580	4,290,072	4,286,508	350,000	83,875	9.9
2008	8,373,607	3,891,214	4,482,393	375,000	59,469	10.3
2009	8,320,717	4,207,600	4,113,117	390,000	90,796	8.6
2010	7,664,838	3,800,857	3,863,981	598,900	595,742	3.2
2011	7,965,571	4,093,248	3,872,323	380,397	535,238	4.2
2012	7,164,921	4,229,121	2,935,800	486,487	636,543	2.6
2013	7,284,125	5,015,625	2,268,500	505,189	554,029	2.1
2014	7,417,037	4,280,748	3,136,289	527,095	540,455	2.9

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest and depreciation expense.

⁽¹⁾ Combined revenues of Infrastructure Surtax, Tourist Development Tax, Beach District A and B and Ad Valorem Taxes.

⁽²⁾ Revenue Bonds were defeased in 2010

⁽³⁾ State Revolving Fund Loan began in 2009 with first payment due in 2011 and is serviced by the Water & Sewer Fund.

⁽⁴⁾ General Obligation Note began in 2009 with first payment due in 2010; this debt is collateralized by ad valorem tax levies with the intention of payment coming from the net revenues of the utility system.

TOWN OF LONGBOAT KEY, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Table 13)

Year	Population ⁽¹⁾	Personal Income	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2005	7,662	N/A	N/A	3.2%
2006	7,665	\$ 698,716,728	\$ 91,157	3.0%
2007	7,691	745,027,170	96,870	4.5%
2008	7,697	711,853,644	92,485	6.6%
2009	7,699	623,334,137	80,963	11.7%
2010	7,641	618,638,283	80,963	11.6%
2011	6,882	591,812,892	81,573	10.9%
2012	6,878	654,015,264	95,088	8.9%
2013	6,884	665,056,356	96,609	6.5%
2014	6,825	632,056,425	92,609	5.4%

- Sources:
- (1) Office of Economic & Demographic Research
 - (2) United States Census Bureau
 - (3) U.S. Department of Labor, Bureau of Labor Statistics
(Sarasota-Bradenton-Punta Gorda combined area)
(8.9% for 2012 preliminary: North Port-Bradenton-Sarasota)

TOWN OF LONGBOAT KEY, FLORIDA

**PRINCIPAL EMPLOYERS
SEPTEMBER 30, 2014
CURRENT YEAR AND TEN YEARS AGO
(Table 14)**

Employer	2014			2005 ⁽¹⁾		
	Employees	Rank	Percentage of Total Employment ⁽²⁾	Employees	Rank	Percentage of Total Employment ⁽²⁾
Longboat Key Club	483	1	25.25%	N/A	N/A	N/A
Publix Super Market #1432	148	2	7.74%	N/A	N/A	N/A
Town of Longboat Key	109	3	5.70%	N/A	N/A	N/A
Valleycrest Landscape Maintenance	75	4	3.92%	N/A	N/A	N/A
Chart House Restaurant	50	5	2.61%	N/A	N/A	N/A
Euphemia Haye	48	6	2.51%	N/A	N/A	N/A
Grants Gardens Inc	40	7	2.09%	N/A	N/A	N/A
Moore's Stone Crab Restaurant	40	8	2.09%	N/A	N/A	N/A
Mar Vista Dockside Resturant & Pub	35	9	1.83%	N/A	N/A	N/A
CVS	18	10	0.94%	N/A	N/A	N/A
Total	1,046		54.68%	N/A		N/A

(1) Principal employers for ten years ago is not available.

(2) Total employment gathered from profiles.nationalrelocation.com

Source: Polling Longboat Key businesses; Chamber of Commerce/ Town of Longboat Key

Note: The above principal employers is for both Sarasota and Manatee Counties as the information for just the Town of Longboat Key was not available.

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE 15 - FULL-TIME EQUIVALENT GOVERNMENT - EMPLOYERS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Table 15)

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	34	34	34	34	29	32	32	25	25	22
Public safety	65	65	65	64	64	63	65	67	67	63
Transportation	8	8	8	7	7	6	6	6	6	10
Culture & recreation	7	7	7	6	5	6	5	5	5	7
Water and sewer	7	7	7	8	8	7	7	7	7	7
Total	121	121	121	119	113	114	115	110	110	109

Source: Town of Longboat Key Budget Office.

TOWN OF LONGBOAT KEY, FLORIDA
OPERATIONS INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Table 16)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire										
Fire calls	559	491	478	483	382	390	423	412	401	444
Rescue calls	931	927	1,025	960	973	991	1,073	1,003	1,093	1,050
Inspections	892	854	1,744	1,582	376	388	804	805	559	1,119
Police										
Law Violations	952	1,131	857	846	567	353	354	200	683	436
Law Arrests	253	278	221	215	135	110	101	46	65	61
Water system										
Number of users or consumers	10,871	10,738	10,775	10,770	10,733	10,723	10,723	16,802	16,802	18,680
Daily average finished flow in gallons	1,927,260	1,892,953	1,914,074	1,828,416	1,721,877	1,688,534	1,697,937	1,609,210	1,569,241	1,635,660
Sewer system										
Daily average treatment in gallons	1,740,830	1,730,567	1,528,588	1,752,622	1,636,150	1,616,156	1,632,912	1,690,384	1,647,711	1,737,618

Sources: various Town of Longboat Key departments

TOWN OF LONGBOAT KEY, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Table 17)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	6	6	6	6	5	6
Marine Units	1	1	1	1	1	1	1	1	2	2
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Fire Trucks	3	3	3	3	3	3	3	3	3	3
Ambulances	3	3	3	3	3	3	3	3	3	3
Marine Units	1	1	1	1	1	1	1	1	1	1
Beach Rescue Units	-	-	-	-	-	-	1	1	2	2
Highways and Streets										
Streets -paved (miles)	14	14	14	14	14	14	14	14	14	14
Streets -unpaved (miles)	-	-	-	-	-	-	-	-	-	-
Alleys	1	1	1	1	1	1	1	1	1	1
Sidewalks (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	283	283	283	283	283	283	283	283	283	283
Traffic Signals	4	4	4	4	4	4	4	4	4	4
Culture and Recreation										
Parks acreage (in excess of)	140	140	140	140	140	140	141	141	141	141
Parks	5	5	5	5	5	5	5	5	5	5
Recreation Center	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Water										
Water Mains (miles)	56	56	56	56	56	46	46	46	46	46
Storage Capacity (thousands of gallons)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Fire Hydrants	209	209	209	209	209	209	209	212	212	212
Wastewater										
Sanitary Sewers (miles)	46	46	46	46	46	44	44	44	44	44
Storm Sewers (miles)	1	1	1	1	1	1	1	1	1	1

Note: No capital asset indicators are available for the general government function
Sources: various Town of Longboat Key departments

OTHER REPORTS

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CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Honorable Mayor and Members of
the Town Commission,
Town of Longboat Key, 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 Town of Longboat Key, Florida (the "Town"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 10, 2015. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 misstatement 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2014-001 to be a material weakness.

Compliance and Other Matters

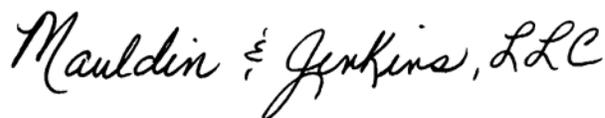
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

Town's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town'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.



Bradenton, Florida
March 10, 2015

TOWN OF LONGBOAT KEY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

There was not an audit of major federal award programs or state award programs as of September 30, 2014, due to the total amount expended being less than \$500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014 - 001. Restatement of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of operations of the Town in accordance with generally accepted accounting principles (GAAP) and that all of the Town's accounts receivable, capital assets, liabilities and revenues are properly reported.

Condition: Misstatements were detected in the Town's financial statements for the year ended September 30, 2013 due to the omission of the Town's utility unbilled accounts receivable and due to the overstatement of capital assets and liabilities.

Context/Cause: During our audit for the year ended September 30, 2014, misstatements were identified that caused the need to restate opening equity for the year ended September 30, 2013 surrounding the Town's utility accounts and capital assets. We addressed this matter with the Town and they were able to determine the appropriate adjustment required to be made to the Town's general ledger to properly report the unbilled utility accounts receivables within the Town's Water and Sewer Fund; governmental activity capital assets; and liabilities within the Town's Beach Nourishment Capital Projects Fund.

Effect: An audit adjustment to increase net position and increase accounts receivable within the Water and Sewer Fund by \$89,266 was required to be recorded as of September 30, 2013. Additionally, an audit adjustment to increase fund balance and reduce liabilities within the Beach Nourishment Capital Projects Fund by \$130,500 was required to be recorded as of September 30, 2013. A corresponding adjustment was also needed to reduce governmental activities capital assets by \$130,500 and accumulated depreciation by \$13,050.

Recommendation: We recommend the Town carefully review the financial statements and applicable reporting requirements to ensure that all information and financial data is being properly reported.

TOWN OF LONGBOAT KEY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2014 - 001. Restatement of Prior Year Balances (Continued)

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and recommendation. We have made adjustments to our system to ensure that the utility unbilled accounts receivable, capital assets, and liabilities are properly recorded as of year end, and we also have procedures in place to prepare and review the Town's financial statements to ensure proper reporting.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

TOWN OF LONGBOAT KEY, FLORIDA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

2013-001 Fund Presentation

Criteria: The Town is responsible for maintaining internal controls over the proper presentation and reporting of financial activity and fund designations.

Condition: During the prior year audit, audit results noted two agency funds (Police Training and Law Enforcement Forfeiture) that did not meet the definition of agency funds.

Auditee Response/Status: Resolved.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and Members of
the Town Commission,
Town of Longboat Key, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Longboat Key, Florida (the "Town"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 10, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated March 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as recommendation 2013-001 was corrected during the current year and is not repeated in this year's 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. The Town of Longboat Key, Florida is a political subdivision of the State of Florida created by Special Act of 1957, Chapter 1540 and Chapter 69-1265. The Town includes the following blended component units within its annual financial report: the Longboat Key Beach Erosion Control District A and the Longboat Key Beach Erosion Control District B.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town 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 Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d, Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

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

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

Purpose of this Letter

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



Bradenton, Florida
March 10, 2015

INDEPENDENT AUDITOR'S LETTER

Honorable Mayor and Members of
the Town Commission,
Town of Longboat Key, Florida

We have examined the Town of Longboat Key, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town'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, accordingly, included examining, on a test basis, evidence about the Town'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 Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 10, 2015