



# Town of Longboat Key, Florida Comprehensive Annual Financial Report



**Fiscal Year Ended  
September 30, 2018**

**TOWN OF LONGBOAT KEY, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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, 2018**

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# **Introductory Section**



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# TOWN OF LONGBOAT KEY

**Town Hall**  
501 Bay Isles Road  
Longboat Key, FL 34228  
**(941) 316-1999**  
FAX (941) 316-1656  
[www.longboatkey.org](http://www.longboatkey.org)

*Incorporated November 14, 1955*

March 14, 2019

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, 2018.

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, 2018, 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 of Longboat Key's (the "Town") 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, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for fiscal year ended September 30, 2018, 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 (the "Town") 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 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.

The Town includes two dependent special districts consisting of Longboat Key Beach Erosion Control District A and Longboat Key Beach Erosion Control District B. These districts will sunset on June 1, 2020, when the Beach Erosion Control District A General Obligation Bond, Series 2016 debt is retired. The district boundaries were redefined to be geographically separated by Gulf of Mexico Drive and a new Gulfside District and Bayside District were adopted by Ordinance 2014-29 on November 3, 2014. Language was added to memorialize the 80/20 allocation of millage contribution between Gulfside and Bayside Districts and requires a referendum to alter. The Town Commission sits as the Gulfside/Bayside District governing body. Any future debt financings require referendum approval of Gulfside and Bayside residents. The Gulfside is given authority to assume all of the costs of renourishment if Bayside voters do not approve debt issuance at referendum.

## **Town Structure**

The Town operates under a Charter that was adopted in 1955 and last revised in 2018. The Charter sets forth a Commission/Manager form of government. Seven (7) 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 (4) or three (3) 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. 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 to the Town Manager. After internal work sessions on departmental budgets are conducted, a tentative overall Town 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. Effective with the most recent charter change, the legal level of budgetary control is at the department 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 \$20,000 within or between departments, offices, or agencies within the same fund 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 follows the laws of the Florida regarding the control, adoption and amendment of the budget during each fiscal year.

## Local Economy

Longboat Key has a permanent population of approximately 6,990 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 24,000. 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 median age for the island's residents is 71.2, with a median household income of \$87,201.

The Town's permanent population increased steadily in the latter part of the 20th century, with near build-out being achieved by 2000. Much of the Town's development activity oriented toward the redevelopment of older developments into newer modern structures and developments. The Town has a long and distinguished history of planning foresight that contributes to the unique character and distinct feeling of being in a special place when arriving in the Town from either north or south directions.

The Town has continued to fare well in terms of property values, coming out of the national recession following a dramatic increase in property values up through 2008. Property Appraiser assessments, which lag in time, reflect that, beginning in 2014, assessed values have steadily increased since that time back to 2009 levels.

**Employment Types and Trends.** The largest employer in the Town is OpRock, LLC, which owns the Longboat Key Club and the Zota Beach Resort (formerly the Hilton). Publix Supermarket and the Town are the next largest employers on the island. According to the U.S. Census, there are a total of 218 business establishments and 1,816 total employees. Hospitality and other tourism-related services, retail/food services and municipal government are the major sources of employment in the Town. Seasonal employment is common in the Town 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 the late winter and early spring months over the last few years, when northern states experienced record cold temperatures and extended snow. Many part-time residents delayed their departure from the area, which resulted in record numbers of tourists to the area. This prompted many employers to retain seasonal employees longer than in years past.

The Town's current and future tourism developments generate a greater need for retail businesses and services than could otherwise be supported, provide future buyers for residences thus keeping property values relatively high, provide tax revenues for the Town, and provide places to stay for visiting relatives.

The Town is well positioned for a segment of the baby boom retirees. Economic growth in the region, and the advent of communications technology, could lead to more executives choosing housing and business opportunities in the Town, leading to a potential small demographic shift.

**Redevelopment.** The Town is currently experiencing a renewed interest in development and redevelopment in both the residential, tourism, and commercial sectors. Projects planned, underway, or recently completed include the following:

*Zota Beach Resort:* Recently completed 85-room expansion of the former beachfront Hilton Resort;

*Bayfront Park:* Recently completed redevelopment of existing park, to include a dog park, playground, tennis courts, basketball court, pickle ball, kayak launch and storage, fishing piers, boat dock, and other recreational amenities;

*Bonaire:* Beachfront detached condominium project with nine (9) upscale residential units; prices range from \$3 to 7 million (currently under construction);

*The Shore Restaurant:* Redevelopment of an existing Bayfront restaurant building on the north end of the island (currently under construction);

*Buccaneer Restaurant:* Redevelopment of a Bayfront restaurant formerly known as Pattigeorge’s (currently in planning phase);

*Arts, Cultural, and Education Center:* Multi-use arts, culture, and education center in the Bay Isles shopping area near Town Hall (currently in early planning stages);

*Longboat Key Club:* 300-room resort with conference space on the south end of the island (currently in the planning phase);

*Mixed Use Resort:* 166-room resort with meeting space and 78 condominium units at the former Colony Beach and Tennis Resort was approved by the Town Commission in early 2018; and

Numerous individual single-family homes under construction on scattered lots island-wide, including tear-down of older homes to facilitate construction of new and larger homes.

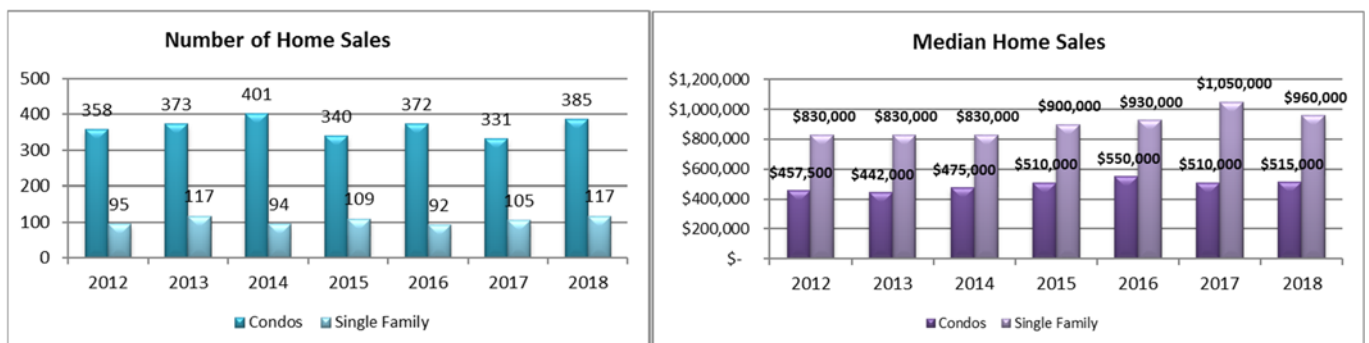
**Comprehensive Plan and Zoning Regulations.** The Town’s Comprehensive Plan is developed pursuant to the requirements of Chapter 163, *Florida Statutes*, and the Florida Administrative Code. Other than the purposes expressly set forth in the Florida Statutes and Administrative Code, the Town’s Comprehensive 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% of the available housing stock is more than 25 years old and almost half of the island’s housing was built over 35 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. The Town is currently undergoing a major rewrite to its Land Development Codes, with the intent to create streamlined processes, update all zoning districts, incorporate strong graphic illustrations and to develop a document that is easier to read and interpret, all while maintaining the economic vitality and the quality of life in the Town and improving its sustainability.

**Housing.** According to statistics provided by Coldwell Banker, the Town’s housing market showed a 15% increase in real estate transactions. The number of condominium sales increased from 331 to 385 and single family home sales increased from 105 to 117. While home prices on Longboat Key can range from \$175,000 into the millions, the median single family home and condo prices stayed relatively flat despite the fact that assessed values increased 5.17%. The average sale price for a single family home and condominium for 2017 was \$960,000 and \$515,000, respectively. The highest closing price for the year on single family home and condominium was \$7 million and \$5.5 million, respectively.



## 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. The Town's five-year annual capital planning process provides the mechanism to compile, rate and prioritize capital needs and also determine funding sources available. Some of our major projects are listed below:

- Longboat Key draws residents and visitors from all over the world to live in this well planned community and play on our beaches and parks. The Town substantially completed a major beach restoration project costing approximately \$20 million in 2017, of which \$10.1 million was borrowed. The current year provided for interim protection measures for Greer (Beer Can) Island with the placement of 20,000 cubic yards of sand. The Town is looking at various funding models ahead of its next major beach restoration due to take place sometime after 2021. Any new borrowings will be taxed through the Town's Beach Erosion Control Districts, which were redefined by Ordinance in 2014. The Districts are geographically split by the Gulf of Mexico Drive with the Gulf Side paying 80% and the Bay Side paying 20%.
- The Public Work's Department has begun major reconstruction of the Emerald Harbor subdivision which has experienced multiple issues regarding the infrastructure, including road depression, subsidence of road and curbing throughout the neighborhood, and degradation of the potable water distribution system and the sewer collections system. The Department also focused on storm water improvements in the Village and the Water and Sewer Utility Division continued its lift station rehabilitation program throughout 2018 to provide uninterrupted wastewater treatment services to the residents. The Department is also methodically slip lining the Town's wastewater lines to eliminate problems associated with inflow and infiltration.
- The Town is undertaking a major initiative to underground all of its overhead utility lines island wide for safety, reliability and aesthetics. The initiative was divided into two referendum, one for Gulf of Mexico Drive and one for the remaining neighborhoods and side streets and will be paid for with non-ad valorem assessments. The Town is taking advantage of this opportunity to build a state of the art network, running fiber optic cable island wide, including areas already undergrounded. The Town is seeking Public Private Partnerships to provide the Town, its residents and businesses optional 1 Gbps-10 Gbps internet speeds and Wi-Fi, through fiber-to-the-home connections and provide enhanced cellular service via Smart Pole Street Lights. This Smart City Initiative will provide efficiencies in general government and public safety and opportunities for remote healthcare monitoring and economic development. Bonding occurred in December 2018 and construction is scheduled to begin in Spring of 2019.
- The idea of a cohesive Town Center is a major vision of the community's planning efforts, due in part to the purchase of 4.81 acres of undeveloped land on Bay Isles Parkway. 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. The Town is moving forward, in collaboration with the Ringling College of Art and design to build an Arts, Culture and Education Center (ACE) to help bring to fruition the community's vision of a true Town Center concept. The construction of ACE will not begin until fundraising efforts have been completed, however the Town is proceeding with the site preparation to create an outdoor community venue until the ACE is constructed.
- Following a voter approved referendum, held March 20, 2018, the Town issued \$5,655,000 in aggregate principal amount, General Obligation Bonds, Series 2018, payable from ad valorem taxation, for the purpose of financing the demolition and reconstruction and/or equipping of the South Fire Station and the renovation and/or equipping of the Town's North Fire Station. The bond closing was held September 12, 2018.

## 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.

The Finance Department is in development of long term forecasting tools, encompassing all fund account groups, providing the ability to enhance the long-term planning process. These tools enable the Town to make timely decisions such as reducing expenses, planning resources, taking advantage of trends and overall, avoiding surprises. Using a variety of forecasting tools and techniques, we will be able to analyze where each department of our business should be in the next year or two so we can make proactive, rather than reactive, decisions.

### ***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. The Town's General Fund reserve policy calls for an unassigned General Fund balance of not less than two months or 16% of General Fund operating expenditures (including transfers out and contingency line items but excluding capital outlay), and the combined unrestricted available fund balance should not be less than three months or 25%. The unrestricted General Fund balance has steadily increased since 2013, and has grown to 54% of total General Fund expenditures for 2018.

Internal Controls. In developing and evaluating the Town's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Process. The Town's budget is a detailed operating plan, which identifies estimated costs and revenues to fund program initiatives. The budget includes: (1) the programs, projects, services, and activities to be carried on during the fiscal year; (2) the estimated revenue available to finance the operating plan; and (3) the estimated spending requirements of the operating plan. The budget represents a process where policy decisions by the Town Commission and Town Manager are made, implemented, and controlled. Note 1(N) to the basic financial statements summarizes the budgetary roles of various Town officials and the timetable for their various budgetary actions according to the Town Charter.

Cash Management. The Town's pooled deposits and investments are conservatively invested pursuant to policy established by Resolution working with the Town's Investment Advisory Oversight Committee and Investment Advisor. The Town's investment policy seeks the preservation of safety, liquidity and yield, in that order of priority. The policy addresses soundness of financial institutions holding our assets and the types of investments permitted by the Florida State Statutes. The earned yield for 2018 was 0.86%. The Employees' Consolidated Retirement System deposits and investments follow policies established by their respective governing board.

### **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, 2017. This was the 37th consecutive year that the Town 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,



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Thomas A. Harmer  
Town Manager



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Susan L. Smith  
Finance Director



# TOWN OF LONGBOAT KEY, FLORIDA

## LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2018

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### TOWN COMMISSION

Mayor George Spoll  
Vice-Mayor Ed Zunz

District 1 – Randy Clair  
District 2 – George Spoll  
District 3 – Ken Schneier  
District 4 – Jack Daly  
District 5 – Ed Zunz  
At Large – Jim Brown  
At Large – Irwin Pastor

### TOWN DEPARTMENTS

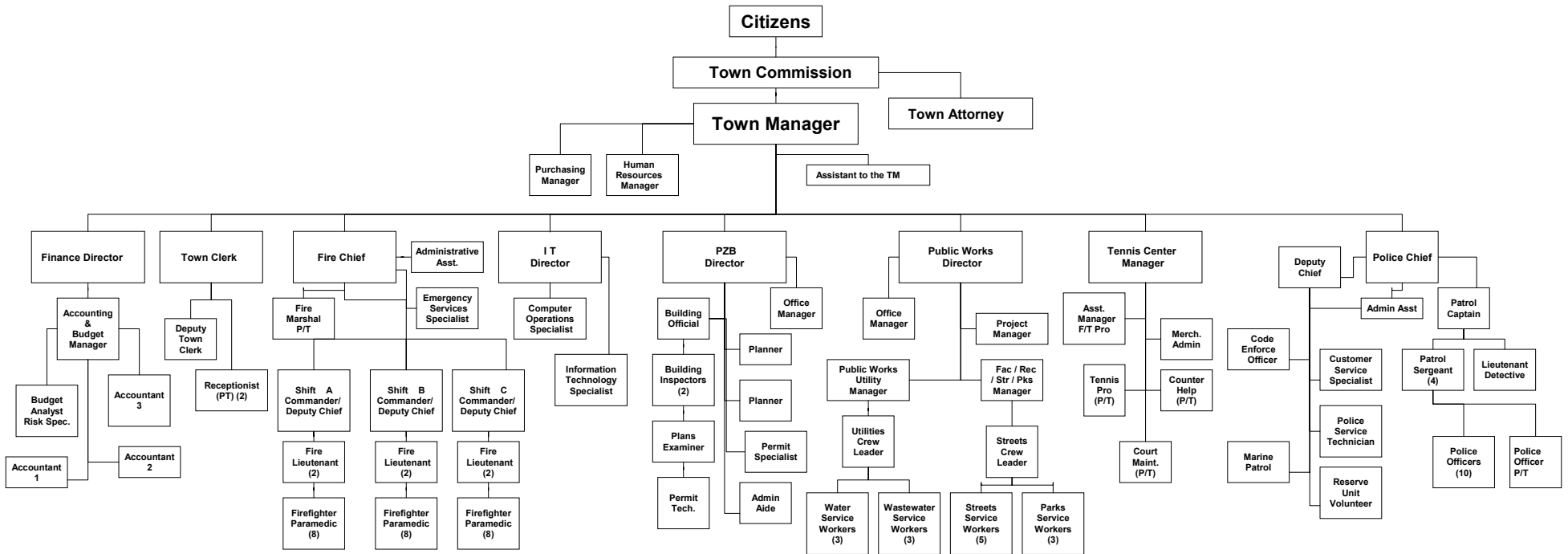
Thomas A. Harmer, Town Manager  
Susan L. Smith, Finance Director  
Jason Keen, Information Technology Director  
Allan Parsons, Planning Zoning & Building Director  
Isaac Brownman, Public Works Director  
Pete Cumming, Chief of Police  
Paul Dezzi, Fire Chief  
Trish Shinkle, Town Clerk  
Maggie Mooney-Portale, Town Attorney

### AUDITORS

Mauldin & Jenkins, LLC

# TOWN OF LONGBOAT KEY, FLORIDA

## ORGANIZATIONAL CHART SEPTEMBER 30, 2018





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, 2017**

*Christopher P. Morill*

Executive Director/CEO

# **Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2018, 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, 2018, 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 notes 11 and 14, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of October 1, 2017. This standard significantly changed the accounting for the Town's total other post-employment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

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**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, schedules of contributions, schedule of pension investment returns, and schedule of the Town's total OPEB liability and related ratios on pages 72 through 86 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*

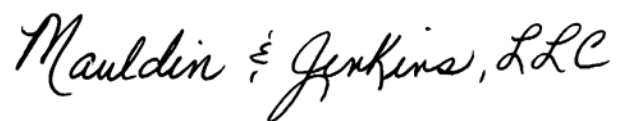
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Longboat Key, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards and State Financial Assistance, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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 and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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 14, 2019, 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 14, 2019

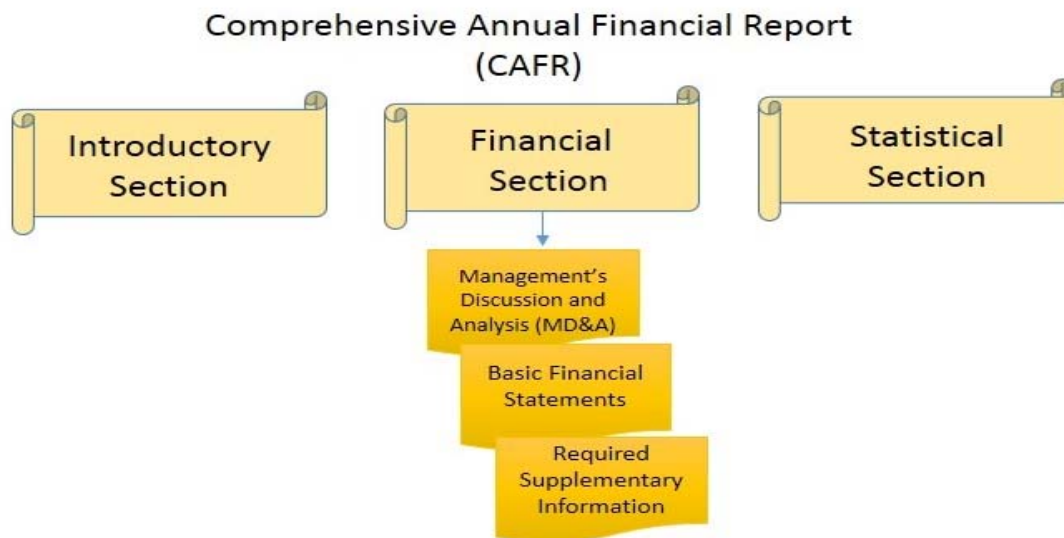
## Management's Discussion and Analysis

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, 2018. 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, 2018, is \$58.6 million, which is an increase of \$3.1 million (5.6%) from the previous year. Of the Town's total net position, \$56.5 million is invested in capital assets; \$7.7 million is restricted to specific purposes leaving a negative \$5.6 million in unrestricted net position. The Town implemented new GASB reporting standards related to pensions in 2015 and Other Post-Employment Liabilities in 2018, which require us to report the liabilities in the Statement of Net Position. This new reporting may alarm the reader because of the negative impact it has on the unrestricted net position, however the pension liabilities are not likely to be paid out in the short term. Pension liabilities are normally paid out over the lifetime of the retirees and funded over 20 to 30 years.
- The Town's total net position for business-type activities is \$34.0 million, which is a decrease of \$0.4 million or 1.6%. Of this amount, \$17.8 million is invested in capital assets; \$2.0 million is restricted to specific purposes leaving \$14.2 million (42%) unrestricted. Unrestricted net position decreased by \$1.7 million.

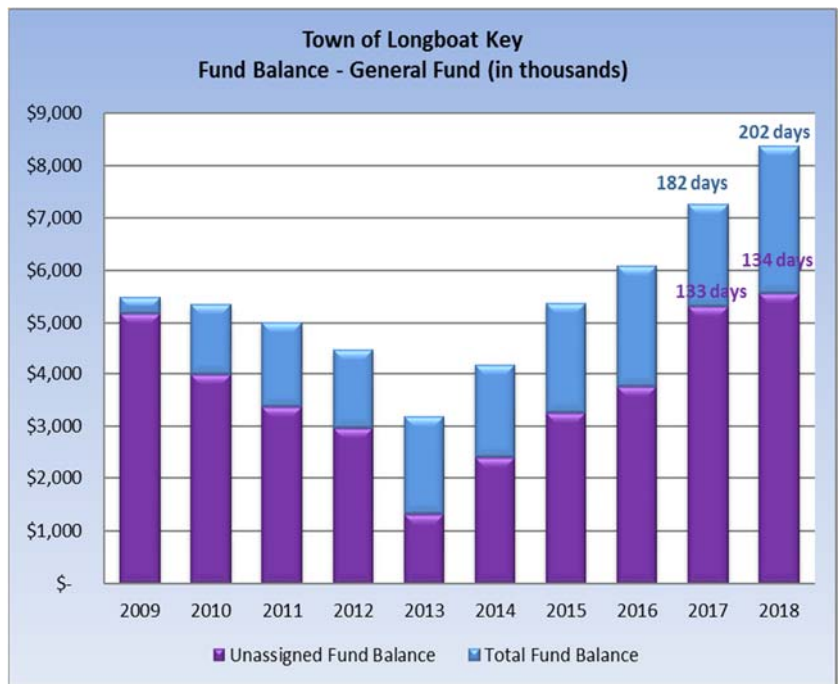


**Town of Longboat Key, Florida**  
**Management’s Discussion and Analysis**

September 30, 2018

- At September 30, 2018, the Town of Longboat Key’s governmental fund statements, reported combined ending fund balances of \$24.4 million, an increase of \$7.4 million from the previous fiscal year. This increase is the result of the receipt of bond proceeds for the Fire Stations’ improvements, the collection of prepaid assessments on the Neighborhood Undergrounding project and a significant General Fund operating surplus.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$8.4 million, which is an increase of \$1.1 million. This increase was due to three major factors: (1) An open position in the Town Manager’s budget was never filled; (2) a large portion of legal expenses were recouped through billings to a major developer; and (3) Town departments underspent their appropriated budgets which included unspent contingency balances. The chart below shows the history of fund balance levels for both total fund balance (in blue) and unassigned fund balance (in purple). The picture shows how successful the Town has been in building up its rainy day fund over the past five years.

- The Town’s General Fund total fund balance of \$8.4 million is equivalent to 202 operating days and is approximately 55% of total expenses, excluding capital outlay. This is 112 operating days over the Town’s desired minimum fund balance policy (90 days).
- The General Fund *unassigned* fund balance is \$5.5 million, which is an increase of \$242,131 from the prior year. The unassigned fund balance represents approximately 36.6% of total General Fund expenses, excluding capital outlay, which is the equivalent of 134 operating days.
- The *assigned* fund balance includes a reservation of \$1,310,075 for future pension liabilities, a \$1,350,000 economic uncertainty reserve, encumbrances of \$106,744, and a \$50,344 reserve for the Australian Pine removal program.



- 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. 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.
- On August 9, 2018, S&P Global Ratings assigned the Town an AA+ rating for its Series 2018 general obligation bonds. Pursuant to a referendum passed on March 20, 2018, the Town closed on its 2018 general obligation bonds on September 12, 2018, borrowing \$5,655,000 for the renovation of the North Fire Station and the replacement of the South Fire Station.

## **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:

1. *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, Gulf of Mexico (GMD) Assessment Fund, Neighborhood Assessment Fund, the General Obligation Beach Bonds Fund, the Beach Nourishment Capital Project Fund, and the GMD Undergrounding Capital Project Fund. The Governmental Fund financial statements present information for each major fund, while the nonmajor funds are combined into a separate, single column. These nonmajor funds are shown separately following the notes to the financial statements on pages 32-71.
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 26-29 of this report.
3. *Fiduciary Funds* account for resources held for the benefit of parties outside Town government. An example of the Town's fiduciary funds is the Consolidated Pension Trust Fund which accounts 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 financial 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).

**Town of Longboat Key, Florida**  
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September 30, 2018

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 and various Schedules related to the Town’s pension plans.

**Combining Financial Statements, Individual Fund Financial Statements and Schedules** – These statements and schedules are provided for the nonmajor 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"> <li>➤ Statement of net position</li> <li>➤ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of net position</li> <li>➤ Statement of revenues, expenses and changes in fund net position</li> <li>➤ Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of fiduciary net position</li> <li>➤ Statement of changes in fiduciary net position</li> </ul>
<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 the 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 the year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

**Town of Longboat Key, Florida**  
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**Government-Wide Financial Analysis**

Comparative data for fiscal years ending September 30, 2018 and 2017, are shown below.

**Town of Longboat Key Net Position (in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current/other assets	\$ 47,542	\$ 73,169	\$ 19,235	\$ 18,421	\$ 66,777	\$ 91,590
Capital assets, net	64,958	62,849	27,215	27,687	92,173	90,536
Total assets	<u>112,500</u>	<u>136,018</u>	<u>46,450</u>	<u>46,108</u>	<u>158,950</u>	<u>182,126</u>
Deferred outflow of resources	<u>9,514</u>	<u>6,758</u>	<u>125</u>	<u>208</u>	<u>9,639</u>	<u>6,966</u>
Current liabilities	24,846	41,199	956	1,108	25,802	42,307
Non current liabilities	40,689	42,362	11,029	11,124	51,718	53,486
Total liabilities	<u>65,535</u>	<u>83,561</u>	<u>11,985</u>	<u>12,232</u>	<u>77,520</u>	<u>95,793</u>
Deferred inflows of resources	<u>249</u>	<u>649</u>	<u>-</u>	<u>35</u>	<u>249</u>	<u>684</u>
Net investment in capital assets	56,025	56,478	16,711	17,809	72,736	74,287
Restricted	8,583	7,791	1,961	2,015	10,544	9,806
Unrestricted	(8,378)	(5,703)	15,918	14,225	7,540	8,522
Total net position	<u>\$ 56,230</u>	<u>\$ 58,566</u>	<u>\$ 34,590</u>	<u>\$ 34,049</u>	<u>\$ 90,820</u>	<u>\$ 92,615</u>

*Governmental activities.* The largest portion of the Town's net position, 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, 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.

*Restricted* net position decreased by \$792,000 due to the spending down of restricted capital project funds. *Unrestricted* net position increased \$2.7 million to a negative balance of \$5.7 million. The negative balance is due to the requirement to report pension and other post-employment benefit (OPEB) liabilities on the books. As previously stated, this could be alarming to the reader, however, pension benefits are normally paid out over the life of the retirees and the Town does not pay for any health benefits upon retirement. The Town allows retirees the option to stay on the health plan upon retirement at their own cost. This creates an implicit rate subsidy, implying that the Town pays higher premiums because of the aging population in the group. The OPEB liability reported is strictly related to this implicit rate subsidy.

The overall financial position of the Town increased by \$3.1 million in fiscal year 2018. Deferred Outflow of Resources, represents the required deferral of fiscal year 2018's Annual Required Contribution to the pension and applicable changes in actuarial assumptions. This deferral of the contribution was necessary because it occurred before year end but subsequent to the measurement date of the Town's net pension liability, which is September 30, 2017. 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. The Town's fiscal outlook remains positive due to the steady annual increases in the tax base including new construction, which saw an increase in taxable property values for fiscal year 2018 of 5.1%.

**Town of Longboat Key, Florida**  
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Business-type activities. The Town's business-type activities (water and sewer and building departments) net position at September 30, 2018, decreased by \$542,000 from 2017, due in part by implementing GASB Statement 75 for OPEB liabilities (impact \$135,537) and secondly, the Building Department had an operating loss of \$374,972, of which \$311,753 was due to the change in OPEB and Pension liabilities. Current *unrestricted* assets decreased a total of \$1.7 million from the previous year due to the large investment in capital assets by the Utility Department. The Town Commission approves a system rate pass-through 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.

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)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
<b>Fiscal year ending September 30, 2018</b>		
Current unrestricted assets	\$ 73,169	\$ 18,421
Current unrestricted liabilities	\$ 44,670	\$ 1,850
Ratio of current assets to current liabilities	1.64	9.96
<b>Fiscal year ending September 30, 2017</b>		
Current unrestricted assets	\$ 47,541	\$ 19,236
Current unrestricted liabilities	\$ 28,389	\$ 1,636
Ratio of current assets to current liabilities	1.67	11.76

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 position as discussed above.

As presented in the summary below, Governmental Activity expenses exceeded program revenues by \$18.2 million in fiscal year 2018. 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 24% of governmental activity expenses were paid for with program revenue compared to 19% in the prior year.

Property taxes includes the operating budget millage and debt service millages for the General Obligation Bonds (GOBs) associated with Facilities and Beach Renourishment. The fiscal year 2018 adopted budget was prepared based on a 5.0% increase in property values. The operating mill rate remained flat at 2.1144. The beach nourishment tax levy imposed for Beach Erosion Control District A was .7272 mills and Beach Erosion Control District B was .1818 mills. The debt millage for facility debt payments was .0514.

The Town saw increases in sales taxes, franchise fees, and investment income due to the favorable economy and rising interest rates.

**Town of Longboat Key, Florida**  
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Total business-type activity revenues exceeded program expenses by \$782,000. 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. Building Department and Water & Sewer Department expenses increased by \$1.04 million and \$757,000, respectively, due substantially to the change in net pension liability and OPEB adjustments from year to year.

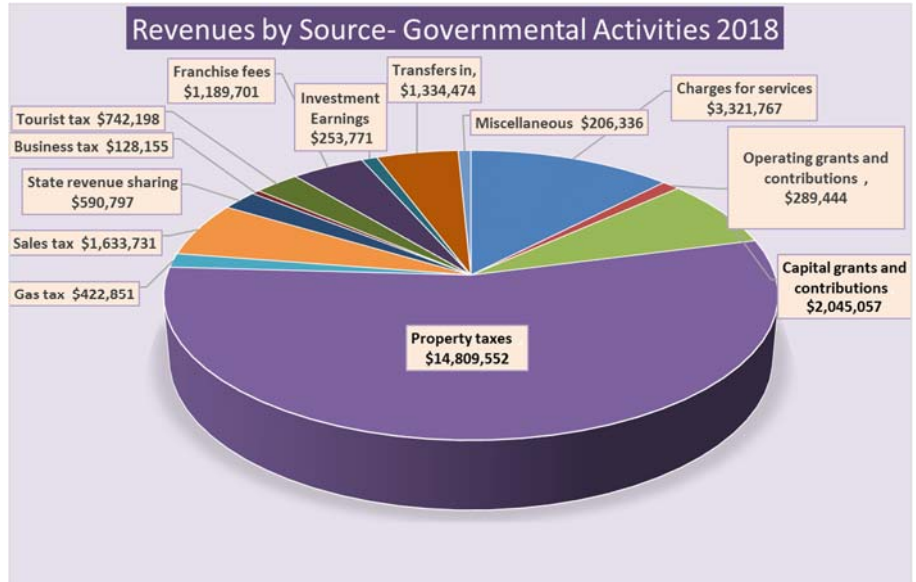
**Town of Longboat Key Statement of Activities (in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Program Revenues:</b>						
Charges for services	\$ 2,022	\$ 3,322	\$ 9,242	\$ 9,419	\$ 11,264	\$ 12,741
Operating grants and contributions	240	289	-	-	240	289
Capital grants and contributions	2,806	2,045	-	-	2,806	2,045
Total program revenue	<u>5,068</u>	<u>5,656</u>	<u>9,242</u>	<u>9,419</u>	<u>14,310</u>	<u>15,075</u>
<b>Expenses:</b>						
General government	6,000	4,563	-	-	6,000	4,563
Public safety	12,955	12,179	-	-	12,955	12,179
Transportation	884	743	-	-	884	743
Culture and recreation	6,804	6,204	-	-	6,804	6,204
Physical environment	-	-	-	-	-	-
Interest on long-term debt	201	149	-	-	201	149
Water and sewer	-	-	6,493	7,250	6,493	7,250
Building department	-	-	346	1,387	346	1,387
Total expenses	<u>26,844</u>	<u>23,838</u>	<u>6,839</u>	<u>8,637</u>	<u>33,683</u>	<u>32,475</u>
Net expense	<u>(21,776)</u>	<u>(18,182)</u>	<u>2,403</u>	<u>782</u>	<u>(19,373)</u>	<u>(17,400)</u>
<b>General Revenues:</b>						
Property taxes	14,610	14,810	-	-	14,610	14,810
Gasoline taxes	417	423	-	-	417	423
Sales taxes	1,494	1,634	-	-	1,494	1,634
Unrestricted state revenue sharing	620	591	-	-	620	591
Business tax	158	128	-	-	158	128
Tourist tax	760	742	-	-	760	742
Franchise fees	968	1,190	-	-	968	1,190
Interest income	130	254	80	146	210	400
Miscellaneous	167	144	-	-	167	144
Gain on sale of capital asset	-	61	-	-	-	61
Total general revenue	<u>19,324</u>	<u>19,977</u>	<u>80</u>	<u>146</u>	<u>19,404</u>	<u>20,123</u>
Increase in net position before transfers	(2,452)	1,795	2,483	928	31	2,723
Net transfers	<u>1,350</u>	<u>1,334</u>	<u>(1,350)</u>	<u>(1,334)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,102)	3,129	1,133	(406)	31	2,723
Net position - beginning	<u>57,332</u>	<u>55,437</u>	<u>33,457</u>	<u>34,455</u>	<u>90,789</u>	<u>89,892</u>
Net position - ending	<u>\$ 56,230</u>	<u>\$ 58,566</u>	<u>\$ 34,590</u>	<u>\$ 34,049</u>	<u>\$ 90,820</u>	<u>\$ 92,615</u>

**Revenues – Governmental Activities:**

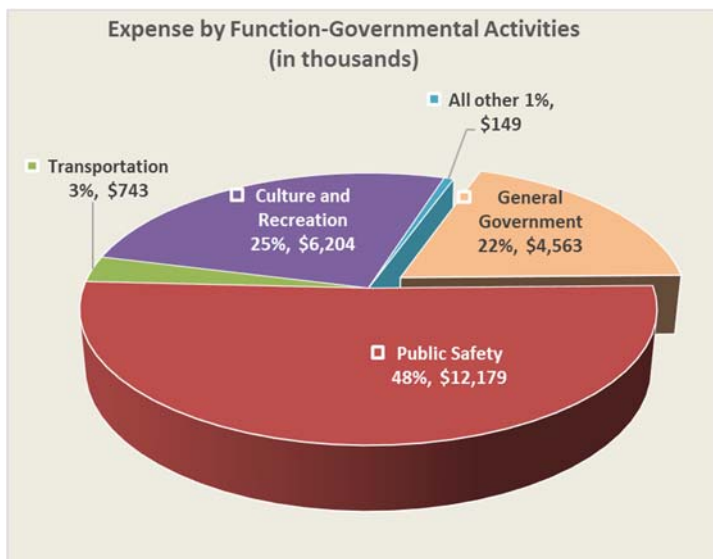
The chart below reveals the Town's revenue sources by account type. Approximately 55.1% of the revenues come from property taxes; 7.6% comes from grants and contributions, 12.3% are charges for services and approximately 20.1% is generated from other non-ad valorem revenues and state and local option taxes such as business tax, tourist development tax, sales tax and gas taxes.

- Property taxes include \$11.7 million to support general fund operations and capital costs and \$3.1 million for debt payments related to beach renourishment and facilities.
- Capital grants and contributions included an accrual of \$1.8 million for federal and state capital grants related to Tropical Storm Debby and Hurricane Hermine. In addition the Town received a \$235,000 donation for license plate recognition equipment placed at both ends of the island. Capital grants can fluctuate between fiscal years depending on the availability of grant funding and the need for capital improvements.
- Charges for Services include fees for emergency medical services, fire inspections, zoning fees, recreation and Tennis Center sales. It also includes special non ad-valorem assessments associated with the Utility Undergrounding projects (Gulf of Mexico Drive and Remaining Neighborhoods). The increase of \$1.3 million was related to the prepayments received for the Neighborhood Undergrounding project.
- Transfers In are reimbursements from the Building and Utility Fund to the General Fund for direct and indirect costs expensed within the General Fund such as salaries, legal, and other administrative costs.



**Expenses – Governmental Activities:**

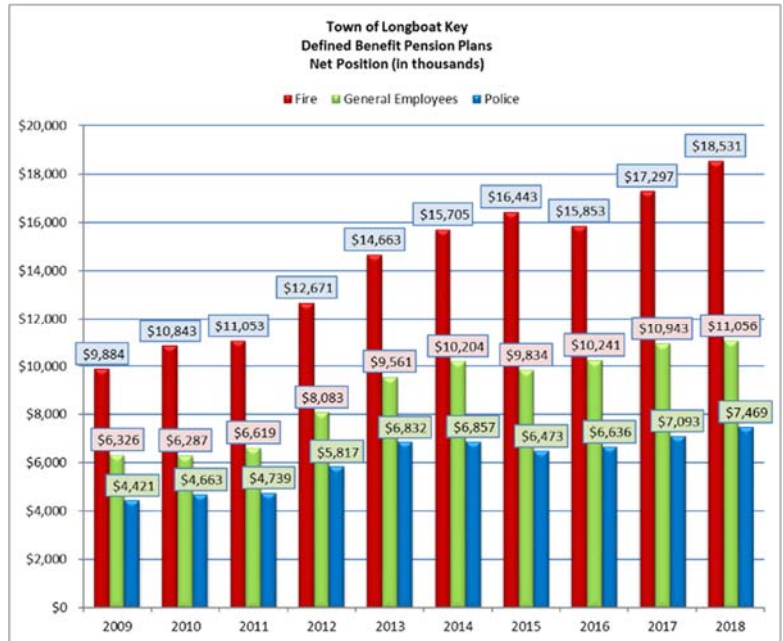
The display shown below on the left reflects that within governmental activities Public Safety makes up 48% of the expenses followed by Culture and Recreation 25%, General Government 22%, and Transportation 3%. It is important to remember that these expenses include items not normally budgeted, such 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.



**Fiduciary Funds**

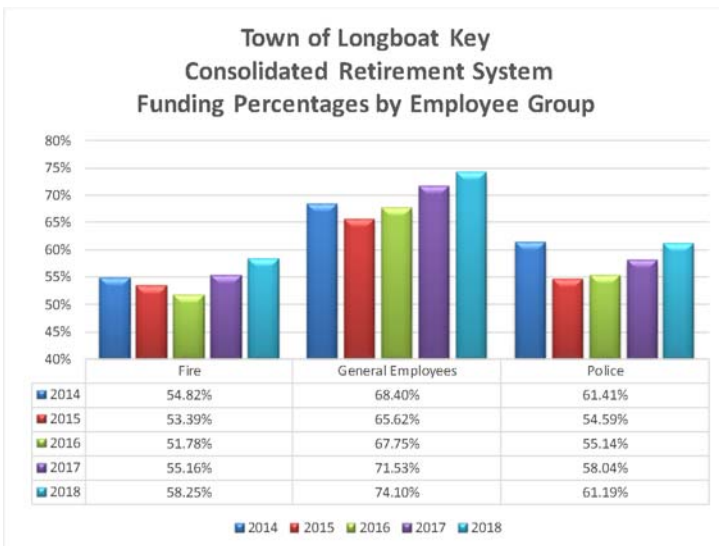
The Town of Longboat Key uses fiduciary funds to account for resources held for the benefit of parties outside Town government. Examples of the Town's fiduciary funds are the funds used to account for the Town's Consolidated Retirement System. Although these funds are presented in the fund set of statements, 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 accounts for three individual pension plans as a Consolidated Retirement System Trust Fund including police officers, firefighters, and general employees. The Town's Pension was frozen during fiscal year 2014, which means that employees no longer accrue any benefits after the date of freeze. The accrued benefits they have earned prior to the freeze date are guaranteed and the pension plan will continue to exist until the final benefit payments are made.



Due to the implementation of GASB Statements 67 and 68, we report data in our financial statements that was measured in the prior year, ending on September 30, 2017. The combined pension plan net position restricted for pension benefits, measured on September 30, 2017, is \$35.3 million. By the end of fiscal year 2018, the net position increased to \$37.1 million, due to favorable portfolio returns. The Net Position is defined as the fair market value of investments less amounts due for administrative fees and other payables. The above chart reflects positive growth in the net position over time.

Based on the 10/1/2017 valuation, the Consolidated Retirement System is 60.01% funded (55.16% funded for firefighters, 58.04% funded for police officers and 71.53% funded for general employees). These percentages have increased based on 10/1/2018 valuation to 62.87% (58.25% funded for firefighters, 61.19% funded for police officers and 74.10% funded for general employees). The past five years of funding percentages for each employee group are presented below.



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

The following provides an additional perspective on pension expenses:

- The Town's combined required pension contribution in fiscal year 2018 for all three plans was \$3.3 million (approximately 39.9% of total gross payroll).
- The Town's contributions to the Florida Retirement System for Firefighters was \$577,254.
- The \$23.5 million Consolidated Town Net Pension Liability (NPL) is slightly less than one and one-half times the General Fund budget.
- The Town share of the Florida Retirement System's NPL is another \$5.2 million.



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The new provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* became effective in fiscal year 2016 requiring the inclusion of unfunded pension liabilities to be recorded in the Town's financial statements for the first time. The implementation will not cause contributions to increase but has a significant negative effect on the Town's financial net position.

**Net Pension Liability with Measurement Date as of September 30, 2017**

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Combined</u>
Total Pension Liability	\$ 15,298,890	\$ 12,220,711	\$ 31,358,071	\$ 58,877,672
Plan Fiduciary Net Position	(10,942,708)	(7,093,224)	(17,296,942)	(35,332,874)
Net Pension Liability	<u>\$ 4,356,182</u>	<u>\$ 5,127,487</u>	<u>\$ 14,061,129</u>	<u>\$ 23,544,798</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.53%	58.04%	55.16%	60.01%

The Town 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 referred to as the *Plan fiduciary net position as a percentage of Total Pension Liability*.

**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, unassigned 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 \$24,422,795 for 2018 and \$16,998,973 for 2017 (an increase of \$7,423,822). Of the total fund balance, \$86,028 is nonspendable, \$14,641,309 is restricted, \$4,150,917 is assigned and \$5,544,541 is unassigned.

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

**Town of Longboat Key- Governmental Funds Change in Fund Balance**

	<u>2017</u>	<u>2018</u>	<u>Increase (Decrease)</u>
General Fund	\$ 7,269,401	\$ 8,375,713	\$ 1,106,312
GMD Assessments Fund	100,427	138,841	38,414
Neighborhood Assessments Fund	-	-	-
General Obligation Beach Bonds Fund	169,601	177,452	7,851
Beach Nourishment Capital Project Fund	4,667,326	3,534,271	(1,133,055)
GMD Undergrounding Capital Project Fund	19,605	54,328	34,723
Nonmajor Governmental Funds	4,772,613	12,142,190	7,369,577
	<u>\$ 16,998,973</u>	<u>\$ 24,422,795</u>	<u>\$ 7,423,822</u>

**Major Governmental Funds**

The Town of Longboat Key reports six major funds: (1) General Fund, (2) GMD Assessments Fund, (3) Neighborhood Assessments Fund, (4) General Obligation Beach Bonds Fund, (5) Beach Nourishment Capital Project Fund, and (6) GMD Undergrounding 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.

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

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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, 2018, total fund balance in the General Fund was \$8,375,713 of which \$5,544,903 was unassigned. As a measure of the General Fund's liquidity, total fund balance and unassigned fund balance are 55.3% and 36.6% of total expenditures (excluding capital outlay), respectively, for fiscal year 2018 as compared to 50.0% and 36.4% for the prior fiscal year. Property values increased by 5.0% and the mill rate remained flat at 2.1144.

Gulf of Mexico Drive (GMD) Assessments Fund. The GMD Undergrounding Assessments Fund is a special revenue fund that accounts for the collection of non-ad valorem assessments, collected annually by the County Tax Collectors, based on the methodology approved by Resolution 2017-03 on January 4, 2017. A general Notice of Assessment lien was recorded, following the bond validation, in May of 2017. These assessments will be restricted for project costs and/or debt service payments associated with Undergrounding Utilities along Gulf of Mexico Drive. A receivable for the assessment in the amount of \$16,221,269 was recorded as of September 30, 2018.

Neighborhood Assessments Fund. The Neighborhood Undergrounding Assessments Fund is a special revenue fund that accounts for the collection of non-ad valorem assessments, collected annually by the County Tax Collectors, based on the methodology approved by Resolution 2017-18 on November 13, 2017. A general Notice of Assessment lien was recorded, following the bond validation, in April of 2018 with the first annual assessments showing on the November 2018 tax bills. These assessments will be restricted for project costs and/or debt service payments associated with Undergrounding Utilities in the remaining neighborhoods and side streets. A receivable for the assessment in the amount of \$14,239,777 was recorded as of September 30, 2018.

General Obligation Beach Bonds Fund. The General Obligation Beach Bonds Fund accounts for the property tax collections to pay for project costs or annual debt service payment on bonds related to the Beach Renourishment Project. The mill rate imposed was .7272 for Beach Erosion Control District A and .1818 for Beach Erosion Control District B. The Town borrowed \$10.7 million on June 10, 2016, requiring \$2.8 million annual payments to be paid over the next two fiscal years, with a final payment in fiscal year 2020.

Beach Nourishment Capital Project Fund. The Beach Nourishment Capital Project Fund was created to account for the bond proceeds and expenditures of sand replacement, dredging and reconstructing beach structures along the Town's Gulf of Mexico coastline. A total of \$1.7 million was spent in fiscal year 2018 and planning has ensued for the next renourishment estimated to take place in fiscal year 2021. The Town's beaches are the Town's most important asset. The Beach Management Plan provides for the development of methods which will reduce or minimize erosion, seek out sand sources, provide for periodic sand replenishment and develop funding alternatives.

GMD Undergrounding Capital Project Fund. The GMD Undergrounding Capital Projects was created to account for the bond proceeds, receipts of assessments, and expenditures associated with undergrounding utilities along Gulf of Mexico Drive. The Town collected 33.5% of the project cost in prepayments and annual assessment collections over the past three years, which reduced the amount of the borrowing. A balance of \$6.2 million of those assessments is recorded as unearned revenue until the project expenditures are incurred. The construction for both the GMD and Neighborhood projects will take place simultaneously and is expected to begin in the Spring of 2019 with anticipated completion in the Winter of 2023.

### Fund Balance – Governmental Funds

The *nonspendable* fund balance represents amounts, which cannot be spent such as prepaid items, fuel inventory and merchandise for resale at the Tennis Center.

*Restricted* fund balances of \$14,641,309, are amounts that can be spent only for specific purposes stipulated by: (a) external resource providers such as creditors (by debt covenants), grantors, contributors, and laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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*Assigned* fund balance of \$4,150,917 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 also considered assignments of fund balances.

*Unassigned* fund balance is the residual classification for the general fund. The balance of \$5,544,541 represents the Town's amount available for any other purpose.

**General Fund Budgetary Highlights**

The general fund budget can be found on pages 72 and 73 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.

	<b>Budget Amendments</b>		
	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenue	\$ 16,325,714	\$ 16,325,714	\$ -
Expenditures	16,325,714	16,630,606	304,892 <sup>1</sup>
Use of Fund Balance	<u>\$ -</u>	<u>\$ (304,892)</u>	<u>\$ (304,892)</u>

<sup>1</sup> Carryover of Open Purchase Orders from Fiscal Year 2016-2017 Budget

During the year, the Town amended the Original Budget to carryover the open purchase orders from the prior fiscal year, in the amount of \$304,892, from assigned fund balance. The amendments were made to the original line items the purchase orders were encumbered against.

The Town annually budgets a Contingency line item in the budget. This is a budgetary form of emergency money, 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 general contingency and \$50,000 for Red Tide cleanup. The Town authorized the transfer of \$22,760 to fund a special peer review of FDOT's proposal to construct a roundabout at US 41 and Gulf Stream Road and allocated \$60,000 of contingency to be used for financial assistance to residents for the removal of Australian Pines on the Key. \$50,344 remains *assigned* for that purpose as of September 30, 2018. The amount spent on red tide clean up during the fiscal year was \$6,930.

During the year, actual revenues exceeded budgetary estimates \$468,124 primarily due to these factors:

- Franchise Fees for Electricity is paid to the Town two months in arrears. Finance corrected the accrual in fiscal year 2018 to include the December payment which was for the month of September. Natural gas also exceeded its budgeted amounts by \$13,891. Total favorable variance \$230,701.
- Intergovernmental Revenue This classification is predominantly state revenue sharing in Communication Service tax, sales tax and the local ½ cent sales tax. We realized \$93,665 more than budgeted, mostly due to increase in consumer spending and tourism plus additional accruals.
- Investment Earnings The Town pools all of its cash and purchases investments in collaboration with the Town's Investment Advisor. The allocation of the earnings is based on equity of each fund's cash balance in the pool. Earnings have increased based on larger cash balances and federal funds rate increased by .25% four times over the fiscal year. \$38,922 favorable variance.

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- Sale of Capital Assets We realized \$58,362 on the sale of capital assets including a 1993 loader, club car, Chevy Tahoe and two Ford Explorers.
- Miscellaneous Revenue We received a \$30,000 settlement for legal costs related to a Police Department case.
- Charges for Services We added new fees during the year for an interlocal agreement with Manatee County for marine patrol on Greer Island totaling \$27,500 and planning and zoning department realized staff review fees of \$34,608.

During the year, expenditures were below budgetary estimates by \$1,281,258 primarily due to these factors:

- Legal – The legal budget was increased due to a change in the contract, but 25% of the Town Attorney costs were billable out to St. Regis for the development of the old Colony property. \$139,390 of legal funds remained unspent.
- Town Manager – An Assistant Town Manager was budgeted but never hired contributing to the \$166,582 surplus.
- I.T. – The I.T. Department had \$46,259 remaining in consulting services in anticipation of our programmer being needed for continued software implementation.
- Planning & Zoning – The original budget of \$130,000 for professional services exceeded the needs of the department by \$58,339 for the Zoning Code rewrites.
- General Services – The town annually budgets professional consulting services for town manager special projects that may be required during the year. No projects were requested resulting in \$57,192 of savings. In addition, a \$33,964 surplus remained for the town's liability, auto and property insurances.
- Contingency – \$167,240 of Commission contingency remained of the original \$250,000 budgeted and Red Tide contingencies remaining were \$43,070.
- Police Dept. – \$117,873 Remained due to vacancies during the year.
- Hurricane Irma – Open Purchase orders for debris removal were liquidated resulting in a \$72,625 surplus.

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**Town of Longboat Key, Florida**  
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Below is a comparison between the two fiscal years.

**Town of Longboat Key General Fund Budgetary Basis**

	<b>2017</b>	<b>2018</b>	<b>Increase (Decrease)</b>	<b>Note</b>
<b>Revenues:</b>				
Property taxes	\$ 11,181,013	\$ 11,721,582	\$ 540,569	1
Other taxes	157,626	128,155	(29,471)	2
Licenses and permits	24,754	21,292	(3,462)	
Intergovernmental	1,349,665	1,359,240	9,575	
Charges for services	358,854	406,663	47,809	3
Franchise fees	968,156	889,701	(78,455)	4
Fines and miscellaneous	87,779	166,563	78,784	5
Grants	98,260	3,908	(94,352)	6
Income on investments	55,431	98,517	43,086	
Other financing sources	1,960,104	1,660,939	(299,165)	7
<b>Total Revenues</b>	<u>16,241,642</u>	<u>16,456,560</u>	<u>214,918</u>	
<b>Expenditures:</b>				
General government	4,299,145	4,404,222	105,077	8
Public safety	9,474,777	9,869,864	395,087	8
Transportation	615,788	658,887	43,099	
Culture and recreation	160,820	215,615	54,795	
Capital outlay/transfers to capital	518,614	201,660	(316,954)	9
<b>Total Expenditures</b>	<u>15,069,144</u>	<u>15,350,248</u>	<u>281,104</u>	
<b>Net Change in Fund Balance</b>	<u>\$ 1,172,498</u>	<u>\$ 1,106,312</u>	<u>\$ (66,186)</u>	

Notes:

- 1 - Increase in property values of 5.0% produced additional tax revenue.
- 2 - The Town saw a decline in Local Business Tax filings for 2018.
- 3 - Planning & Zoning charged additional staff review fees due to the Colony Resort and the Town is charging Manatee County for Police Patrol services on Greer Island (a County owned park).
- 4 - Transferred \$300,000 of franchise fees to Neighborhoods Undergrounding Project to cover one-half of the general benefit of non ad valorem assessments which was offset by increase in revenue.
- 5 - Received a one-time settlement recovery of legal costs on a litigation suit and recovered forfeited 401(k) employer contributions.
- 6 - Grants are no longer tracked in the general fund and now accounted for in a new Miscellaneous grant special revenue fund to provide more accountability and segregation of restricted use funds.
- 7 - Reduced transfer in from the Road & Bridge Fund by \$300,000.
- 8 - Police and Fire employees received 3.5% and 4.3% average wage increases, respectively. General Employees' increases are merit based but averaged 3%.
- 9 - Capital Outlay paid for with sources other than general fund revenues.

**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's investment in capital assets for both governmental and business-type activities, net of accumulated depreciation at September 30, 2018, totaled \$90.5 million while September 30, 2017, totaled \$92.2 million.

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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 \$2,806,994 in new capital assets and \$1,495,534 for Construction in Progress for Governmental activities. The Town invested an additional \$1,328,926 in new capital assets and \$994,824 in Construction in Progress for business-type activities.

Some of the major capital asset purchases, excluding construction in progress, during the current fiscal year include the following:

**Governmental Activities:**

• North Shore Emergency Sand Placement	\$ 1,062,528
• Beach Post Construction Monitoring	255,488
• 2018 Ambulance	288,550
• License Plate Recognition System	241,492
• Grapple Truck	138,000
• Police Vehicles (4)	152,043
• Front End Loader	137,840
• Street Resurfacing	51,728
• Fire Department Radios	54,955

**Business Activities:**

• Lift Station Rehab 8D, 11D, 12D	266,334
• Valve Exerciser with Vacuum Trailer	69,658
• Subaqueous Pipeline	87,241

Major assets still under construction include the GMD and Neighborhood Utility Undergrounding, major reconstruction of the Emerald Harbor subdivision (water, sewer and streets) and Drainage and Stormwater remediation.

Below is a summary of the change in capital assets, net of depreciation for fiscal year 2018:

**Capital Assets Net of Accumulated Depreciation (in thousands)**

	Governmental Activities			
	2017	2018	Increase (Decrease)	Percent
Land	\$ 27,502	\$ 27,506	\$ 4	0.0%
Buildings	4,613	4,476	(137)	-3.0%
Streets and roadways	1,436	1,248	(188)	-13.1%
Improvements other than buildings	26,194	22,522	(3,672)	-14.0%
Vehicles and other equipment	2,685	3,074	389	14.5%
Construction in progress	2,528	4,023	1,495	59.1%
<b>Total</b>	<b>\$ 64,958</b>	<b>\$ 62,849</b>	<b>\$ (2,109)</b>	<b>-3.2%</b>
	Business Activities			
	2017	2018	Increase (Decrease)	Percent
Land	\$ 1,794	\$ 1,794	\$ -	0.0%
Buildings	171	147	(24)	-14.0%
Improvements other than buildings	22,597	22,148	(449)	-2.0%
Vehicles and other equipment	1,928	1,877	(51)	-2.6%
Construction in progress	725	1,720	995	137.2%
<b>Total</b>	<b>\$ 27,215</b>	<b>\$ 27,686</b>	<b>\$ 471</b>	<b>1.73%</b>

Additional information on the Town's capital assets can be found in Note 4 of this report.

**Town of Longboat Key, Florida**  
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**Long Term Debt**

At September 30, 2018, the Town of Longboat Key had total bonded debt outstanding of \$21,540,865 consisting of \$555,000 for the G.O. Facilities Bonds, \$2,059,100 is for the Utility G.O. Note Series 2009, \$4,618,636 is for Utility G.O. Partial Refunding Bonds 2014, \$5,453,149 is for 2016 Bank Loan for Beach renourishment and \$3,199,980 is for the Water and Sewer State Revolving Fund Loans. The Town issued debt on September 12, 2018, for the renovation of the North Fire Station and the replacement of the South Fire Station for a total par G.O. Bond of \$5,655,000.

	<b>Outstanding Debt</b>		
	<u>2017</u>	<u>2018</u>	<u>Increase (Decrease)</u>
General Obligation Bonds	\$ 16,026,031	\$ 18,340,885	\$ 2,314,854
Notes Payable	3,410,817	3,199,980	(210,837)
Total	<u>\$ 19,436,848</u>	<u>\$ 21,540,865</u>	<u>\$ 2,104,017</u>

On August 9, 2018, S&P Global Ratings assigned the Town an AA+ rating for its Series 2018 general obligation bonds. This was an increase of two levels since the Town's last bond rating in April of 2010. The ratings reflect the strength of the Town of Longboat Key and its management staff.

Other obligations include implicit rate subsidies for retiree medical costs, accrued vacation pay and sick leave, net pension liability and risk management. More detailed information about the Town's long-term liabilities is presented in Note 5 and Note 11 of the financial statements.

**Undergrounding Utilities.** The Town is in the early stages of undergrounding electrical, communications, fiber optics, and other utilities including the installation of street lighting island wide. The Town split the undergrounding project into two separate referendums. On November 3, 2016, the Town's electors voted to authorize the Town's borrowing of up to \$25,250,000 for undergrounding Gulf of Mexico Drive including Binnacle Point in Spanish Main and on Broadway Street. The second referendum held March 15, 2017, authorized the borrowing of and additional \$23,850,000 to underground the remaining neighborhood side streets and install fiber optics in already undergrounded areas. The Town plans to fund the debt with Non Ad valorem assessments over thirty years after providing citizens an opportunity to prepay. The Town issued debt associated with the Undergrounding projects on December 31, 2018, which is disclosed under subsequent events in Note 15 of this report.

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 30 years.

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 is encumbered by debt.

<b>Net Investment in Capital Assets</b>			
	<u>Governmental Activities</u>	<u>Business-type activities</u>	<u>Total Activities</u>
Net Capital assets	\$ 62,849,404	\$ 27,686,523	\$ 90,535,927
Less related debt payable	(6,371,332)	(9,877,716)	(16,249,048)
Net investment in capital assets	<u>\$ 56,478,072</u>	<u>\$ 17,808,807</u>	<u>\$ 74,286,879</u>
Percentage of capital assets financed	<u>10%</u>	<u>36%</u>	<u>18%</u>

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

September 30, 2018

Additional information on general obligations bonds can be found in Note 5 of the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

According to the Florida Office of Economic and Demographic Research (December 26, 2018) Economic Overview, Florida's real gross domestic product (GDP) will show growth of 3.5% in fiscal year 2019 and then begin a slow decline to the 2.0% range in the mid- and long term forecast. Personal income growth is strong with annual growth rates expected to straddle 4%. Florida's average wage has remained low as compared to the US average, at 87.5%. The state's unemployment rate shows an overall improvement with an actual rate of 3.3% compared to 3.7% in the prior year. The national rate in November was 3.7%.

Florida is currently the third most populous state, behind California and Texas, with population growth expected to remain at or above 1.4% adding between 256,000 to 328,000 residents annually through 2030. Existing home sales volume exceeds the 2005 peak year and median home prices for single family homes has trended upwardly steady.

Florida tourism is a major component of the state's economy and state sales tax revenue relies heavily on strong tourism growth. Currently, tourism losses pose the greatest potential risk to the economic outlook. Disease outbreaks, natural, or manmade disaster have shown that tourism demand is very sensitive to such events.

Sarasota County construction for retail and development has been very active over the past three years which is changing the face of Downtown Sarasota. Hotel, office, residential and mixed use projects that offer a variety of urban amenities and price points are attracting new residents and businesses, along with increasing visitor opportunities. A report from the City of Sarasota Economic Development Office summarized that 595,374 of Commercial square feet is either complete, under construction or in development. In addition, there are 59,142 sq. ft. of office space and 194,603 sq. ft. of retail or restaurants. This will add 1,458 apartments, 1,889 condominium or townhome units, and 1,627 hotel rooms.

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, which will be the new home of the Mote Aquarium.

Along with the build out comes a new level of traffic congestion; bumper to bumper cars and standstill traffic often surrounding the new mall and Lakewood Ranch. There are plans to design a second diverging diamond on I-75 at Fruitville Road. Other methods include constructing additional roundabouts, synchronizing stoplights and provide alternative modes of transportation. As there are many competing interests, traffic will surely be a continued topic of discussion with Florida's Department of Transportation for years to come.

The Town did not add any new operating programs or initiatives to the fiscal year 2019 budget. Expenditures growth was less than 1% with no increase in the mill rate. There will be an increased focus on development of the Adult and Community Education Center, planning associated with the Recreation Center at Bayfront Park and ongoing flood control measures. Long-term debt strategies will be developed for fiscal year 2020 and beyond. There will be an increased focus of the core services for the Town in future budget plans intended to ease the stress of future debt associated with major capital projects.

Factors considered in preparing The Town of Longboat Key's budget for the 2019 fiscal year included:

- No increase in millage.
- Maintain 2018 spending levels.
- Maintaining publicly visible service levels.
- Maintain minimum of 90 days of fund balance.
- Seek more efficient methods of accomplishing the mission.
- Identify any potential reductions or efficiencies.
- Maintain support for five-year capital improvement plan for scheduled vehicle replacement and infrastructure improvements.



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The final assessed values for real and personal property had increased 5.11% for the fiscal year 2018 budget and 3.99% for the fiscal year 2019 budget. These values are used to determine the ad valorem tax revenue to be received.

<u>Fiscal Year</u>	<u>Taxable Value</u>	<u>Percent Change</u>
2009	\$ 5,947,482,240	(9.98%)
2010	\$ 5,358,828,729	(9.90%)
2011	\$ 4,868,909,460	(9.14%)
2012	\$ 4,644,607,779	(4.61%)
2013	\$ 4,577,586,191	(1.44%)
2014	\$ 4,698,192,293	2.63%
2015	\$ 4,933,697,920	5.01%
2016	\$ 5,190,471,850	5.20%
2017	\$ 5,465,781,453	5.30%
2018	\$ 5,744,918,967	5.11%

All of these factors were considered in preparing the Town's budget for the 2019 fiscal year. The Town has maintained an operating millage rate of 2.1144 for the past three years including fiscal year 2019.

**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) 316-6882. We also recommend that you visit our website at [www.longboatkey.org](http://www.longboatkey.org) for further information.

# **Basic Financial Statements**

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**TOWN OF LONGBOAT KEY, FLORIDA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 16,807,924	\$ 7,197,637	\$ 24,005,561
Investments	17,192,958	8,361,052	25,554,010
Accounts receivables, net	30,571,822	730,137	31,301,959
Accrued income	88,603	43,128	131,731
Due from other governments	8,421,401	-	8,421,401
Prepaid items	8,013	-	8,013
Inventory	78,015	73,939	151,954
Restricted asset, cash and cash equivalents	-	2,015,045	2,015,045
Capital assets			
Non-depreciable	31,529,034	3,514,397	35,043,431
Depreciable, net	31,320,370	24,172,126	55,492,496
<b>Total assets</b>	<b>136,018,140</b>	<b>46,107,461</b>	<b>182,125,601</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	6,679,879	198,402	6,878,281
Deferred outflows - OPEB	78,001	9,931	87,932
Total deferred outflows of resources	<b>6,757,880</b>	<b>208,333</b>	<b>6,966,213</b>
<b>Liabilities</b>			
Accounts payable	1,504,689	649,601	2,154,290
Accrued liabilities	538,444	193,442	731,886
Due to other governments	65,000	-	65,000
Customer deposits payable	-	265,045	265,045
Unearned revenue	39,090,075	-	39,090,075
Noncurrent liabilities			
Due within one year	3,472,155	741,932	4,214,087
Due in more than one year	38,890,350	10,382,156	49,272,506
Total liabilities	<b>83,560,713</b>	<b>12,232,176</b>	<b>95,792,889</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	608,308	29,466	637,774
Deferred inflows - OPEB	40,711	5,184	45,895
Total deferred inflows of resources	<b>649,019</b>	<b>34,650</b>	<b>683,669</b>
<b>Net position</b>			
Net investment in capital assets	56,478,072	17,808,807	74,286,879
Restricted for			
Capital projects	7,130,626	-	7,130,626
Debt service	661,028	623,781	1,284,809
Connection fees	-	1,391,264	1,391,264
Unrestricted	(5,703,438)	14,225,116	8,521,678
Total net position	<b>\$ 58,566,288</b>	<b>\$ 34,048,968</b>	<b>\$ 92,615,256</b>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/programs</b>							
<b>Governmental activities</b>							
General government	\$ 4,563,210	\$ 94,607	\$ -	\$ -	\$ (4,468,603)	\$ -	\$ (4,468,603)
Public safety	12,178,651	344,639	77,519	242,199	(11,514,294)	-	(11,514,294)
Transportation	743,164	62,000	-	-	(681,164)	-	(681,164)
Culture/recreation	6,204,287	648,216	211,925	1,802,858	(3,541,288)	-	(3,541,288)
Physical environment	-	2,172,305	-	-	2,172,305	-	2,172,305
Interest on long-term debt	149,256	-	-	-	(149,256)	-	(149,256)
<b>Total governmental activities</b>	<u>23,838,568</u>	<u>3,321,767</u>	<u>289,444</u>	<u>2,045,057</u>	<u>(18,182,300)</u>	<u>-</u>	<u>(18,182,300)</u>
<b>Business-type activities</b>							
Water and sewer	7,250,303	8,140,102	-	-	-	889,799	889,799
Building department	1,387,191	1,279,642	-	-	-	(107,549)	(107,549)
Total business-type activities	<u>8,637,494</u>	<u>9,419,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,250</u>	<u>782,250</u>
<b>Total primary government</b>	<u>\$ 32,476,062</u>	<u>\$ 12,741,511</u>	<u>\$ 289,444</u>	<u>\$ 2,045,057</u>	<u>(18,182,300)</u>	<u>782,250</u>	<u>(17,400,050)</u>
<b>General revenues</b>							
Property taxes					14,809,552	-	14,809,552
Gas taxes					422,851	-	422,851
Sales taxes					1,633,731	-	1,633,731
Unrestricted state revenue sharing					590,797	-	590,797
Franchise fees					1,189,701	-	1,189,701
Business tax					128,155	-	128,155
Tourist tax					742,198	-	742,198
Investment earnings					253,771	146,128	399,899
Miscellaneous					145,411	-	145,411
Gain on sale of capital asset					60,925	-	60,925
<b>Transfers</b>					1,334,474	(1,334,474)	-
Total general revenues and transfers					<u>21,311,566</u>	<u>(1,188,346)</u>	<u>20,123,220</u>
<b>Change in net position</b>					3,129,266	(406,096)	2,723,170
<b>Net position, beginning of year, as restated</b>					<u>55,437,022</u>	<u>34,455,064</u>	<u>89,892,086</u>
<b>Net position, end of year</b>					<u>\$ 58,566,288</u>	<u>\$ 34,048,968</u>	<u>\$ 92,615,256</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, 2018

	General Fund	GMD Assessments Fund	Neighborhoods Assessments Fund	General Obligation Beach Bonds Fund	Beach Nourishment Capital Project Fund	GMD Undergrounding Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 4,367,139	\$ 179,155	\$ -	\$ 87,999	\$ 2,316,033	\$ 3,164,445	\$ 6,693,153	\$ 16,807,924
Investments	4,253,400	174,574	-	85,750	2,256,822	3,083,544	7,338,868	17,192,958
Accounts receivable, net	110,776	16,221,269	14,239,777	-	-	-	-	30,571,822
Accrued income	24,553	556	-	3,703	17,331	6,385	36,075	88,603
Due from other governments	374,937	3,502	-	-	7,454,824	-	588,138	8,421,401
Inventory	5,634	-	-	-	-	-	72,381	78,015
Prepaid items	8,013	-	-	-	-	-	-	8,013
Total assets	<u>\$ 9,144,452</u>	<u>\$ 16,579,056</u>	<u>\$ 14,239,777</u>	<u>\$ 177,452</u>	<u>\$ 12,045,010</u>	<u>\$ 6,254,374</u>	<u>\$ 14,728,615</u>	<u>\$ 73,168,736</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 183,276	\$ -	\$ -	\$ -	\$ 1,055,915	\$ 34,631	\$ 230,867	\$ 1,504,689
Accrued liabilities	500,921	-	-	-	-	-	15,233	516,154
Due to other governments	-	-	-	-	-	-	65,000	65,000
Unearned revenue	-	16,440,215	14,239,777	-	-	6,165,415	2,244,668	39,090,075
Total liabilities	<u>684,197</u>	<u>16,440,215</u>	<u>14,239,777</u>	<u>-</u>	<u>1,055,915</u>	<u>6,200,046</u>	<u>2,555,768</u>	<u>41,175,918</u>
<b>Deferred inflows of resources</b>								
Unavailable revenue	84,542	-	-	-	7,454,824	-	30,657	7,570,023
<b>Fund balances</b>								
Nonspendable	13,647	-	-	-	-	-	72,381	86,028
Restricted	-	138,841	-	177,452	3,186,849	54,328	11,083,839	14,641,309
Assigned	2,817,163	-	-	-	347,422	-	986,332	4,150,917
Unassigned	5,544,903	-	-	-	-	-	(362)	5,544,541
Total fund balances	<u>8,375,713</u>	<u>138,841</u>	<u>-</u>	<u>177,452</u>	<u>3,534,271</u>	<u>54,328</u>	<u>12,142,190</u>	<u>24,422,795</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,144,452</u>	<u>\$ 16,579,056</u>	<u>\$ 14,239,777</u>	<u>\$ 177,452</u>	<u>\$ 12,045,010</u>	<u>\$ 6,254,374</u>	<u>\$ 14,728,615</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.							113,348,364	
Governmental capital assets								
Accumulated depreciation							(50,498,960)	62,849,404
Other long-term assets are not available to pay for current-period expenditures, and therefore, are unavailable in the funds.								7,570,023
Deferred outflows and deferred inflows are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds								
Deferred outflows - OPEB							78,001	
Deferred inflows - OPEB							(40,711)	
Deferred outflows - pensions							6,679,879	
Deferred inflows - pensions							(608,308)	6,108,861
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.								
Accrued interest payable							(22,290)	
Compensated absences							(659,689)	
Net pension liability							(28,579,268)	
OPEB payable							(1,222,808)	
Bonds payable							(11,900,740)	(42,384,795)
Net position of governmental activities								<u>\$ 58,566,288</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, 2018

	General Fund	GMD Assessments Fund	Neighborhoods Assessments Fund	General Obligation Beach Bonds Fund	Beach Nourishment Capital Project Fund	GMD Undergrounding Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Property taxes	\$ 11,721,582	\$ -	\$ -	\$ 2,803,585	\$ -	\$ -	\$ 284,385	\$ 14,809,552
Other taxes	128,155	-	-	-	-	-	2,154,940	2,283,095
Licenses and permits	21,292	-	-	-	-	-	-	21,292
Intergovernmental revenues	1,359,240	-	-	-	-	-	87,322	1,446,562
Charges for services	406,663	-	-	-	-	-	693,310	1,099,973
Franchise fees	889,701	-	-	-	-	-	300,000	1,189,701
Fines and forfeitures	21,152	-	-	-	-	-	359	21,511
Grant revenues	3,908	-	-	-	-	-	42,954	46,862
Investment earnings	98,517	17,372	-	4,265	34,011	36,486	63,120	253,771
Special assessments	-	69,701	-	-	-	439,728	1,662,876	2,172,305
Miscellaneous revenues	145,411	-	-	-	-	-	242,199	387,610
Total revenues	<u>14,795,621</u>	<u>87,073</u>	<u>-</u>	<u>2,807,850</u>	<u>34,011</u>	<u>476,214</u>	<u>5,531,465</u>	<u>23,732,234</u>
<b>Expenditures</b>								
Current								
General government	4,404,222	48,659	-	-	-	1,763	170,084	4,624,728
Public safety	9,869,864	-	-	-	-	-	54,327	9,924,191
Transportation	658,887	-	-	-	-	-	7,342	666,229
Culture/recreation	215,615	-	-	-	150,579	-	625,223	991,417
Debt service								
Principal retirement	-	-	-	2,654,866	-	-	270,000	2,924,866
Interest	-	-	-	145,133	-	-	14,973	160,106
Bond issuance costs	-	-	-	-	-	-	177,998	177,998
Capital outlay								
General government	251	-	-	-	-	-	129,720	129,971
Public safety	14,159	-	-	-	-	-	845,618	859,777
Physical environment	-	-	-	-	-	439,728	524,452	964,180
Transportation	-	-	-	-	-	-	458,449	458,449
Culture/recreation	-	-	-	-	1,528,926	-	185,564	1,714,490
Total expenditures	<u>15,162,998</u>	<u>48,659</u>	<u>-</u>	<u>2,799,999</u>	<u>1,679,505</u>	<u>441,491</u>	<u>3,463,750</u>	<u>23,596,402</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(367,377)</u>	<u>38,414</u>	<u>-</u>	<u>7,851</u>	<u>(1,645,494)</u>	<u>34,723</u>	<u>2,067,715</u>	<u>135,832</u>
<b>Other financing sources (uses)</b>								
Proceeds from the sale of capital assets	60,925	-	-	-	-	-	-	60,925
Bonds issued	-	-	-	-	-	-	5,655,000	5,655,000
Premium on bonds issued	-	-	-	-	-	-	237,591	237,591
Transfers in	1,600,014	-	-	-	581,499	-	1,829,451	4,010,964
Transfers out	(187,250)	-	-	-	(69,060)	-	(2,420,180)	(2,676,490)
Total other financing sources (uses)	<u>1,473,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,439</u>	<u>-</u>	<u>5,301,862</u>	<u>7,287,990</u>
<b>Change in fund balances</b>	<u>1,106,312</u>	<u>38,414</u>	<u>-</u>	<u>7,851</u>	<u>(1,133,055)</u>	<u>34,723</u>	<u>7,369,577</u>	<u>7,423,822</u>
<b>Fund balances, beginning of year,</b>	<u>7,269,401</u>	<u>100,427</u>	<u>-</u>	<u>169,601</u>	<u>4,667,326</u>	<u>19,605</u>	<u>4,772,613</u>	<u>16,998,973</u>
<b>Fund balances, end of year</b>	<u>\$ 8,375,713</u>	<u>\$ 138,841</u>	<u>\$ -</u>	<u>\$ 177,452</u>	<u>\$ 3,534,271</u>	<u>\$ 54,328</u>	<u>\$ 12,142,190</u>	<u>\$ 24,422,795</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, 2018**

<b>Net Change in Fund Balances – Total Governmental Funds</b>		<b>\$ 7,423,822</b>
<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	\$ 4,302,528	
Less current year depreciation	<u>(6,411,197)</u>	(2,108,669)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>		
Repayment of principal of long-term debt		2,924,866
Debt proceeds		(5,655,000)
Premium on bonds issued		(237,591)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		1,840,201
<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>		
Pension expense	(1,240,546)	
Change in total OPEB liability	6,673	
Change in accrued interest	10,850	
Change in compensated absences	<u>164,660</u>	<u>(1,058,363)</u>
<b>Change in net position of governmental activities</b>		<b><u><u>\$ 3,129,266</u></u></b>

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, 2018**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 6,355,280	\$ 842,357	\$ 7,197,637
Restricted cash and cash equivalents	2,015,045	-	2,015,045
Accounts receivable, net	730,137	-	730,137
Investments	7,540,376	820,676	8,361,052
Accrued income	38,113	5,015	43,128
Inventory	73,939	-	73,939
Total current assets	<u>16,752,890</u>	<u>1,668,048</u>	<u>18,420,938</u>
Noncurrent assets			
Capital assets, non-depreciable	3,514,397	-	3,514,397
Capital assets, net	24,016,041	156,085	24,172,126
Total noncurrent assets	<u>27,530,438</u>	<u>156,085</u>	<u>27,686,523</u>
<b>Total assets</b>	<u>44,283,328</u>	<u>1,824,133</u>	<u>46,107,461</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	94,539	103,863	198,402
Deferred outflows - OPEB	4,352	5,579	9,931
Total deferred outflows of resources	<u>98,891</u>	<u>109,442</u>	<u>208,333</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	600,474	49,127	649,601
Bonds payable	436,432	-	436,432
Notes payable	216,824	-	216,824
Accrued liabilities	168,283	25,159	193,442
Compensated absences	60,722	27,954	88,676
Liabilities payable from restricted assets			
Customer deposits payable	265,045	-	265,045
Total current liabilities	<u>1,747,780</u>	<u>102,240</u>	<u>1,850,020</u>
Noncurrent liabilities			
Bonds payable, net of current portion	6,241,304	-	6,241,304
Notes payable, net of current portion	2,983,156	-	2,983,156
Net pension liability	477,453	524,551	1,002,004
Total OPEB liability	68,230	87,462	155,692
Total non-current liabilities	<u>9,770,143</u>	<u>612,013</u>	<u>10,382,156</u>
Total liabilities	<u>11,517,923</u>	<u>714,253</u>	<u>12,232,176</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pension	14,040	15,426	29,466
Deferred inflows - OPEB	2,272	2,912	5,184
Total deferred intflows of resources	<u>16,312</u>	<u>18,338</u>	<u>34,650</u>
<b>Net position</b>			
Net investment in capital assets	17,652,722	156,085	17,808,807
Restricted for			
Debt service	623,781	-	623,781
Accumulated earnings on connection fees	1,391,264	-	1,391,264
Unrestricted	13,180,217	1,044,899	14,225,116
Total net position	<u>\$ 32,847,984</u>	<u>\$ 1,200,984</u>	<u>\$ 34,048,968</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, 2018**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
<b>Operating revenues</b>			
Charges for services	\$ 8,003,807	\$ 1,263,741	\$ 9,267,548
Late charges	103,803	-	103,803
Rentals and miscellaneous	32,492	15,901	48,393
Total operating revenues	<u>8,140,102</u>	<u>1,279,642</u>	<u>9,419,744</u>
<b>Operating expenses</b>			
Personnel services and benefits	908,647	1,134,232	2,042,879
Professional services	114,211	150,309	264,520
General and administrative	20,185	67,338	87,523
Materials and supplies	55,123	9,714	64,837
Utility services	129,043	-	129,043
Insurance	138,388	-	138,388
Repairs and maintenance	262,164	2,895	265,059
Water purchased for resale	1,595,766	-	1,595,766
Wastewater treatment	1,836,048	-	1,836,048
Miscellaneous	830	-	830
Depreciation	1,829,283	22,703	1,851,986
Total operating expenses	<u>6,889,688</u>	<u>1,387,191</u>	<u>8,276,879</u>
<b>Operating income (loss)</b>	<u>1,250,414</u>	<u>(107,549)</u>	<u>1,142,865</u>
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	132,847	13,281	146,128
Interest expense	(360,615)	-	(360,615)
Total nonoperating revenues (expenses)	<u>(227,768)</u>	<u>13,281</u>	<u>(214,487)</u>
Income (loss) before transfers	1,022,646	(94,268)	928,378
<b>Transfers out</b>	<u>(1,053,770)</u>	<u>(280,704)</u>	<u>(1,334,474)</u>
<b>Change in net position</b>	(31,124)	(374,972)	(406,096)
<b>Total net position, beginning of year, as restated</b>	<u>32,879,108</u>	<u>1,575,956</u>	<u>34,455,064</u>
<b>Total net position, end of year</b>	<u><u>\$ 32,847,984</u></u>	<u><u>\$ 1,200,984</u></u>	<u><u>\$ 34,048,968</u></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, 2018**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 8,061,406	\$ 1,279,642	\$ 9,341,048
Cash paid to suppliers for goods and services	(4,007,643)	(238,377)	(4,246,020)
Cash paid to employees for services and benefits	(693,377)	(808,810)	(1,502,187)
Net cash provided by operating activities	<u>3,360,386</u>	<u>232,455</u>	<u>3,592,841</u>
<b>Cash flows from noncapital financing activities</b>			
Transfer to other funds	<u>(1,053,770)</u>	<u>(280,704)</u>	<u>(1,334,474)</u>
Net cash used by noncapital financing activities	<u>(1,053,770)</u>	<u>(280,704)</u>	<u>(1,334,474)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(2,322,544)	(1,206)	(2,323,750)
Principal paid on bonds payable	(415,280)	-	(415,280)
Principal paid on notes payable	(210,837)	-	(210,837)
Interest paid	(360,838)	-	(360,838)
Net cash used in capital and related financing activities	<u>(3,309,499)</u>	<u>(1,206)</u>	<u>(3,310,705)</u>
<b>Cash flows from investing activities</b>			
Sale of investments	7,957,489	840,857	8,798,346
Purchase of investments	(3,640,698)	(386,071)	(4,026,769)
Interest received	126,774	12,602	139,376
Net cash provided by investing activities	<u>4,443,565</u>	<u>467,388</u>	<u>4,910,953</u>
<b>Net change in cash and cash equivalents</b>	3,440,682	417,933	3,858,615
<b>Cash and cash equivalents, beginning of year</b>	<u>4,929,643</u>	<u>424,424</u>	<u>5,354,067</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,370,325</u>	<u>\$ 842,357</u>	<u>\$ 9,212,682</u>
<b>Cash and cash equivalents classified as</b>			
Cash and cash equivalents	\$ 6,355,280	\$ 842,357	\$ 7,197,637
Restricted cash and cash equivalents	2,015,045	-	2,015,045
Total cash and cash equivalents	<u>\$ 8,370,325</u>	<u>\$ 842,357</u>	<u>\$ 9,212,682</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, 2018**

	<u>Water and Sewer</u>	<u>Building Department</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ 1,250,414	\$ (107,549)	\$ 1,142,865
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,829,283	22,703	1,851,986
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(95,091)	-	(95,091)
Inventory	3,843	-	3,843
Deferred outflows - pension	(23,805)	(45,868)	(69,673)
Deferred outflows - OPEB	192	(5,579)	(5,387)
Increase (decrease) in liabilities:			
Accounts payable	140,272	3,712	143,984
Accrued liabilities	(1,197)	4,659	3,462
Due to other governments	-	(11,833)	(11,833)
Compensated absences payable	26,192	9,009	35,201
Customer deposits	16,395	-	16,395
Deferred inflows - pension	14,040	15,426	29,466
Deferred inflows - OPEB	2,272	2,912	5,184
Net pension liability	211,144	319,112	530,256
Total OPEB liability	(13,568)	25,751	12,183
Net cash provided by operating activities	<u>\$ 3,360,386</u>	<u>\$ 232,455</u>	<u>\$ 3,592,841</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, 2018**

	<b>Consolidated Pension Trust Fund</b>	<b>Agency Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 116,873	\$ 153,520
Receivables/prepays		
Prepaid items	321,184	-
Interest receivable	205,908	-
Due from broker	49,851	-
Total receivables	<u>576,943</u>	<u>-</u>
Investments, at fair value		
U.S. Government and agency securities	4,689,027	-
Corporate bonds	3,897,884	-
Equity securities	27,808,877	-
Total investments	<u>36,395,788</u>	<u>-</u>
Total assets	<u>\$ 37,089,604</u>	<u>\$ 153,520</u>
<b>Liabilities</b>		
Accounts payable	\$ 34,066	\$ -
Amounts held as agent for others	-	153,520
Total liabilities	<u>34,066</u>	<u>153,520</u>
<b>Net Position</b>		
Restricted for pension benefits - active and retired members' benefits	<u>37,055,538</u>	<u>-</u>
Total liabilities and net position	<u>\$ 37,089,604</u>	<u>\$ 153,520</u>

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, 2018**

	<u>Consolidated Pension Trust Fund</u>
<b>Additions</b>	
Contributions	
Town	\$ 3,283,591
Total contributions	<u>3,283,591</u>
Investment income	
Net change in fair value of investments	2,017,082
Interest and dividends	922,702
Less investment expense	<u>(163,931)</u>
Net investment income	<u>2,775,853</u>
Total additions	<u>6,059,444</u>
<b>Deductions</b>	
Pension benefits	3,703,030
Termination payments	523,910
Administrative expenses	109,839
Total deductions	<u>4,336,779</u>
Change in net position	1,722,665
Net position, restricted for pension benefits	
Beginning of year	<u>35,332,873</u>
End of year	<u>\$ 37,055,538</u>

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

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**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**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. The Town Charter is reviewed every ten years and has been amended by referendum six times. The current charter was adopted in 2018. 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. These districts will sunset following the payoff of the Series 2016 G.O. Bonds.

**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.

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, physical environment, and culture/recreation. The business-type activities of the Town include the water and sewer system and building permits.



**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements – Continued**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. 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.

**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. It is the Town's policy to recognize grant revenues when earned to match the corresponding expenditures.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

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 *GMD Assessments Fund* was created to account for special non-ad valorem assessments collected for the Gulf of Mexico Drive undergrounding project. These assessments will fund the costs of or debt issued for undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting relating to Gulf of Mexico Drive.

The *Neighborhoods Assessments Fund* was created to account for special non-ad valorem assessments collected for the Neighborhoods Undergrounding Project. These assessments will fund the costs of or debt issued for undergrounding electrical, communications, fiber optics and other utilities and installation of street lighting.

The *General Obligation Beach Bonds Fund* was created to account for the property tax collections from Sarasota and Manatee Counties and to pay annual debt service payment on bonds.

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

The *GMD Undergrounding Capital Project Fund* was created to account for the expenditures incurred for the Gulf of Mexico Drive utility undergrounding project.

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 *Consolidated Pension Trust Fund* accounts for the activities of the Town's consolidated pension plan covering general employees, police officers and firefighters.

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, the Solid Waste Fund, and the Police Donations Fund, which hold money in a custodial capacity. 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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

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 provided, (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.

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 Town is authorized pursuant Resolution 2017-01, adopted January 9, 2017, to invest surplus funds in accordance with Florida Statute 218.415. Investment guidelines have been defined in the policy and authorize the Town to invest in the following:

1. United States Government Securities
2. United States Government Agencies
3. United States Government Sponsored Enterprises (GSE) Federal Instrumentalities
4. Mortgage-Backed Securities
5. Non-Negotiable Interest Bearing Time Certificates of Deposit or Savings Accounts
6. Repurchase Agreements
7. Commercial Paper
8. Corporate Notes
9. Bankers' Acceptances
10. State or Local Government Taxable and/or Tax-Exempt Debt
11. Registered Investments Companies (Money Market Mutual Funds)
12. Supranationals
13. Asset-Backed Securities
14. Intergovernmental Investment Pool
15. The Florida Local Government Surplus Trust Funds - Florida PRIME

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Cash and Investments – Continued**

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

**Investments**

In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, 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 requires 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.

The Local Government Surplus Funds Trust Fund (Florida PRIME) is an external 2A7-like investment pool administered by the Florida State Board of Administration. The Town's investment in Florida PRIME represented less than 2% of Florida PRIME's total investments. Investments held in Florida PRIME include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements, and commercial paper. These short-term investments are stated at cost, which approximates market value. Investment income is recognized as earned and is allocated to participants of Florida PRIME based on their equity participation.

The following summarizes the Town's cash and investments, excluding Pension Trust Funds, at September 30, 2018, which are recorded at fair value:

Cash and Equivalents	Rating (Moody's)	Fair Value
Petty Cash	N/A	\$ 2,346
Public Depository accounts		
Checking	N/A	10,508,794
Money Market	N/A	772,347
Total cash and cash equivalents		11,283,487
<b>Investments</b>		
U.S. Government and Agency Obligations		
Less than 1 year maturities	Aaa	7,762,432
1 to 5 year maturities	Aaa	10,250,392
Corporate Bonds		
Less than 1 year maturities	Aaa	657,673
1 to 5 year maturities	Aaa	6,396,915
Florida PRIME (S&P Rating)	AAAm	15,377,237
Total investments		40,444,649
Total cash and cash equivalents and investments		\$ 51,728,136
Amounts as presented on the entity wide statement of net position:		
Cash and cash equivalents		\$ 24,005,561
Investments		25,554,010
Restricted cash and cash equivalents		2,015,045
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Agency Funds		153,520
Total cash and cash equivalents and investments		\$ 51,728,136

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Cash and Investments – Continued**

*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.

*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 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.

Fair Value Measurements: The Town has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2018:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Gov't Obligations	\$ 18,012,824	\$ 16,536,514	\$ 1,476,310	\$ -
Corporate Bonds	7,054,588	5,018,522	2,036,066	-
Total fixed income securities	25,067,412	21,555,036	3,512,376	-
Money market funds	772,347	261,431	510,916	-
Investments exempt from level disclosure:				
Florida PRIME	15,377,237	-	-	-
Total investments at fair value level	\$ 41,216,996	\$ 21,816,467	\$ 4,023,292	\$ -

Fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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. Receivables as of September 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	GMD Assessments Fund	Neighborhoods Assessments Fund	Beach Nourishment Capital Project Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Total
<b>Receivables</b>							
Accounts	\$ 129,074	\$ 16,221,269	\$ 14,239,777	\$ -	\$ -	\$ 1,191,054	\$ 31,781,174
Due from other governments	374,937	3,502	-	7,454,824	588,138	-	8,421,401
Less allowance for uncollectible receivables	(18,298)	-	-	-	-	(460,917)	(479,215)
	<u>\$ 485,713</u>	<u>\$ 16,224,771</u>	<u>\$ 14,239,777</u>	<u>\$ 7,454,824</u>	<u>\$ 588,138</u>	<u>\$ 730,137</u>	<u>\$ 39,723,360</u>

**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 \$623,781 and cash collected from water and sewer connection fees in the amount of \$1,391,264.

**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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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, 2018.

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, 2018**

**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 Threshold</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 - 40	\$ 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 Premiums/Discounts on Bonds**

Amortization of premiums and discounts on bonds is determined by using the effective interest method and is recorded as interest expense each year over the life of the debt when applicable.

**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.

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”.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**K. Net Position/Fund Balance Classification – Continued**

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.

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.



**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**L. Property Taxes – Continued**

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, 2018. No accrual for the property tax levy becoming due in November of 2018 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

**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 \$511,623 has been accrued for vacation leave and \$236,742 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 15<sup>th</sup> 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 1<sup>st</sup> 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 department 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 \$20,000 between line items within or between departments 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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**O. Deferred Outflows/Inflows of Resources**

The Town reports deferred inflows and deferred outflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in these liabilities are recognized as pension or OPEB expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the Town's actuary which adjust the net pension liability or total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service life of plan members. Changes in actuarial assumptions which adjust the net pension liability or total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. The changes in proportion and differences between Town contributions and proportionate share of contributions are also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the Town to the pension and OPEB plan before year-end but subsequent to the measurement date of the Town's net pension liability and total OPEB liability are reported as deferred outflows of resources.

**P. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's three plans and the FRS plan and additions to/deductions from these plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Q. 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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS**

**Plan Description**

The Town in prior years had three single employer pension plans, for general employees, police officers and firefighters. A Consolidated Board of Trustees was formed in October 2014, with a goal to consolidate the three plans by October 1, 2015. The plans have been consolidated and are maintained as a single Pension Trust Fund 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. 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. 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. All accumulated plan assets are available to pay for any benefit to any plan member or beneficiary. The Town does not issue a stand-alone financial report for this plan.

**Actuarial Assumption/Method Changes Since Prior Valuation**

There have been no changes of actuarial assumptions since the prior valuation.

Employee membership data as of October 1, 2018, follows:

	General Employees'	Police Officers'	Fire Fighters'	Total
Number of participants:				
Active	18	5	7	30
Retirees and terminated employees with vested benefits	55	21	38	114
Total	<u>73</u>	<u>26</u>	<u>45</u>	<u>144</u>

Members are 100% vested in their frozen accrued benefit.

**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

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Benefit Provisions – Continued**

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.

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. 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 – None (previously 10% of compensation)

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.

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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Contributions and Reserves – Continued**

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.

**Rate of return** – For the year ended September 30, 2018, the annual money-weighted rate of return on the Town's pension plan investments, net of pension plan investment expense, was 8.04%. 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.

The following summarizes the investments of the Town's Pension Trust Fund at September 30, 2018, which are recorded at fair value:

Investment Type	Credit Rating		Fair Market	Investment Maturity (in Years)			
	(Moody's)	(S&P)		Less Than 1	1 - 5	6 - 10	More Than 10
U.S. Government and agency securities	Aaa		\$ 4,689,027	\$ 749,107	\$ 2,685,875	\$ 1,254,045	\$ -
Corporate obligations		BBB+	526,826	-	432,068	94,758	-
Corporate obligations		BBB	546,237	-	268,598	277,639	-
Corporate obligations		AAA	126,927	-	126,927	-	-
Corporate obligations		AA+	134,598	-	134,598	-	-
Corporate obligations		AA-	222,667	-	222,667	-	-
Corporate obligations		A+	356,317	129,802	226,515	-	-
Corporate obligations		A-	1,080,720	-	744,903	335,817	-
Corporate obligations		A	804,374	-	220,799	583,575	-
Corporate obligations		AA	99,218	-	-	99,218	-
			<u>8,586,911</u>	<u>\$ 878,909</u>	<u>\$ 5,062,950</u>	<u>\$ 2,645,052</u>	<u>\$ -</u>
Equity investments	Not rated		<u>27,808,877</u>				
Total investments			<u>\$36,395,788</u>				

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

Fair Value Measurements: The Town has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2018:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
<b>Fixed income securities:</b>				
U.S. Gov't and agency securities	\$ 4,689,027	\$ -	\$ 4,689,027	\$ -
Corporate Bonds	3,897,884	-	3,897,884	-
Total fixed income securities	8,586,911	-	8,586,911	-
<b>Equity investments:</b>				
Common stock - domestic	6,797,185	6,797,185	-	-
Common stock - foreign	5,183,301	5,183,301	-	-
Real estate investment trusts	94,058	94,058	-	-
Liquid limited partnerships	130,199	-	-	130,199
Mutual funds	51,284	51,284	-	-
Call options	(51,447)	(51,447)	-	-
Hedge funds	15,604,297	11,285,628	1,047,570	3,271,099
Total equity investments	27,808,877	23,360,009	1,047,570	3,401,298
Total investments at fair value level	\$ 36,395,788	\$ 23,360,009	\$ 9,634,481	\$ 3,401,298

Fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 of the fair value hierarchy are valued using significant unobservable inputs (including the Fund's own assumptions in determining the fair value of the investments).

**Deferred Retirement Option Program (DROP)** – The Consolidated Retirement System no longer provides a DROP feature after February 1, 2014, for Police members; or after September 30, 2013, for Firefighter and General Employee members.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Net Pension Liability of the Town**

The Town's net pension liability for the plan was measured as of September 30, 2017. The components of the net pension liability of the Town at September 30, 2018, were as follows:

	General Employees'	Police Officers'	Fire Fighters'	Total
Total pension liability	\$ 15,298,890	\$ 12,220,711	\$ 31,358,070	\$ 58,877,671
Plan fiduciary net position	(10,942,707)	(7,093,224)	(17,296,942)	(35,332,873)
Town's net pension liability	<u>\$ 4,356,183</u>	<u>\$ 5,127,487</u>	<u>\$ 14,061,128</u>	<u>\$ 23,544,798</u>
Plan fiduciary net position as a percentage of net pension liability	71.53%	58.04%	55.16%	60.01%

For the year ended September 30, 2018, the Town recognized pension expense of \$4,057,458 for the plan. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ -
Experience differences	120,055	-
Net difference between projected and actual earnings on investments	-	98,834
Town pension plan contributions subsequent to the measurement date	3,283,591	-
Total	<u>\$ 3,403,646</u>	<u>\$ 98,834</u>

The deferred outflows of resources related to the Pension Plan, totaling \$3,283,591 resulting from Town contributions to the plans subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

Year ended September 30,	
2019	\$ 308,194
2020	315,231
2021	(343,678)
2022	(258,526)
2023	-
Total	<u>\$ 21,221</u>

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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Net Pension Liability of the Town – Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of October 1, 2016, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2017, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.3%
Salary increases	0.0%
Discount rate	7.0%
Investment rate of return	7.0%

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, 2018, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic equity	7.03%
International equity	6.40%
Fixed income	2.45%
Real estate	3.30%
Master limited partnerships	5.60%

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 net pension liability.



**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Net Pension Liability of the Town – Continued**

*Changes in the Net Pension Liability of the Town.* The changes in the components of the net pension liability of the Town for the fiscal year ended September 30, 2018, were as follows:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a-b)</u>
<b>Balances at 9/30/17</b>	\$57,769,900	\$ 32,730,349	\$25,039,551
<b>Changes for the year:</b>			
Service cost	35,799	-	35,799
Interest on total pension liability	3,912,316	-	3,912,316
Changes of benefit terms	-	-	-
Differences between expected and actual experience	983,420	-	983,420
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(3,823,764)	(3,823,764)	-
Contributions - employer	-	3,012,062	(3,012,062)
Net investment income	-	3,550,564	(3,550,564)
Administrative expenses	-	(136,338)	136,338
<b>Net change</b>	<u>1,107,771</u>	<u>2,602,524</u>	<u>(1,494,753)</u>
<b>Balances at 9/30/18</b>	<u>\$58,877,671</u>	<u>\$ 35,332,873</u>	<u>\$23,544,798</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liabilities of the Town using the measurement date of September 30, 2017, calculated using the discount rates noted, 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability			
General Employees:	\$ 5,984,909	\$ 4,356,183	\$ 2,991,946
Police Officers:	6,586,159	5,127,487	3,919,560
Fire Fighters:	18,023,394	14,061,128	10,802,724
Total:	<u>\$ 30,594,462</u>	<u>\$ 23,544,798</u>	<u>\$ 17,714,230</u>

The Following presents the net pension liabilities of the Town using the measurement date of September 30, 2018:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Sponsor's Net Pension Liability			
General Employees:	\$ 5,443,021	\$ 3,863,502	\$ 2,535,413
Police Officers:	6,153,635	4,736,652	3,559,696
Fire Fighters:	17,215,300	13,281,361	10,035,176
Total:	<u>\$ 28,811,956</u>	<u>\$ 21,881,515</u>	<u>\$ 16,130,285</u>

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, 2018, and the current sharing pattern of costs between employer and employee.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED**

The assumptions used in the October 1, 2016, actuarial valuation are as follows.

Valuation date	10/1/2016
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage - closed
Remaining amortization period	26 years
Actuarial asset valuation method	4 year smooth
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	None

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS**

Florida Retirement System:

General Information – Substantially all of the Town’s fire fighter employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, *Florida Statutes*, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating Town or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, *Florida Statutes*, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Pension Plan**

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

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – Pension Plan (Continued):

Benefits Provided – Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, *Florida Statutes*, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – Pension Plan (Continued):

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018, and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular–7.92% and 8.26%; Senior Management–22.71% and 24.06%; Special Risk–23.27% and 24.50%; Elected Officers’–45.50% and 48.70%; and DROP participants–13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2017 through September 30, 2018.

The Town’s contributions, including employee contributions, to the Pension Plan totaled \$607,161 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Town reported a liability of \$5,234,011 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Town’s proportionate share of the net pension liability was based on the Town’s 2017-2018 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2018, the Town’s proportionate share was 0.01737%, which was a small decrease from its proportionate share measured as of June 30, 2017 (0.01747%).

For the fiscal year ended September 30, 2018, the Town recognized pension expense of \$1,346,661. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 443,399	\$ 16,093
Change of assumptions	1,710,220	-
Net difference between projected and actual earnings on Pension Plan investments	-	404,391
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	831,757	32,250
Town Pension Plan contributions subsequent to the measurement date	116,996	-
Total	<u>\$ 3,102,372</u>	<u>\$ 452,734</u>

The deferred outflows of resources related to the Pension Plan, totaling \$116,996 resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – Pension Plan (Continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$ 981,252
2020	669,664
2021	93,371
2022	445,908
2023	298,161
Thereafter	44,286

Actuarial Assumptions – The net pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Actuarial cost method	Individual Entry Age

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

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

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

Asset Class	Target Allocation <sup>(1)</sup>	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global equity	54.0%	7.6%	6.3%	17.0%
Real estate	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investments	6.0%	6.0%	5.7%	8.6%
Total	100.0%			
Assumed Inflation - Mean		2.6%		1.9%

<sup>(1)</sup> As outlined in the Pension Plan’s investment policy

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – Pension Plan (Continued):

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	\$ 9,552,289	\$ 5,234,011	\$ 1,647,425

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

Payables to the Pension Plan – At September 30, 2018, the Town reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2018.

**HIS Plan**

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

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through June 30, 2018, and from July 1, 2018 through September 30, 2018, was 1.66%. The Town contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – HIS Plan (Continued):

The Town’s contributions to the HIS Plan totaled \$41,116 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Town reported a liability of \$802,463 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Town’s proportionate share of the net pension liability was based on the Town’s 2017-2018 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2018, the Town’s proportionate share was 0.00758%, which was a small increase from its proportionate share (0.00744%) measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the Town recognized pension expense of \$153,323. In addition, the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 12,285	\$ 1,363
Change of assumptions	89,244	84,843
Net difference between projected and actual earnings on HIS Plan investments	484	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	260,906	-
Town HIS Plan contributions subsequent to the measurement date	9,344	-
Total	<u>\$ 372,263</u>	<u>\$ 86,206</u>

The deferred outflows of resources related to the HIS Plan, totaling \$9,344 resulting from Town contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$ 193,262
2020	192,547
2021	134,892
2022	30,297
2023	(188,064)
Thereafter	(86,221)

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – HIS Plan (Continued):

Actuarial Assumptions – The actuarial assumptions that determined the total pension liability as of June 30, 2018, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 – June 30, 2013. In the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.87%
Actuarial cost method	Individual entry age

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

Discount Rate – The discount rate used to measure the total pension liability was 3.87%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following represents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Town's proportionate share of the net pension liability	\$ 913,959	\$ 802,463	\$ 709,526

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

Payables to the Pension Plan – At September 30, 2018, the Town reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

**Investment Plan**

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



**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED**

Florida Retirement System – Investment Plan (Continued):

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

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

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

Applicable totals for all of the Town's defined benefit pension plans are reflected below:

	Consolidated Town Pension Plan	FRS Pension	HIS Pension	Total
Town's net pension liability	\$ 23,544,798	\$ 5,234,011	\$ 802,463	\$ 29,581,272
Deferred outflows of resources	3,403,646	3,102,372	372,263	6,878,281
Deferred inflows of resources	98,834	452,734	86,206	637,774
Pension expense/expenditure	4,057,458	1,346,661	153,323	5,557,442

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 4 – CAPITAL ASSETS**

	<b>Balance October 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance September 30</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 27,502,387	\$ 3,236	\$ -	\$ -	\$ 27,505,623
Construction in progress	2,527,877	1,495,534	-	-	4,023,411
Total capital assets, not being depreciated	<u>30,030,264</u>	<u>1,498,770</u>	<u>-</u>	<u>-</u>	<u>31,529,034</u>
Capital assets, being depreciated					
Buildings	9,719,468	160,622	-	-	9,880,090
Streets and roadways	6,720,399	-	-	-	6,720,399
Improvements other than buildings	55,793,159	1,562,495	(185,994)	-	57,169,660
Vehicles and other equipment	7,431,720	1,080,641	(463,180)	-	8,049,181
Total capital assets, being depreciated	<u>79,664,746</u>	<u>2,803,758</u>	<u>(649,174)</u>	<u>-</u>	<u>81,819,330</u>
Less accumulated depreciation for					
Buildings	(5,105,787)	(297,681)	-	-	(5,403,468)
Streets and roadways	(5,283,790)	(188,326)	-	-	(5,472,116)
Improvements other than buildings	(29,599,848)	(5,234,586)	185,994	-	(34,648,440)
Vehicles and other equipment	(4,747,512)	(690,604)	463,180	-	(4,974,936)
Total accumulated depreciation	<u>(44,736,937)</u>	<u>(6,411,197)</u>	<u>649,174</u>	<u>-</u>	<u>(50,498,960)</u>
Total capital assets, being depreciated, net	<u>34,927,809</u>	<u>(3,607,439)</u>	<u>-</u>	<u>-</u>	<u>31,320,370</u>
Governmental activities capital assets, net	<u>\$ 64,958,073</u>	<u>\$ (2,108,669)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,849,404</u>
	<b>Balance October 1</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance September 30</b>
<b>Business-type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 1,794,235	\$ -	\$ -	\$ -	\$ 1,794,235
Construction in progress	725,338	994,824	-	-	1,720,162
Total capital assets, not being depreciated	<u>2,519,573</u>	<u>994,824</u>	<u>-</u>	<u>-</u>	<u>3,514,397</u>
Capital assets, being depreciated					
Buildings	2,011,648	1,206	-	-	2,012,854
Improvements other than buildings	39,320,604	1,070,469	-	-	40,391,073
Vehicles and other equipment	3,368,548	257,251	-	-	3,625,799
Total capital assets, being depreciated	<u>44,700,800</u>	<u>1,328,926</u>	<u>-</u>	<u>-</u>	<u>46,029,726</u>
Less accumulated depreciation for					
Buildings	(1,841,123)	(24,945)	-	-	(1,866,068)
Improvements other than buildings	(16,723,985)	(1,519,032)	-	-	(18,243,017)
Vehicles and other equipment	(1,440,506)	(308,009)	-	-	(1,748,515)
Total accumulated depreciation	<u>(20,005,614)</u>	<u>(1,851,986)</u>	<u>-</u>	<u>-</u>	<u>(21,857,600)</u>
Total capital assets, being depreciated, net	<u>24,695,186</u>	<u>(523,060)</u>	<u>-</u>	<u>-</u>	<u>24,172,126</u>
Business-type activities capital assets, net	<u>\$ 27,214,759</u>	<u>\$ 471,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,686,523</u>

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 4 – CAPITAL ASSETS – CONTINUED**

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

<b>Governmental Activities</b>		
General government		\$ 235,198
Public safety		675,898
Transportation		242,123
Culture and recreation		<u>5,257,978</u>
Total depreciation expense, governmental activities		<u>\$ 6,411,197</u>
 <b>Business-type activities</b>		
Water and sewer		\$ 1,829,283
Building department		<u>22,703</u>
Total depreciation expense, business-type activities		<u>\$ 1,851,986</u>

**NOTE 5 – LONG TERM DEBT**

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable					
General obligation bonds	\$ 8,933,015	\$ 5,655,000	\$ (2,924,866)	\$ 11,663,149	\$ 2,977,388
Premium	-	237,591	-	237,591	-
Total bonds payable	<u>8,933,015</u>	<u>5,892,591</u>	<u>(2,924,866)</u>	<u>11,900,740</u>	<u>2,977,388</u>
Total OPEB liability	1,262,317	78,622	(118,131)	1,222,808	-
Compensated absences	824,349	738,754	(903,414)	659,689	494,767
Net pension liability	30,531,973	7,972,982	(9,925,687)	28,579,268	-
Total governmental activities	<u>\$ 41,551,654</u>	<u>\$ 14,682,949</u>	<u>\$ (13,872,098)</u>	<u>\$ 42,362,505</u>	<u>\$ 3,472,155</u>
Business-type activities					
General obligation notes	\$ 7,093,016	\$ -	\$ (415,280)	\$ 6,677,736	\$ 436,432
Notes payable	3,410,817	-	(210,837)	3,199,980	216,824
Total OPEB liability	143,509	27,224	(15,041)	155,692	-
Compensated absences	53,475	107,991	(72,790)	88,676	88,676
Net pension liability	471,748	950,531	(420,275)	1,002,004	-
Total business-type activities	<u>\$ 11,172,565</u>	<u>\$ 1,085,746</u>	<u>\$ (1,134,223)</u>	<u>\$ 11,124,088</u>	<u>\$ 741,932</u>

Compensated absences are reported in governmental funds only if they have matured. For governmental activities, compensated absences, the total OPEB liability, and the net pension liability are liquidated by the General Fund. For business-type activities, compensated absences, the total OPEB liability and the net pension liability are liquidated by the Water and Sewer Fund and the Building Department Fund. The beginning balance for the total OPEB liability has been adjusted for the adoption of GASB 75.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5 – LONG TERM DEBT – CONTINUED**

Long-term debt payable as of September 30, 2018, 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. \$ 555,000

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. 2,059,100

General Obligation Note, Series 2014, due in annual installments through October 1, 2030, in amounts ranging from \$19,836 to \$665,731, plus interest at a rate of 3.09%; collateralized by ad valorem tax levies with the intention of payment coming from the net revenues of the utility system. 4,618,636

General Obligation Note, Series 2016, due in annual installments through June 1, 2020, plus interest at a rate of 1.79%; collateralized by ad valorem tax levies. 5,453,149

General Obligation Note, Series 2018, due in annual installments through August 1, 2043, plus variable interest ranging from 3.00% to 5.00%; collateralized by ad valorem tax levies. 5,655,000

Total bonds payable \$18,340,885

**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. \$ 3,199,980

Total notes payable \$ 3,199,980

The annual debt service payments required on outstanding debt at September 30, 2018, are as follows:

Fiscal Year	General Obligation - 2010 Bank Loan			General Obligation - Series 2009		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 275,000	\$ 9,059	\$ 284,059	\$ 414,700	\$ 117,031	\$ 531,731
2020	280,000	3,038	283,038	436,300	90,139	526,439
2021	-	-	-	459,000	61,848	520,848
2022	-	-	-	482,900	32,083	514,983
2023	-	-	-	266,200	8,412	274,612
2024-2028	-	-	-	-	-	-
2029-2033	-	-	-	-	-	-
2034-2038	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-
	<u>\$ 555,000</u>	<u>\$ 12,097</u>	<u>\$ 567,097</u>	<u>\$ 2,059,100</u>	<u>\$ 309,513</u>	<u>\$ 2,368,613</u>

**TOWN OF LONGBOAT KEY, FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 – LONG TERM DEBT – CONTINUED**

The annual debt service payments required on outstanding debt at September 30, 2018, are as follow (continued):

Fiscal Year	General Obligation - Series 2014			General Obligation - 2016 Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 21,732	\$ 142,380	\$ 164,112	\$ 2,702,388	\$ 97,611	\$ 2,799,999
2020	22,403	141,698	164,101	2,750,761	49,239	2,800,000
2021	23,095	140,995	164,090	-	-	-
2022	23,809	140,271	164,080	-	-	-
2023	266,345	135,788	402,133	-	-	-
2024-2028	2,949,737	436,040	3,385,777	-	-	-
2029-2033	1,311,515	40,833	1,352,348	-	-	-
2034-2038	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-
	<u>\$ 4,618,636</u>	<u>\$ 1,178,005</u>	<u>\$ 5,796,641</u>	<u>\$ 5,453,149</u>	<u>\$ 146,850</u>	<u>\$ 5,599,999</u>

Fiscal Year	General Obligation - Series 2018			State Revolving Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ -	\$ 188,681	\$ 188,681	\$ 216,824	\$ 88,722	\$ 305,546
2020	140,000	212,931	352,931	222,982	82,564	305,546
2021	150,000	205,931	355,931	229,314	76,232	305,546
2022	155,000	198,431	353,431	235,826	69,719	305,545
2023	160,000	190,681	350,681	242,523	63,022	305,545
2024-2028	940,000	823,656	1,763,656	1,319,924	207,804	1,527,728
2029-2033	1,160,000	610,756	1,770,756	732,587	31,278	763,865
2034-2038	1,355,000	417,375	1,772,375	-	-	-
2039-2043	1,595,000	171,325	1,766,325	-	-	-
	<u>\$ 5,655,000</u>	<u>\$3,019,767</u>	<u>\$ 8,674,767</u>	<u>\$ 3,199,980</u>	<u>\$ 619,341</u>	<u>\$ 3,819,321</u>

Fiscal Year	Total		
	Principal	Interest	Total
2019	\$ 3,630,644	\$ 643,484	\$ 4,274,128
2020	3,852,446	579,609	4,432,055
2021	861,409	485,006	1,346,415
2022	897,535	440,504	1,338,039
2023	935,068	397,903	1,332,971
2024-2028	5,209,661	1,467,500	6,677,161
2029-2033	3,204,102	682,867	3,886,969
2034-2038	1,355,000	417,375	1,772,375
2039-2043	1,595,000	171,325	1,766,325
	<u>\$ 21,540,865</u>	<u>\$ 5,285,573</u>	<u>\$ 26,826,438</u>

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 5 – LONG TERM DEBT – CONTINUED**

**Authorized but Unissued Debt**

The total of authorized but unissued bonds at September 30, 2018, is \$62,470,426.

Project	Bonding Authorization	Previously Bonded	Authorized But Unissued
Water and Wastewater Improvement Projects	\$ 27,000,000	\$ 13,869,574	\$ 13,130,426
Fire Stations	5,895,000	5,655,000	240,000
GMD Utility Undergrounding	25,250,000	-	25,250,000
Neighborhood Utility Undergrounding	23,850,000	-	23,850,000
			<u>\$ 62,470,426</u>

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 an Ordinance adopted by referendum on November 3, 2015, the Town authorized the issuance of Revenue Bonds and/or Notes not to exceed \$25,250,000 maturing on or within 30 years of issuance, and payable from special non-ad valorem assessments and other non-ad valorem revenues if necessary, to finance the cost of undergrounding electrical, communications, fiber optics and other utilities and the installation of street lighting relating to Gulf of Mexico Drive. Bonds were issued on December 31, 2018.

Pursuant to an Ordinance adopted by referendum on March 15, 2016, the Town authorized the issuance of Revenue Bonds and/or Notes not to exceed \$23,850,000 maturing on or within 30 years of issuance, and payable from special non-ad valorem assessments and other non-ad valorem revenues if necessary, to finance the cost of undergrounding electrical, communications, fiber optics and other utilities and the installation of street lighting relating to Neighborhoods. Bonds were issued on December 31, 2018.

Pursuit to a resolution adopted by referendum on March 20, 2018, the Town authorized the issuance of Bonds and or Notes not to exceed \$5,895,000, maturing not beyond 25 years from issuance, payable from the full faith, credit and unlimited ad valorem taxing power of the Town, to finance the design, demolition, construction, replacement, reconstruction, renovation, improvement, and/or equipping of the Fire Stations. Bonds were issued on September 12, 2018.

**NOTE 6 – RESTRICTIONS ON NET POSITION/FUND BALANCES**

The net position of the Water and Sewer Fund is restricted in the amount of \$623,781 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 \$1,391,264 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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 6 – RESTRICTIONS ON NET POSITION/FUND BALANCES (CONTINUED)**

Governmental fund balances are classified as follows:

<b>General Fund</b>		
Nonspendable:	Inventory	\$ 5,634
	Prepaid items	8,013
Assigned:	Offset future pension costs	1,310,075
	Economic uncertainty	1,350,000
	Australian Pine tree removal	50,344
	Encumbrances	106,744
Unassigned		5,544,903
Total General Fund fund balance		<u>\$ 8,375,713</u>
<b>GMD Assessments Fund</b>		
Restricted:	Undergrounding special assessments costs	<u>\$ 138,841</u>
<b>G.O. Beach Bonds Fund</b>		
Restricted:	Debt service	<u>\$ 177,452</u>
<b>Beach Nourishment Capital Project Fund</b>		
Restricted:	Beach nourishment and projects	\$ 3,186,849
Assigned:	Encumbrances	347,422
Total Beach Nourishment Capital Project Fund fund balance		<u>\$ 3,534,271</u>
<b>GMD Undergrounding Capital Project Fund</b>		
Assigned:	GMD Undergrounding	<u>\$ 54,328</u>
<b>Nonmajor Governmental Funds</b>		
Nonspendable:	Inventory	\$ 72,381
Restricted:	Sarasota Infrastructure Surtax	472,301
	Manatee Infrastructure Surtax	68,599
	Tourist Development Tax	911,332
	Highway maintenance and road improvements	548,801
	Tree Replacement	44,788
	Police Training	31,402
	Law Enforcement	169,499
	General Obligation Facility Bonds	294,781
	General Obligation Fire Stations Bonds	188,795
	Streets Capital Projects	645,946
	Fire Station Capital Project	5,529,408
	Other Capital Projects	184,077
	Land Acquisition Fees	792,806
	Canal Dredging	890,481
	Neighborhoods Undergrounding	310,823
Assigned:	Streets Capital Projects - encumbrances	570,667
	Parks and Recreation	233,081
	Other Capital Projects - encumbrances	4,629
	Land Acquisition - encumbrances	42,708
	Canal Dredging - encumbrances	135,247
Unassigned:	Tennis Center	(362)
Total Nonmajor Governmental Funds fund balance		<u>\$ 12,142,190</u>
<b>Total governmental funds fund balance</b>		<u>\$ 24,422,795</u>

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

The composition of interfund transfers for the year ended September 30, 2018, is as follows:

	Transfers In			Total Transfers
	General Fund	Beach Nourishment	Non Major Governmental	
Transfers Out				
General Fund	\$ -	\$ -	\$ 187,250 <sup>(5)</sup>	\$ 187,250
Water and Sewer Fund	1,019,310 <sup>(1)</sup>	-	34,460 <sup>(6)</sup>	1,053,770
Building Department Fund	280,704 <sup>(2)</sup>	-	-	280,704
Beach Nourishment	-	-	69,060 <sup>(7)</sup>	69,060
Non Major Governmental Funds	300,000 <sup>(3)</sup>	581,499 <sup>(4)</sup>	1,538,681 <sup>(8)</sup>	2,420,180
Total Transfers	<u>\$ 1,600,014</u>	<u>\$ 581,499</u>	<u>\$ 1,829,451</u>	<u>\$ 4,010,964</u>

- <sup>(1)</sup> Administration fees transferred to General Fund from Water and Sewer Enterprise Fund.
- <sup>(2)</sup> Administration fees transferred to General Fund from Building Enterprise Fund.
- <sup>(3)</sup> Transfer of Gas Taxes in Road & Bridge Fund to General Fund for Street related expenses.
- <sup>(4)</sup> Transfer of Tourist Development Taxes to fund Beach Renourishment Projects.
- <sup>(5)</sup> Transfer from Beach Fund to the Road & Bridge Fund for shared equipment purchase.
- <sup>(6)</sup> Transfer from Water and Sewer Fund to the Road & Bridge Fund for shared equipment purchase.
- <sup>(7)</sup> Transfer to Other Capital Projects Fund for capital purchases made with general ad valorem taxes.
- <sup>(8)</sup> Transfer of infrastructure surtaxes (Sarasota) to Canal Dredging Fund (\$700,000); Transfer capitalized interest to Fire Stations Debt Fund (\$188,681); Transfer gas taxes to Streets Capital Project Fund for major projects (\$650,000).

**NOTE 8 – 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 9 – 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 and other commitments totaling approximately \$4 million of which \$2.1 million is for business-type activities and \$1.9 million is for governmental activities.



**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 10 – 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 11 – OTHER POST-EMPLOYMENT BENEFITS**

The Town 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 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, 2018:

Retirees and beneficiaries receiving benefits	31
Active plan members	<u>112</u>
Total	143

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

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.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

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.

*Benefits Provided:*

Retirees and their dependents can continue participating in the group insurance plans offered by the Town of Longboat Key, but they are required to contribute 100% of the active premiums.

**Total OPEB Liability of the Town**

Effective October 1, 2017, the Town implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, which significantly changed the Town's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The Town's total OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016, with the actuary using standard techniques to roll forward the liability to the measurement date.

*Actuarial Assumptions.* The total OPEB liability in the October 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate:	2.50%
Salary increase:	6.00%
Discount Rate:	3.64%
Initial Trend Rate:	8.75%
Ultimate Trend Rate:	4.00%
Years to Ultimate:	56
Participation rate:	30%

For general employees, mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two years, male lives set back four years. Disabled mortality has not been adjusted for mortality improvements.

For police and fire employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 10% white collar table, 90% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two years and 40% of the white-collar table with no setback was used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four years and 40% of the white-collar table with no setback was used. Disabled mortality has not been adjusted for mortality improvements.

*Discount Rate:*

Given the Town's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.64%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED**

**Changes in the Total OPEB Liability of the Town.** The changes in the total OPEB liability of the Town for the year ended September 30, 2018, were as follows:

	<b>Total OPEB Liability</b>
Balances at 9/30/17	\$ 1,405,826
Changes for the year:	
Service cost	62,113
Interest	43,733
Differences between expected and actual experience	-
Changes of assumptions	(55,074)
Changes of benefit terms	-
Contributions - employer	-
Benefit payments	(78,098)
Net changes	(27,326)
Balances at 9/30/18	\$ 1,378,500

Changes in assumptions reflect a change in the discount rate from 3.06% for the reporting period ended September 30, 2017, to 3.64% for the reporting period ended September 30, 2018.

The required schedule of changes in the Town's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	\$ 1,475,496	\$ 1,378,500	\$ 1,290,675

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00 - 7.75%)	Healthcare Cost Trend Rates (4.00 - 8.75%)	1% Increase (5.00 - 9.75%)
Total OPEB liability	\$ 1,275,867	\$ 1,378,500	\$ 1,493,037

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – 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 revisions 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, 2018, and the current sharing pattern of costs between employer and inactive employees.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2018, the Town recognized OPEB expense of \$96,667. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	-	45,895
Town contributions subsequent to the measurement date	87,932	-
	<u>\$ 87,932</u>	<u>\$ 45,895</u>

The deferred outflow of resources totaling \$87,932 resulting from Town contributions subsequent to the plan measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2019. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30:	Amount
2019	\$ (9,179)
2020	(9,179)
2021	(9,179)
2022	(9,179)
2023	(9,179)
Thereafter	-

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The Town had no significant amounts of expenditures in excess of appropriations as of September 30, 2018.

**NOTE 13 – DEFINED CONTRIBUTION PLANS**

The Town adopted and maintains several salary savings plans available to various employee groups. The Town has a 401(a), a 401(k) and a Roth Salary Savings Plan. The plans are administered on behalf of the Town by the ICMA Retirement Corporation, an unrelated financial institution.

**Plan Description**

The Town's 401(a) plan is a pre-tax defined contribution governmental money purchase plan in which participants may contribute a percentage of their base pay to the plan each pay period and receive a matching contribution from the Town as outlined in the plan. Participants are not taxed on the contributions until the funds are withdrawn, usually at retirement. The Plan applies to all regular, full-time employees, who are not firefighters. The normal retirement age is 59.5 to 62 based on employee group.

The 401(k) plan is a voluntary pre-tax defined contribution profit sharing plan and trust, with a normal retirement date of 59.5 applicable to the General Employees, At Will, Managers, Police Deputy Chiefs and Police Captains.

**Town Matching**

Due to the freezing of the defined benefit plan, the Town makes a base contribution to the employee's 401(a) plan as shown below. In addition, the Town has various voluntary matching programs based on employee groups as shown below:

Employee Group	Town Contribution	Additional Matching Program	
		Employee Contribution	Town Match
General Employees	6%	0 - 6%	50% up to 3%
Police Officers	10%	0 - 3%	100% up to 3%
At Will	16%	Not Available	Not Available
Town Manager	17.80%	Not Available	Not Available

The 401(k) plan provides for an elective deferral of up to 6% of earnings with an employer match based on the Participant's years of service: from 1 to 5 years of service a 25% match; for 5 or more years of service a 50% match.

The Town's contributions to the 401(a) and 401(k) Plans for the years ended September 30, 2018 and 2017, were \$656,564 and \$638,449, respectively.

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

**NOTE 13 – DEFINED CONTRIBUTION PLANS – CONTINUED**

**Forfeitures**

A participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her employer contribution account balance which has not vested as of the date such participant incurs a break in service of five consecutive years or, if earlier, the date such participant receives, or is deemed to have received, distribution of the entire non-forfeitable interest in his/her employer contribution account.

All amounts forfeited by terminated participants shall be allocated to a suspense account and used to reduce dollar for dollar employer contributions otherwise required under the Plan for the current plan year and succeeding plan years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce employer contributions. There are no forfeitures reflected in pension expense for the fiscal year 2018.

**Rollover Contributions by Participants**

Participants may rollover funds contained in another qualified retirement plan or IRA to the Plan.

**Vesting Provisions**

Former participants of the Town of Longboat Key Defined Benefit Plan are vested immediately for the Town's matching contributions. New hires are 100% vested for the Town's matching contributions after five years of service. The Town Manager and At Will employees are vested immediately. Participants are eligible to withdraw the retirement funds when they are no longer employed by the Town or reach age 59.5 or 62, depending on the employee group. Participants may choose distribution in a single payment, installment payments, life annuity or rollover to another qualified retirement account.

**NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE**

The Town has determined that restatements to beginning net position of the governmental activities, business-type activities, Water and Sewer Fund, and the Building Department Fund required to recognize the change in accounting principle for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of October 1, 2017. These restatements are as follows:

Net position, Governmental Activities, previously reported	\$ 56,229,786
Implementation of GASB 75	<u>(792,764)</u>
Beginning net position, Governmental Activities, as restated	<u>\$ 55,437,022</u>
Net position, Business-type Activities, previously reported	\$ 34,590,601
Implementation of GASB 75	<u>(135,537)</u>
Beginning net position, Business-type Activities, as restated	<u>\$ 34,455,064</u>
Net position, Water and Sewer Fund, previously reported	\$ 32,956,362
Implementation of GASB 75	<u>(77,254)</u>
Beginning fund balance, Water and Sewer Fund, as restated	<u>\$ 32,879,108</u>
Net position, Building Department Fund, previously reported	\$ 1,634,239
Implementation of GASB 75	<u>(58,283)</u>
Beginning net position, Building Department Fund, as restated	<u>\$ 1,575,956</u>

**TOWN OF LONGBOAT KEY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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**NOTE 15 – SUBSEQUENT EVENTS**

Pursuant to a resolution adopted by referendum on November 3, 2015, the Town issued tax-exempt revenue bonds in the amount of \$15,765,000, on December 31, 2018, maturing on or within 28 years. The bonds are payable from special non-ad valorem assessments and other non-ad valorem revenues if necessary, to finance the cost of undergrounding electrical, communications, fiber optics and other utilities and the installation of street lighting relating to the Gulf of Mexico Drive.

Pursuant to a resolution adopted by referendum on March 15, 2016, the Town issued Series A tax-exempt revenue bonds in the amount of \$16,825,000 and Series B taxable revenue bonds in the amount of \$2,040,000, on December 31, 2018, maturing on or within 30 years. The bonds are payable from special non-ad valorem assessments and other non ad valorem revenues if necessary, to finance the cost of undergrounding electrical, communications, fiber optics and other utilities and the installation of street lighting relating to the remaining neighborhoods.

Both bonds contain an *Extraordinary Mandatory Redemption* feature, providing that if there are any unspent proceeds in the Construction Account when the project is complete, the Town shall apply excess proceeds to redeem the bonds. In addition bonds are also subject to redemption when the Prepayment Accounts equal or exceed \$100,000.

**Required  
Supplementary  
Information**



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# 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.

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TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 11,728,197	\$ 11,728,197	\$ 11,721,582	\$ (6,615)
Other taxes	155,000	155,000	128,155	(26,845)
Licenses and permits	33,400	33,400	21,292	(12,108)
Intergovernmental	1,292,000	1,292,000	1,359,240	67,240
Charges for services	348,800	348,800	406,663	57,863
Franchise fees	659,000	659,000	889,701	230,701
Fines and forfeitures	15,750	15,750	21,152	5,402
Grant revenues	-	-	3,908	3,908
Investment earnings	50,500	51,400	98,517	47,117
Miscellaneous revenues	54,875	54,875	145,411	90,536
Other financing sources:				
Transfers in	1,650,014	1,650,014	1,600,014	(50,000)
Proceeds from the sale of capital assets	-	-	60,925	60,925
Total revenues	<u>\$ 15,987,536</u>	<u>\$ 15,988,436</u>	<u>\$ 16,456,560</u>	<u>\$ 468,124</u>
<b>Expenditures:</b>				
Current				
General government				
Legislative				
Town Commission	\$ 30,100	\$ 30,100	\$ 14,767	\$ 15,333
Town Manager	997,276	997,276	830,694	166,582
Town Clerk	411,202	391,302	368,750	22,552
Financial and administrative				
Finance Department	676,660	676,660	661,095	15,565
Public Works	656,194	674,636	647,433	27,203
Legal counsel	485,000	485,000	345,610	139,390
Comprehensive planning				
Planning and zoning	601,320	601,320	531,731	69,589
Other general government				
Information Technology	632,953	655,208	582,151	73,057
Municipal buildings	125,388	125,388	108,376	17,012
General services	743,946	661,186	313,615	347,571
Total general government	<u>5,360,039</u>	<u>5,298,076</u>	<u>4,404,222</u>	<u>893,854</u>
Public safety				
Law enforcement				
Police Department	3,220,348	3,220,348	3,102,475	117,873
Fire control/rescue service				
Fire Department	6,601,657	6,587,456	6,561,136	26,320
Emergency and disaster relief services	18,600	329,637	206,253	123,384
Total public safety	<u>9,840,605</u>	<u>10,137,441</u>	<u>9,869,864</u>	<u>267,577</u>
Transportation				
Street Department	654,569	658,887	658,887	-
Culture and recreation				
Parks Division	238,260	238,260	182,769	55,491
Recreation Center	44,991	44,991	32,846	12,145
Total culture and recreation	<u>283,251</u>	<u>283,251</u>	<u>215,615</u>	<u>67,636</u>

(Continued)

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

TOWN OF LONGBOAT KEY, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (continued):</b>				
Capital outlay				
General government	\$ -	\$ 52,400	\$ 251	\$ 52,149
Public safety	-	14,201	14,159	42
Total capital outlay	-	66,601	14,410	52,191
Transfers out	187,250	187,250	187,250	-
Total expenditures	16,325,714	16,631,506	15,350,248	1,281,258
Change in fund balance	\$ (338,178)	\$ (643,070)	\$ 1,106,312	\$ 1,749,382

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - GMD ASSESSMENTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment earnings	\$ 15,000	\$ 15,000	\$ 17,372	\$ 2,372
Special assessments	1,450,634	1,450,634	69,701	(1,380,933)
<b>Total Revenues</b>	<u>1,465,634</u>	<u>1,465,634</u>	<u>87,073</u>	<u>(1,378,561)</u>
<b>Expenditures</b>				
Current				
General government	64,500	64,500	48,659	(15,841)
<b>Total expenditures</b>	<u>64,500</u>	<u>64,500</u>	<u>48,659</u>	<u>(15,841)</u>
<b>Excess of revenues over expenditures</b>	<u>1,401,134</u>	<u>1,401,134</u>	<u>38,414</u>	<u>(1,394,402)</u>
<b>Other financing uses</b>				
Transfers out	(2,900,000)	(2,900,000)	-	2,900,000
<b>Total other financing uses</b>	<u>(2,900,000)</u>	<u>(2,900,000)</u>	<u>-</u>	<u>2,900,000</u>
<b>Change in fund balance</b>	(1,498,866)	(1,498,866)	38,414	1,505,598
<b>Fund balance, beginning of year</b>	<u>100,427</u>	<u>100,427</u>	<u>100,427</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (1,398,439)</u>	<u>\$ (1,398,439)</u>	<u>\$ 138,841</u>	<u>\$ 1,505,598</u>

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014	9/30/2014 9/30/2013
<b>Total pension liability</b>						
Service cost	\$ 2,272	\$ 4,174	\$ 753	\$ 2,151	\$ 2,197	\$ 2,053
Interest on total pension liability	1,020,110	1,020,584	988,019	1,008,600	999,070	976,287
Change of benefit terms	-	-	(327,798)	-	-	-
Differences between expected and actual experience	54,437	240,109	51,519	34,090	-	-
Change of assumptions	-	-	508,618	-	-	-
Benefit payments, including refunds of employee contributions	(1,456,337)	(1,083,136)	(1,091,116)	(928,199)	(801,953)	(504,068)
<b>Net change in total pension liability</b>	<u>(379,518)</u>	<u>181,731</u>	<u>129,995</u>	<u>116,642</u>	<u>199,314</u>	<u>474,272</u>
<b>Total pension liability - beginning</b>	<u>15,298,890</u>	<u>15,117,159</u>	<u>14,987,164</u>	<u>14,870,522</u>	<u>14,671,208</u>	<u>14,196,936</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 14,919,372</u>	<u>\$ 15,298,890</u>	<u>\$ 15,117,159</u>	<u>\$ 14,987,164</u>	<u>\$ 14,870,522</u>	<u>\$ 14,671,208</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 742,489	\$ 712,431	\$ 738,676	\$ 704,515	\$ 597,459	\$ 986,240
Contributions - state	-	-	-	-	-	-
Contributions - employee	-	-	-	-	-	153,500
Net investment income	861,006	1,114,680	797,582	(86,333)	912,279	865,755
Benefit payments, including refunds of member contributions	(1,456,337)	(1,083,136)	(1,091,116)	(928,199)	(801,953)	(504,068)
Administrative expenses	(33,995)	(42,660)	(37,853)	(59,605)	(65,356)	(23,490)
<b>Net change in plan fiduciary net position</b>	<u>113,163</u>	<u>701,315</u>	<u>407,289</u>	<u>(369,622)</u>	<u>642,429</u>	<u>1,477,937</u>
<b>Plan fiduciary net position - beginning</b>	<u>10,942,707</u>	<u>10,241,392</u>	<u>9,834,103</u>	<u>10,203,725</u>	<u>9,561,296</u>	<u>8,083,359</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 11,055,870</u>	<u>\$ 10,942,707</u>	<u>\$ 10,241,392</u>	<u>\$ 9,834,103</u>	<u>\$ 10,203,725</u>	<u>\$ 9,561,296</u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u>\$ 3,863,502</u>	<u>\$ 4,356,183</u>	<u>\$ 4,875,767</u>	<u>\$ 5,153,061</u>	<u>\$ 4,666,797</u>	<u>\$ 5,109,912</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.10%	71.53%	67.75%	65.62%	68.62%	65.17%
<b>Covered payroll</b>	N/A	N/A	\$ 1,198,776	\$ 1,763,906	\$ 1,373,718	\$ 2,558,341
<b>Town's net pension liability as a percentage of covered payroll</b>	N/A	N/A	406.73%	292.14%	339.72%	199.74%

**Notes to the Schedule:**

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

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

Reporting Period Ending Measurement Date	<b>9/30/2019</b> <u>9/30/2018</u>	<b>9/30/2018</b> <u>9/30/2017</u>	<b>9/30/2017</b> <u>9/30/2016</u>	<b>9/30/2016</b> <u>9/30/2015</u>	<b>9/30/2015</b> <u>9/30/2014</u>	<b>9/30/2014</b> <u>9/30/2013</u>
<b>Total pension liability</b>						
Service cost	\$ 18,025	\$ 19,241	\$ 14,674	\$ 28,625	\$ 6,496	\$ 6,043
Interest on total pension liability	827,736	814,693	797,181	812,505	823,074	835,384
Change of benefit terms	-	-	(9,211)	-	-	-
Differences between expected and actual experience	(40,037)	176,585	(337,539)	(4,365)	-	-
Changes in assumptions	-	-	653,987	570,366	-	-
Benefit payments, including refunds of employee contributions	(820,665)	(825,266)	(940,156)	(717,957)	(1,267,283)	(744,769)
<b>Net change in total pension liability</b>	<u>(14,941)</u>	<u>185,253</u>	<u>178,936</u>	<u>689,174</u>	<u>(437,713)</u>	<u>96,658</u>
<b>Total pension liability - beginning</b>	<u>12,220,711</u>	<u>12,035,458</u>	<u>11,856,522</u>	<u>11,167,348</u>	<u>11,605,061</u>	<u>11,508,403</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 12,205,770</u>	<u>\$ 12,220,711</u>	<u>\$ 12,035,458</u>	<u>\$ 11,856,522</u>	<u>\$ 11,167,348</u>	<u>\$ 11,605,061</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 664,376	\$ 594,116	\$ 623,019	\$ 621,921	\$ 552,573	\$ 824,909
Contributions - state	-	-	-	-	81,017	77,298
Contributions - employee	-	-	-	-	35,601	100,547
Net investment income	554,260	715,583	519,859	(246,652)	658,894	785,731
Benefit payments, including refunds of member contributions	(820,665)	(825,266)	(940,156)	(717,957)	(1,267,283)	(744,769)
Administrative expenses	(22,077)	(27,649)	(39,247)	(41,553)	(35,945)	(28,794)
<b>Net change in plan fiduciary net position</b>	<u>375,894</u>	<u>456,784</u>	<u>163,475</u>	<u>(384,241)</u>	<u>24,857</u>	<u>1,014,922</u>
<b>Plan fiduciary net position - beginning</b>	<u>7,093,224</u>	<u>6,636,440</u>	<u>6,472,965</u>	<u>6,857,206</u>	<u>6,832,349</u>	<u>5,817,427</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,469,118</u>	<u>\$ 7,093,224</u>	<u>\$ 6,636,440</u>	<u>\$ 6,472,965</u>	<u>\$ 6,857,206</u>	<u>\$ 6,832,349</u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u>\$ 4,736,652</u>	<u>\$ 5,127,487</u>	<u>\$ 5,399,018</u>	<u>\$ 5,383,557</u>	<u>\$ 4,310,142</u>	<u>\$ 4,772,712</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	61.19%	58.04%	55.14%	54.59%	61.40%	58.87%
<b>Covered payroll</b>	N/A	N/A	\$ 429,341	\$ 603,217	\$ 900,553	\$ 1,005,469
<b>Town's net pension liability as a percentage of covered payroll</b>	N/A	N/A	1257.51%	892.47%	478.61%	474.68%

**Notes to the Schedule:**

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

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



TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014	9/30/2014 9/30/2013
<b>Total pension liability</b>						
Service cost	\$ 11,382	\$ 12,384	\$ 7,140	\$ 16,994	\$ 17,183	\$ 15,910
Interest on total pension liability	2,127,614	2,077,039	2,005,250	2,089,626	2,082,208	2,046,450
Change of benefit terms	-	-	(349,443)	-	-	-
Differences between expected and actual experience	264,783	566,726	79,615	82,293	-	-
Change in assumptions	-	-	1,696,399	1,573,612	1,446,265	-
Benefit payments, including refunds of employee contributions	(1,949,938)	(1,915,362)	(3,620,803)	(1,616,182)	(1,806,573)	(1,426,754)
<b>Net change in total pension liability</b>	<u>453,841</u>	<u>740,787</u>	<u>(181,842)</u>	<u>2,146,343</u>	<u>1,739,083</u>	<u>635,606</u>
<b>Total pension liability - beginning</b>	<u>31,358,070</u>	<u>30,617,283</u>	<u>30,799,125</u>	<u>28,652,782</u>	<u>26,913,699</u>	<u>26,278,093</u>
<b>Total pension liability - ending (a)</b>	<u>\$31,811,911</u>	<u>\$31,358,070</u>	<u>\$30,617,283</u>	<u>\$30,799,125</u>	<u>\$28,652,782</u>	<u>\$26,913,699</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 1,876,726	\$ 1,705,515	\$ 1,758,137	\$ 2,906,549	\$ 1,524,626	\$ 1,542,566
Contributions - state	-	-	-	-	-	269,818
Contributions - employee	-	-	-	-	-	259,097
Net investment income (loss)	1,360,587	1,720,301	1,308,231	(507,247)	1,384,374	1,401,812
Benefit payments, including refunds of member contributions	(1,949,938)	(1,915,362)	(3,620,803)	(1,616,182)	(1,806,573)	(1,426,754)
Administrative expenses	(53,767)	(66,029)	(35,696)	(45,679)	(60,620)	(54,124)
<b>Net change in plan fiduciary net position</b>	<u>1,233,608</u>	<u>1,444,425</u>	<u>(590,131)</u>	<u>737,441</u>	<u>1,041,807</u>	<u>1,992,415</u>
<b>Plan fiduciary net position - beginning</b>	<u>17,296,942</u>	<u>15,852,517</u>	<u>16,442,648</u>	<u>15,705,207</u>	<u>14,663,400</u>	<u>12,670,985</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$18,530,550</u>	<u>\$17,296,942</u>	<u>\$15,852,517</u>	<u>\$16,442,648</u>	<u>\$15,705,207</u>	<u>\$14,663,400</u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u>\$13,281,361</u>	<u>\$14,061,128</u>	<u>\$14,764,766</u>	<u>\$14,356,477</u>	<u>\$12,947,575</u>	<u>\$12,250,299</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	58.25%	55.16%	51.78%	53.39%	54.81%	54.48%
<b>Covered payroll</b>	N/A	N/A	\$ 893,374	\$ 1,491,476	\$ 849,832	\$ 2,590,971
<b>Town's net pension liability as a percentage of covered payroll</b>	N/A	N/A	1652.70%	962.57%	1523.55%	472.81%

Notes to the Schedule:

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

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

Reporting Period Ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Actuarially determined contribution	\$ 742,489	\$ 679,109	\$ 738,676	\$ 704,515	\$ 597,459	\$ 986,240
Contributions in relation to the actuarially determined contribution	742,489	712,431	738,676	704,515	597,459	986,240
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (33,322)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	\$ 1,198,776	\$ 1,763,906	\$ 1,373,718	\$ 2,558,341
Contributions as a percentage of covered payroll	N/A	N/A	61.62%	39.94%	43.49%	38.55%

**Notes to the Schedule:**

Valuation Date                      October 1, 2016  
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. An interest load equal to 1.5 years has been applied for determination of the Total Required Contribution.  
Amortization method:                Level percentage of pay, closed.  
Remaining amortization period:    26 years (as of 10/1/2016).  
Mortality:                                RP-2000 combined healthy (sex distinct), projected to valuation date using scale AA.

Termination rates:                    Table 1305, see sample rates below.

Age	% Terminating During the Year
20	17.20%
30	15.00%
40	8.20%
50	1.70%

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.  
7.0% per year, compounded annually, net of investment-related expenses.

Interest Rate:

Salary increases:

None.

Payroll growth:

None.

Asset valuation method:

Each year, the prior actuarial value of assets is brought forward using the historical geometric four-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

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

Reporting Period Ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Actuarially determined contribution	\$ 664,376	\$ 585,869	\$ 623,019	\$ 621,921	\$ 633,590	\$ 902,207
Contributions in relation to the actuarially determined contribution	664,376	594,116	623,019	621,921	633,590	902,207
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (8,247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	\$ 429,341	\$ 603,217	\$ 900,553	\$ 1,005,469
Contributions as a percentage of covered payroll	N/A	N/A	145.11%	103.10%	70.36%	89.73%

**Notes to the Schedule:**

Valuation Date                      October 1, 2016  
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. An interest load equal to 1.5 years has been applied for determination of the total required contribution.  
Amortization method:                Level dollar.  
Remaining amortization period:    26 years (as of 10/1/2016).  
Mortality:                                RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years.  
Termination rates:                    See table below.  
Disability rates:                        See table below. 75% of disability retirements are assumed to be service related.  
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.  
  
Interest Rate:                            7.0% per year, compounded annually, net of investment-related expenses.  
Salary increases:                        None.  
Early retirement                        None.  
Cost of Living adjustment:            3.0% per year, beginning 5 years after retirement.  
Payroll growth:                         None.  
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.

Termination and disability rate table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	9.20%	0.14%
30	7.30%	0.18%
40	3.50%	0.30%
50	0.80%	1.00%

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

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

Reporting Period Ending	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Actuarially determined contribution	\$ 1,876,726	\$ 1,660,200	\$ 1,758,137	\$ 1,638,549	\$ 1,524,626	\$ 1,812,384
Contributions in relation to the actuarially determined contribution	<u>1,876,726</u>	<u>1,705,515</u>	<u>1,758,137</u>	<u>2,906,549</u>	<u>1,524,626</u>	<u>1,812,384</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (45,315)</u>	<u>\$ -</u>	<u>\$ (1,268,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	\$ 893,374	\$ 1,491,476	\$ 849,832	\$ 2,590,971
Contributions as a percentage of covered payroll	N/A	N/A	196.80%	194.88%	179.40%	69.95%

**Notes to the Schedule:**

Valuation Date                      October 1, 2016  
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. An interest load equal to 1.5 years has been applied for determination of the total required contribution.

Amortization method:                Level percentage of pay, closed.

Remaining amortization period:    26 years (as of 10/1/2016).

Mortality:                                RP-2000 (combined healthy with no projection). Disabled lives set forward 5 years.

Termination rates:

See table below. This is based on the results of an experience study for the period 2002 to 2007.

Disability rates:                        See table below. 75% of disability retirements are assumed to be service related.

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.

Interest Rate:                            7.0% per year, compounded annually, net of investment-related expenses.

Salary increases:                        None.

Early retirement                        None.

Cost of Living adjustment:            3.0% per year, beginning 5 years after retirement.

Payroll growth:                         None.

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 demeris bias that is above or below the market value of assets.

Termination and disability rate table:

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	12.40%	0.14%
30	10.50%	0.18%
40	5.70%	0.30%
50	1.50%	1.00%

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

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

Reporting Period Ending Measurement Date	<u>9/30/2019</u> <u>9/30/2018</u>	<u>9/30/2018</u> <u>9/30/2017</u>	<u>9/30/2017</u> <u>9/30/2016</u>	<u>9/30/2016</u> <u>9/30/2015</u>	<u>9/30/2015</u> <u>9/30/2014</u>	<u>9/30/2014</u> <u>9/30/2013</u>
General Employees: Annual money-weighted rate of return, net of investment expenses	8.04%	11.15%	8.25%	-1.01%	9.53%	10.30%
Police: Annual money-weighted rate of return, net of investment expenses	8.04%	11.15%	8.25%	-3.67%	9.94%	13.20%
Fire: Annual money-weighted rate of return, net of investment expenses	8.04%	11.15%	8.25%	-3.28%	9.60%	10.62%

**Notes to the Schedules:**

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting Period Ending Measurement Date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Town's proportion of the FRS net pension liability	0.0173769%	0.0174717%	0.0176405%	0.0148110%	0.0104297%
Town's proportionate share of the FRS net pension liability	\$ 5,234,011	\$ 5,168,012	\$ 4,454,244	\$ 1,913,034	\$ 636,365
Town's covered payroll	\$ 2,476,338	\$ 2,373,392	\$ 2,287,722	\$ 2,008,240	\$ 1,424,541
Town's proportionate share of the FRS net pension liability as a percentage of its covered payroll	211.36%	217.75%	194.70%	95.26%	44.67%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%

**Notes to the Schedule:**

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**FLORIDA RETIREMENT SYSTEM PENSION PLAN**

Reporting Period Ending	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Contractually required FRS contribution	\$ 495,228	\$ 454,831	\$ 430,192	\$ 361,104	\$ 228,454
FRS Contributions in relation to the contractually required FRS contribution	495,228	454,831	430,192	361,104	228,454
FRS Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,511,448	\$2,396,497	\$2,257,018	\$2,701,101	\$2,746,629
FRS Contributions as a percentage of covered payroll	19.72%	18.98%	19.06%	13.37%	8.32%

**Notes to the Schedule:**

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting Period Ending Measurement Date	<u>9/30/2018</u> <u>6/30/2018</u>	<u>9/30/2017</u> <u>6/30/2017</u>	<u>9/30/2016</u> <u>6/30/2016</u>	<u>9/30/2015</u> <u>6/30/2015</u>	<u>9/30/2014</u> <u>6/30/2014</u>
Town's proportion of the HIS net pension liability	0.0075818%	0.0074460%	0.0074208%	0.0066135%	0.0045987%
Town's proportionate share of the HIS net pension liability	\$ 802,463	\$ 796,157	\$ 864,858	\$ 674,468	\$ 429,993
Town's covered payroll	\$ 2,476,338	\$ 2,373,392	\$ 2,287,722	\$ 2,008,240	\$ 1,424,541
Town's proportionate share of the HIS net pension liability as a percentage of its covered payroll	32.41%	33.55%	37.80%	33.59%	30.18%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

**Notes to the Schedule:**

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

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



**TOWN OF LONGBOAT KEY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY PENSION PLAN**

Reporting Period Ending	<b>9/30/2018</b>	<b>9/30/2017</b>	<b>9/30/2016</b>	<b>9/30/2015</b>	<b>9/30/2014</b>
Measurement Date	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
Contractually required HIS contribution	\$ 41,116	\$ 39,406	\$ 38,036	\$ 25,281	\$ 15,754
HIS Contributions in relation to the contractually required HIS contribution	41,116	39,406	38,036	25,281	15,754
HIS Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$2,511,448	\$2,396,497	\$2,257,018	\$2,701,101	\$2,746,629
HIS Contributions as a percentage of covered payroll	1.64%	1.64%	1.69%	0.94%	0.57%

**Notes to the Schedule:**

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

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	<b>9/30/2018</b>
Reporting Period Ending Measurement Date	<b>9/30/2017</b>
Service cost	\$ 62,113
Interest	43,733
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(55,074)
Benefit payments	(78,098)
Net change in total OPEB liability	(27,326)
Total OPEB liability - beginning	1,405,826
Total OPEB liability - ending	<b>\$ 1,378,500</b>
Covered employee payroll (projected)	\$ 7,237,402
Town's total OPEB liability as a percentage of covered employee payroll	19.05%

**Notes to the Schedule:**

Covered employee payroll was projected one year forward from the valuation date for the reporting period ending September 30, 2018.

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

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

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# **Combining and Individual Fund Statements and Schedules**

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# 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.

### Sarasota Infrastructure Surtax Fund

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.

### Manatee Infrastructure Surtax Fund

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

### Tourist Development Tax Fund

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

### 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 Fund

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

### Law Enforcement Trust 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.

### Miscellaneous Grants Fund

To account for the receipt and disbursement of small miscellaneous grants received by the Town.

### Road and Bridge Fund

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.

### Tennis Center Fund

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

## **Debt Service Funds**

### General Obligation Facilities Bonds Fund

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

### General Obligation Fire Stations Bonds Fund

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

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## **Nonmajor Governmental Funds continued**

### **Capital Project Funds**

#### Street Capital Projects Fund

To account for the collection of county road funds and state fuel taxes and expenditures to maintain and improve the Town's roads, storm water systems and drainage.

#### Fire Stations Capital Projects Fund

To account for the issuance of general obligation bonds to be used for capital improvements of the Town's fire stations.

#### Other Capital Projects Fund

To account for miscellaneous smaller capital projects of the Town.

#### Land Acquisition Fees Fund

To account for funds received from contractors to secure undeveloped land in the Town to preserve open spaces or for public purposes.

#### Canal Dredging Fund

To account for expenditures incurred in dredging of canals within the Town.

#### Parks and Recreation Capital Project Fund

To account for grants and donations and expenditures of constructing new parks and recreational facilities.

#### Neighborhoods Undergrounding Fund

To account for expenditures incurred for the neighborhood utility undergrounding project.



TOWN OF LONGBOAT KEY, FLORIDA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	Special Revenue Funds								
	Sarasota Infrastructure Surtax	Manatee Infrastructure Surtax	Tourist Development Tax	Tree Replacement	Police Training	Law Enforcement Trust	Miscellaneous Grants	Road and Bridge Fund	Tennis Center
<b>Assets</b>									
Cash and cash equivalents	\$ 235,591	\$ 29,013	\$ -	\$ -	\$ -	\$ -	\$ 30,043	\$ 284,536	\$ 28,103
Investments	229,568	28,271	418,329	44,648	31,212	168,948	-	277,262	-
Due from other governments	43,457	11,226	488,993	-	36	-	630	43,796	-
Inventory	-	-	-	-	-	-	-	-	72,381
Accrued income	3,648	89	4,010	140	154	551	-	8,207	-
Total assets	<u>\$ 512,264</u>	<u>\$ 68,599</u>	<u>\$ 911,332</u>	<u>\$ 44,788</u>	<u>\$ 31,402</u>	<u>\$ 169,499</u>	<u>\$ 30,673</u>	<u>\$ 613,801</u>	<u>\$ 100,484</u>
<b>Liabilities and fund balances</b>									
Liabilities									
Accounts payable	\$ 39,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ -	\$ 13,232
Accrued liabilities	-	-	-	-	-	-	-	-	15,233
Due to other governments	-	-	-	-	-	-	-	65,000	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Total liabilities	<u>39,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>65,000</u>	<u>28,465</u>
Deferred inflows of resources									
Unavailable revenue	-	-	-	-	-	-	30,657	-	-
Fund balances									
Nonspendable	-	-	-	-	-	-	-	-	72,381
Restricted	472,301	68,599	911,332	44,788	31,402	169,499	-	548,801	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(362)
Total fund balances	<u>472,301</u>	<u>68,599</u>	<u>911,332</u>	<u>44,788</u>	<u>31,402</u>	<u>169,499</u>	<u>-</u>	<u>548,801</u>	<u>72,019</u>
<b>Total liabilities and fund balances</b>	<u>\$ 512,264</u>	<u>\$ 68,599</u>	<u>\$ 911,332</u>	<u>\$ 44,788</u>	<u>\$ 31,402</u>	<u>\$ 169,499</u>	<u>\$ 30,673</u>	<u>\$ 613,801</u>	<u>\$ 100,484</u>

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

Debt Service Funds		Capital Project Funds							Total Nonmajor Governmental Funds
G.O. Facilities Bonds	G.O. Fire Stations Bonds	Street Capital Projects	Fire Stations	Other Capital Projects	Land Acquisition Fees	Canal Dredging	Parks and Recreation Capital Project Fund	Neighborhoods Undergrounding	
\$ 55,779	\$ 188,716	\$ 651,248	\$ 2,829,668	\$ 95,489	\$ 432,508	\$ 519,062	\$ -	\$ 1,313,397	\$ 6,693,153
238,245	-	634,598	2,757,326	93,048	397,902	505,792	233,899	1,279,820	7,338,868
-	-	-	-	-	-	-	-	-	588,138
-	-	-	-	-	-	-	-	-	72,381
757	79	2,508	2,364	169	8,143	2,335	1,553	1,368	36,075
<u>\$ 294,781</u>	<u>\$ 188,795</u>	<u>\$ 1,288,354</u>	<u>\$ 5,589,358</u>	<u>\$ 188,706</u>	<u>\$ 838,553</u>	<u>\$ 1,027,189</u>	<u>\$ 235,452</u>	<u>\$ 2,594,585</u>	<u>\$ 14,728,615</u>
\$ -	\$ -	\$ 71,741	\$ 59,950	\$ -	\$ 3,039	\$ 1,461	\$ 2,371	\$ 39,094	\$ 230,867
-	-	-	-	-	-	-	-	-	15,233
-	-	-	-	-	-	-	-	-	65,000
-	-	-	-	-	-	-	-	2,244,668	2,244,668
-	-	71,741	59,950	-	3,039	1,461	2,371	2,283,762	2,555,768
-	-	-	-	-	-	-	-	-	30,657
-	-	-	-	-	-	-	-	-	72,381
294,781	188,795	645,946	5,529,408	184,077	792,806	890,481	-	310,823	11,083,839
-	-	570,667	-	4,629	42,708	135,247	233,081	-	986,332
-	-	-	-	-	-	-	-	-	(362)
<u>294,781</u>	<u>188,795</u>	<u>1,216,613</u>	<u>5,529,408</u>	<u>188,706</u>	<u>835,514</u>	<u>1,025,728</u>	<u>233,081</u>	<u>310,823</u>	<u>12,142,190</u>
<u>\$ 294,781</u>	<u>\$ 188,795</u>	<u>\$ 1,288,354</u>	<u>\$ 5,589,358</u>	<u>\$ 188,706</u>	<u>\$ 838,553</u>	<u>\$ 1,027,189</u>	<u>\$ 235,452</u>	<u>\$ 2,594,585</u>	<u>\$ 14,728,615</u>

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

TOWN OF LONGBOAT KEY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds								
	Sarasota Infrastructure Surtax	Manatee Infrastructure Surtax	Tourist Development Tax	Tree Replacement	Police Training	Law Enforcement Trust	Miscellaneous Grants	Road and Bridge Fund	Tennis Center
<b>Revenues</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	685,829	179,459	742,198	-	-	-	-	335,529	-
Intergovernmental revenue	-	-	-	-	-	-	-	87,322	-
Charges for services	-	-	-	-	-	-	-	62,000	631,310
Franchise fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	359	-	-	-	-
Grant revenues	-	-	-	-	-	-	42,954	-	-
Investment earnings	4,712	503	5,956	423	323	1,518	(2)	8,017	-
Special assessments	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	-	242,199	-	-
Total revenues	<u>690,541</u>	<u>179,962</u>	<u>748,154</u>	<u>423</u>	<u>682</u>	<u>1,518</u>	<u>285,151</u>	<u>492,868</u>	<u>631,310</u>
<b>Expenditures</b>									
Current									
General government	317	38	312	23	-	-	-	-	-
Public Safety	-	-	-	-	9,287	82	44,958	-	-
Transportation	-	-	-	-	-	-	-	7,342	-
Culture and recreation	-	-	-	-	-	-	-	-	625,223
Debt Service									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Capital Outlay									
General government	100,605	-	-	-	-	-	-	-	-
Public Safety	363,645	222,126	-	2,600	-	15,755	241,492	-	-
Physical environment	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	275,840	-
Culture and recreation	20,429	-	-	-	-	-	-	-	-
Total expenditures	<u>484,996</u>	<u>222,164</u>	<u>312</u>	<u>2,623</u>	<u>9,287</u>	<u>15,837</u>	<u>286,450</u>	<u>283,182</u>	<u>625,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>205,545</u>	<u>(42,202)</u>	<u>747,842</u>	<u>(2,200)</u>	<u>(8,605)</u>	<u>(14,319)</u>	<u>(1,299)</u>	<u>209,686</u>	<u>6,087</u>
<b>Other Financing Sources (Uses)</b>									
Bonds issued	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-	-	103,520	-
Transfers to other funds	(700,000)	-	(581,499)	-	-	-	-	(950,000)	-
Total other financing sources (uses)	<u>(700,000)</u>	<u>-</u>	<u>(581,499)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(846,480)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(494,455)</u>	<u>(42,202)</u>	<u>166,343</u>	<u>(2,200)</u>	<u>(8,605)</u>	<u>(14,319)</u>	<u>(1,299)</u>	<u>(636,794)</u>	<u>6,087</u>
Fund balances (deficit), beginning	<u>966,756</u>	<u>110,801</u>	<u>744,989</u>	<u>46,988</u>	<u>40,007</u>	<u>183,818</u>	<u>1,299</u>	<u>1,185,595</u>	<u>65,932</u>
Fund balances, ending	<u>\$ 472,301</u>	<u>\$ 68,599</u>	<u>\$ 911,332</u>	<u>\$ 44,788</u>	<u>\$ 31,402</u>	<u>\$ 169,499</u>	<u>\$ -</u>	<u>\$ 548,801</u>	<u>\$ 72,019</u>

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

Debt Service Funds		Capital Project Funds							Total Nonmajor Governmental Funds
G.O. Facilities Bonds	G.O. Fire Stations Bonds	Street Capital Projects	Fire Stations	Other Capital Projects	Land Acquisition Fees	Canal Dredging	Parks and Recreation Capital Project Fund	Neighborhoods Undergrounding	
\$ 284,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,385
-	-	-	-	-	211,925	-	-	-	2,154,940
-	-	-	-	-	-	-	-	-	87,322
-	-	-	-	-	-	-	-	-	693,310
-	-	-	-	-	-	-	-	300,000	300,000
-	-	-	-	-	-	-	-	-	359
-	-	-	-	-	-	-	-	-	42,954
2,391	122	8,721	3,496	1,456	6,777	6,179	1,704	10,824	63,120
-	-	-	-	-	-	-	-	1,662,876	1,662,876
-	-	-	-	-	-	-	-	-	242,199
<u>286,776</u>	<u>122</u>	<u>8,721</u>	<u>3,496</u>	<u>1,456</u>	<u>218,702</u>	<u>6,179</u>	<u>1,704</u>	<u>1,973,700</u>	<u>5,531,465</u>
4	8	407	-	-	344	168,631	-	-	170,084
-	-	-	-	-	-	-	-	-	54,327
-	-	-	-	-	-	-	-	-	7,342
-	-	-	-	-	-	-	-	-	625,223
270,000	-	-	-	-	-	-	-	-	270,000
14,973	-	-	-	-	-	-	-	-	14,973
-	-	-	177,998	-	-	-	-	-	177,998
-	-	-	-	-	29,115	-	-	-	129,720
-	-	-	-	-	-	-	-	-	845,618
-	-	-	-	-	-	-	-	524,452	524,452
-	-	182,609	-	-	-	-	-	-	458,449
-	-	-	-	-	-	-	165,135	-	185,564
<u>284,977</u>	<u>8</u>	<u>183,016</u>	<u>177,998</u>	<u>-</u>	<u>29,459</u>	<u>168,631</u>	<u>165,135</u>	<u>524,452</u>	<u>3,463,750</u>
1,799	114	(174,295)	(174,502)	1,456	189,243	(162,452)	(163,431)	1,449,248	2,067,715
-	-	-	5,655,000	-	-	-	-	-	5,655,000
-	-	-	237,591	-	-	-	-	-	237,591
-	188,681	650,000	-	187,250	-	700,000	-	-	1,829,451
-	-	-	(188,681)	-	-	-	-	-	(2,420,180)
-	188,681	650,000	5,703,910	187,250	-	700,000	-	-	5,301,862
1,799	188,795	475,705	5,529,408	188,706	189,243	537,548	(163,431)	1,449,248	7,369,577
292,982	-	740,908	-	-	646,271	488,180	396,512	(1,138,425)	4,772,613
<u>\$ 294,781</u>	<u>\$ 188,795</u>	<u>\$ 1,216,613</u>	<u>\$ 5,529,408</u>	<u>\$ 188,706</u>	<u>\$ 835,514</u>	<u>\$ 1,025,728</u>	<u>\$ 233,081</u>	<u>\$ 310,823</u>	<u>\$ 12,142,190</u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - SARASOTA INFRASTRUCTURE SURTAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other taxes	\$ 650,000	\$ 650,000	\$ 685,829	\$ 35,829
Investment earnings	5,700	5,700	4,712	(988)
Total Revenues	<u>655,700</u>	<u>655,700</u>	<u>690,541</u>	<u>34,841</u>
<b>Expenditures</b>				
Current				
Public safety	700	700	317	383
Capital Outlay	716,000	573,127	484,679	88,448
Total expenditures	<u>716,700</u>	<u>573,827</u>	<u>484,996</u>	<u>88,831</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(61,000)</u>	<u>81,873</u>	<u>205,545</u>	<u>123,672</u>
<b>Other financing uses</b>				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total other financing uses	<u>(700,000)</u>	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
<b>Change in fund balance</b>	(761,000)	(618,127)	(494,455)	123,672
<b>Fund balance, beginning of year</b>	<u>966,756</u>	<u>966,756</u>	<u>966,756</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 205,756</u>	<u>\$ 348,629</u>	<u>\$ 472,301</u>	<u>\$ 123,672</u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - MANATEE INFRASTRUCTURE SURTAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other taxes	\$ 175,000	\$ 175,000	\$ 179,459	\$ 4,459
Investment earnings	850	850	503	(347)
Total Revenues	<u>175,850</u>	<u>175,850</u>	<u>179,962</u>	<u>4,112</u>
<b>Expenditures</b>				
Current				
General government	100	100	38	62
Capital Outlay	<u>274,000</u>	<u>274,000</u>	<u>222,126</u>	<u>51,874</u>
Total expenditures	<u>274,100</u>	<u>274,100</u>	<u>222,164</u>	<u>51,936</u>
<b>Change in fund balance</b>	(98,250)	(98,250)	(42,202)	56,048
<b>Fund balance, beginning of year</b>	<u>110,801</u>	<u>110,801</u>	<u>110,801</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 12,551</u>	<u>\$ 12,551</u>	<u>\$ 68,599</u>	<u>\$ 56,048</u>

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

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other taxes	\$ 681,000	\$ 687,500	\$ 742,198	\$ 54,698
Investment earnings	5,600	5,600	5,956	356
<b>Total Revenues</b>	<u>686,600</u>	<u>693,100</u>	<u>748,154</u>	<u>55,054</u>
<b>Expenditures</b>				
Current				
General government	670	670	312	358
<b>Total expenditures</b>	<u>670</u>	<u>670</u>	<u>312</u>	<u>358</u>
<b>Excess of revenues over expenditures</b>	<u>685,930</u>	<u>692,430</u>	<u>747,842</u>	<u>55,412</u>
<b>Other financing uses</b>				
Transfers out	(575,000)	(581,500)	(581,499)	1
<b>Total other financing uses</b>	<u>(575,000)</u>	<u>(581,500)</u>	<u>(581,499)</u>	<u>1</u>
<b>Change in fund balance</b>	110,930	110,930	166,343	55,413
<b>Fund balance, beginning of year</b>	<u>744,989</u>	<u>744,989</u>	<u>744,989</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 855,919</u>	<u>\$ 855,919</u>	<u>\$ 911,332</u>	<u>\$ 55,413</u>

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

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment earnings	\$ 400	\$ 400	\$ 423	\$ 23
Total Revenues	<u>400</u>	<u>400</u>	<u>423</u>	<u>23</u>
<b>Expenditures</b>				
Current				
General government	53	53	23	30
Capital Outlay	5,000	5,000	2,600	2,400
Total expenditures	<u>5,053</u>	<u>5,053</u>	<u>2,623</u>	<u>2,430</u>
<b>Change in fund balance</b>	(4,653)	(4,653)	(2,200)	2,453
<b>Fund balance, beginning of year</b>	<u>46,988</u>	<u>46,988</u>	<u>46,988</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 42,335</u>	<u>\$ 42,335</u>	<u>\$ 44,788</u>	<u>\$ 2,453</u>

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



**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines and forfeitures	\$ 440	\$ 440	\$ 359	\$ (81)
Investment earnings	300	300	323	23
Total Revenues	<u>740</u>	<u>740</u>	<u>682</u>	<u>(58)</u>
<b>Expenditures</b>				
Current				
Public safety	15,040	15,040	9,287	5,753
Total expenditures	<u>15,040</u>	<u>15,040</u>	<u>9,287</u>	<u>5,753</u>
<b>Change in fund balance</b>	(14,300)	(14,300)	(8,605)	5,695
<b>Fund balance, beginning of year</b>	<u>40,007</u>	<u>40,007</u>	<u>40,007</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 25,707</u>	<u>\$ 25,707</u>	<u>\$ 31,402</u>	<u>\$ 5,695</u>

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

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment earnings	\$ 1,800	\$ 1,800	\$ 1,518	\$ (282)
Total Revenues	<u>1,800</u>	<u>1,800</u>	<u>1,518</u>	<u>(282)</u>
<b>Expenditures</b>				
Current				
Public safety	220	220	82	138
Capital Outlay	35,000	35,000	15,755	19,245
Total expenditures	<u>35,220</u>	<u>35,220</u>	<u>15,837</u>	<u>19,383</u>
<b>Change in fund balance</b>	(33,420)	(33,420)	(14,319)	19,101
<b>Fund balance, beginning of year</b>	<u>183,818</u>	<u>183,818</u>	<u>183,818</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 150,398</u>	<u>\$ 150,398</u>	<u>\$ 169,499</u>	<u>\$ 19,101</u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - MISCELLANEOUS GRANTS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Grant revenues	\$ 85,250	\$ 85,250	\$ 42,954	\$ (42,296)
Miscellaneous revenues	-	259,217	242,199	(17,018)
Investment earnings (loss)	-	-	(2)	(2)
Total Revenues	<u>85,250</u>	<u>344,467</u>	<u>285,151</u>	<u>(59,316)</u>
<b>Expenditures</b>				
Current				
Public safety	85,250	92,750	44,958	47,792
Capital Outlay	1,297	251,717	241,492	10,225
Total expenditures	<u>86,547</u>	<u>344,467</u>	<u>286,450</u>	<u>58,017</u>
<b>Change in fund balance</b>	(1,297)	-	(1,299)	(1,299)
<b>Fund balance, beginning of year</b>	<u>1,299</u>	<u>1,299</u>	<u>1,299</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2</u>	<u>\$ 1,299</u>	<u>\$ -</u>	<u>\$ (1,299)</u>

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

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other taxes	\$ 306,000	\$ 306,000	\$ 335,529	\$ 29,529
Intergovernmental revenue	82,000	82,000	87,322	5,322
Charges for service	57,725	57,725	62,000	4,275
Investment earnings	18,000	18,000	8,017	(9,983)
Total revenues	<u>463,725</u>	<u>463,725</u>	<u>492,868</u>	<u>29,143</u>
<b>Expenditures</b>				
Current				
Transportation	9,900	9,900	7,342	2,558
Capital outlay	150,000	288,400	275,840	12,560
Total expenditures	<u>159,900</u>	<u>298,300</u>	<u>283,182</u>	<u>15,118</u>
<b>Excess of revenues over expenditures</b>	<u>303,825</u>	<u>165,425</u>	<u>209,686</u>	<u>44,261</u>
<b>Other financing sources (uses)</b>				
Transfers in	75,000	109,600	103,520	(6,080)
Transfers out	(950,000)	(950,000)	(950,000)	-
Total other financing (uses)	<u>(875,000)</u>	<u>(840,400)</u>	<u>(846,480)</u>	<u>(6,080)</u>
<b>Change in fund balance</b>	(571,175)	(674,975)	(636,794)	38,181
<b>Fund balance, beginning of year</b>	<u>1,185,595</u>	<u>1,185,595</u>	<u>1,185,595</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 614,420</u>	<u>\$ 510,620</u>	<u>\$ 548,801</u>	<u>\$ 38,181</u>

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

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 589,150	\$ 633,450	\$ 631,310	\$ (2,140)
Total Revenues	<u>589,150</u>	<u>633,450</u>	<u>631,310</u>	<u>(2,140)</u>
<b>Expenditures</b>				
Current				
Culture and recreation	585,072	629,372	625,223	4,149
Total expenditures	<u>585,072</u>	<u>629,372</u>	<u>625,223</u>	<u>4,149</u>
<b>Change in fund balance</b>	4,078	4,078	6,087	2,009
<b>Fund balance, beginning of year</b>	<u>65,932</u>	<u>65,932</u>	<u>65,932</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 70,010</u>	<u>\$ 70,010</u>	<u>\$ 72,019</u>	<u>\$ 2,009</u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL OBLIGATION FACILITIES BONDS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 284,973	\$ 284,973	\$ 284,385	\$ (588)
Intergovernmental revenue	180	180	2,391	2,211
Total Revenues	<u>285,153</u>	<u>285,153</u>	<u>286,776</u>	<u>1,623</u>
<b>Expenditures</b>				
Current				
General government	20	20	4	16
Debt service				
Principal retirement	270,000	270,000	270,000	-
Interest	14,973	14,973	14,973	-
Total expenditures	<u>284,993</u>	<u>284,993</u>	<u>284,977</u>	<u>16</u>
<b>Change in fund balance</b>	160	160	1,799	1,639
<b>Fund balance, beginning of year</b>	<u>292,982</u>	<u>292,982</u>	<u>292,982</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 293,142</u></u>	<u><u>\$ 293,142</u></u>	<u><u>\$ 294,781</u></u>	<u><u>\$ 1,639</u></u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL OBLIGATION BEACH BONDS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 2,799,999	\$ 2,799,999	\$ 2,803,585	\$ 3,586
Intergovernmental revenue	940	940	4,265	3,325
<b>Total Revenues</b>	<u>2,800,939</u>	<u>2,800,939</u>	<u>2,807,850</u>	<u>6,911</u>
<b>Expenditures</b>				
Current				
General government	115	115	-	115
Debt service				
Principal retirement	2,654,867	2,654,867	2,654,866	1
Interest	145,134	145,134	145,133	1
<b>Total expenditures</b>	<u>2,800,116</u>	<u>2,800,116</u>	<u>2,799,999</u>	<u>117</u>
<b>Change in fund balance</b>	823	823	7,851	7,028
<b>Fund balance, beginning of year</b>	<u>169,601</u>	<u>169,601</u>	<u>169,601</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 170,424</u>	<u>\$ 170,424</u>	<u>\$ 177,452</u>	<u>\$ 7,028</u>

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

# 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 Fund**

To account for the Town's single employer defined benefit pension plan 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.

## **Police Donations 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.



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TOWN OF LONGBOAT KEY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
SEPTEMBER 30, 2018

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	<u>Code Enforcement</u>	<u>Police Donations</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	<u>\$ 135,125</u>	<u>\$ 18,395</u>	<u>\$ 153,520</u>
Total assets	<u><u>\$ 135,125</u></u>	<u><u>\$ 18,395</u></u>	<u><u>\$ 153,520</u></u>
<b>Liabilities</b>			
Amounts held as agent for others	<u>\$ 135,125</u>	<u>\$ 18,395</u>	<u>\$ 153,520</u>
Total liabilities	<u><u>\$ 135,125</u></u>	<u><u>\$ 18,395</u></u>	<u><u>\$ 153,520</u></u>

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

**TOWN OF LONGBOAT KEY, FLORIDA**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Balance 10/1/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2018</u>
<b><u>Code Enforcement Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 135,125	\$ -	\$ -	\$ 135,125
Total assets	<u>\$ 135,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,125</u>
<b>Liabilities</b>				
Amounts held as agent for others	\$ 135,125	\$ -	\$ -	\$ 135,125
Total liabilities	<u>\$ 135,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,125</u>
<b><u>Police Donations Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 18,038	\$ 3,858	\$ 3,501	\$ 18,395
Total assets	<u>\$ 18,038</u>	<u>\$ 3,858</u>	<u>\$ 3,501</u>	<u>\$ 18,395</u>
<b>Liabilities</b>				
Amounts held as agent for others	\$ 18,038	\$ 3,858	\$ 3,501	\$ 18,395
Total liabilities	<u>\$ 18,038</u>	<u>\$ 3,858</u>	<u>\$ 3,501</u>	<u>\$ 18,395</u>
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 153,163	\$ 3,858	\$ 3,501	\$ 153,520
Total assets	<u>\$ 153,163</u>	<u>\$ 3,858</u>	<u>\$ 3,501</u>	<u>\$ 153,520</u>
<b>Liabilities</b>				
Amounts held as agent for others	\$ 153,163	\$ 3,858	\$ 3,501	\$ 153,520
Total liabilities	<u>\$ 153,163</u>	<u>\$ 3,858</u>	<u>\$ 3,501</u>	<u>\$ 153,520</u>

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

# 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 104 – 108) (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 109 – 112) (Tables 5 – 8)

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

### Debt Capacity (Pages 113 – 116) (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 117 and 118) (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 119 – 121) (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.

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TOWN OF LONGBOAT KEY, FLORIDA

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 43,964,904	\$ 47,245,000	\$ 52,337,893	\$ 50,178,473	\$ 47,891,475	\$ 46,906,127	\$ 46,507,514	\$ 48,772,257	\$56,025,058	\$ 56,478,072
Restricted										
Capital projects	-	-	-	-	13,087,478	11,402,376	11,241,249	8,944,542	8,120,414	7,130,626
Debt service	-	-	-	-	45,276	6,440	3,208,276	3,322,743	462,583	661,028
Unrestricted	25,556,164	23,223,474	16,439,938	17,433,460	2,764,712	3,907,538	(11,950,563)	(3,708,420)	(8,378,269)	(5,703,438)
Total governmental activities net position	<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>	<u>\$ 49,006,476</u>	<u>\$ 57,331,122</u>	<u>\$56,229,786</u>	<u>\$ 58,566,288</u>
Business-type activities										
Net investment in capital assets	\$ 6,703,052	\$ 13,979,979	\$ 16,834,998	\$ 14,945,148	\$ 13,353,674	\$ 14,194,467	\$ 16,234,308	\$ 16,805,803	\$16,710,926	\$ 17,808,807
Restricted										
Debt Service	439,625	439,625	439,625	439,625	1,067,550	1,067,543	982,210	981,794	601,674	623,781
Renewal and Replacement	9,933,478	10,078,892	5,735,449	3,672,943	-	-	-	-	-	-
Connection fees	2,988,697	3,012,774	3,026,870	3,036,737	1,294,486	1,300,057	1,305,039	1,328,814	1,359,561	1,391,264
Water and sewer revenue reserve	108,138	-	-	-	-	-	-	-	-	-
Unrestricted	8,034,429	2,540,724	5,609,562	10,100,635	16,672,366	16,498,288	14,570,090	14,341,142	15,918,440	14,225,116
Total business-type activities net position	<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>	<u>\$ 33,091,647</u>	<u>\$ 33,457,553</u>	<u>\$34,590,601</u>	<u>\$ 34,048,968</u>
Primary government										
Net investment in capital assets	\$ 50,667,956	\$ 61,224,979	\$ 69,172,891	\$ 65,123,621	\$ 61,245,149	\$ 61,100,594	\$ 62,741,822	\$ 65,578,060	\$72,735,984	\$ 74,286,879
Restricted										
Capital projects	-	-	-	-	13,087,478	11,402,376	11,241,249	8,944,542	8,120,414	7,130,626
Debt Service	439,625	439,625	439,625	439,625	1,112,826	1,073,983	4,190,486	4,304,537	1,064,257	1,284,809
Renewal and Replacement	9,933,478	10,078,892	5,735,449	3,672,943	-	-	-	-	-	-
Connection fees	2,988,697	3,012,774	3,026,870	3,036,737	1,294,486	1,300,057	1,305,039	1,328,814	1,359,561	1,391,264
Water and sewer revenue reserve	108,138	-	-	-	-	-	-	-	-	-
Unrestricted	33,590,593	25,764,198	22,049,500	27,534,095	19,437,078	20,405,826	2,619,527	10,632,722	7,540,171	8,521,678
Total primary government net position	<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>	<u>\$ 82,098,123</u>	<u>\$ 90,788,675</u>	<u>\$90,820,387</u>	<u>\$ 92,615,256</u>

TOWN OF LONGBOAT KEY, FLORIDA

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 6,492,935	\$ 6,053,957	\$ 7,467,428	\$ 7,296,613	\$ 4,794,174	\$ 4,412,661	\$ 4,330,147	\$ 4,957,901	\$ 6,000,443	\$ 4,563,210
Public safety	6,868,927	6,594,044	7,022,706	6,675,600	9,648,821	9,276,537	8,978,316	11,187,571	12,954,560	12,178,651
Transportation	735,368	779,937	507,134	735,024	837,858	882,169	885,495	889,340	883,892	743,164
Economic Environment	27,477	27,381	69,300	8,990	10,262	4,069,126	4,118,326	4,109,675	6,804,311	6,204,287
Culture & recreation	2,923,280	2,970,085	3,146,845	3,861,447	3,960,972	-	-	-	-	-
Interest on long-term debt	377,878	281,042	92,512	70,462	40,145	34,829	29,295	51,509	201,343	149,256
Total governmental activities expenses	17,425,865	16,706,446	18,305,925	18,648,136	19,292,232	18,675,322	18,341,579	21,195,996	26,844,549	23,838,568
Business-type activities:										
Water and sewer	4,704,066	5,042,936	5,533,338	5,926,342	6,196,380	6,234,131	6,284,460	6,583,800	6,493,020	7,250,303
Building Department	694,992	482,307	533,565	522,213	578,350	719,762	642,798	789,776	345,853	1,387,191
Total business-type activities expenses	5,399,058	5,525,243	6,066,903	6,448,555	6,774,730	6,953,893	6,927,258	7,373,576	6,838,873	8,637,494
Total primary government expenses	\$ 22,824,923	\$ 22,231,689	\$ 24,372,828	\$ 25,096,691	\$ 26,066,962	\$ 25,629,215	\$ 25,268,837	\$ 28,569,572	\$ 33,683,422	\$ 32,476,062
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 67,916	\$ 133,174	\$ 62,779	\$ 132,563	\$ 194,057	\$ 53,176	\$ 70,588	\$ 46,183	\$ 66,033	\$ 94,607
Public safety	314,869	320,239	322,745	243,276	232,970	352,312	947,282	858,151	371,309	344,639
Transportation	80,525	40,491	44,385	14,050	74,253	39,975	48,422	52,996	66,810	62,000
Culture & recreation	415,772	420,025	469,975	493,120	442,788	557,692	22,326	594,545	593,982	648,216
Physical environment	-	-	-	-	-	-	-	528,514	924,329	2,172,305
Operating grants and contributions	153,441	146,878	130,882	342,084	199,421	506,453	2,273,534	122,371	240,431	289,444
Capital grants and contributions	462,453	424,792	571,183	1,837,074	8,236	49,418	727,425	7,498,538	2,805,928	2,045,057
Total governmental activities program revenues	1,494,976	1,485,599	1,601,949	3,062,167	1,151,725	1,559,026	4,089,577	9,701,298	5,068,822	5,656,268
Business type activities:										
Charges for services:										
Water and sewer	8,161,663	7,498,653	7,262,114	7,128,657	7,284,125	7,417,037	7,644,027	7,886,444	8,119,588	8,140,102
Building Department	821,342	975,460	933,697	1,083,741	866,011	1,518,265	1,689,287	985,797	1,122,628	1,279,642
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	613,668	-	31,022	-	-	-	-	-
Total business-type activities program revenues	8,983,005	8,474,113	8,809,479	8,212,398	8,181,158	8,935,302	9,333,314	8,872,241	9,242,216	9,419,744
Total primary government program revenues	\$ 10,477,981	\$ 9,959,712	\$ 10,411,428	\$ 11,274,565	\$ 9,332,883	\$ 10,494,328	\$ 13,422,891	\$ 18,573,539	\$ 14,311,038	\$ 15,076,012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (15,930,889)	\$ (15,220,847)	\$ (16,703,976)	\$ (15,585,969)	\$ (18,140,507)	\$ (17,116,296)	\$ (14,252,002)	\$ (11,494,698)	\$ (21,775,727)	\$ (18,182,300)
Business-type activities	3,583,947	2,948,870	2,742,576	1,763,843	1,406,428	1,981,409	2,406,056	1,498,665	2,403,343	782,250
Total primary government net expense	\$ (12,346,942)	\$ (12,271,977)	\$ (13,961,400)	\$ (13,822,126)	\$ (16,734,079)	\$ (15,134,887)	\$ (11,845,946)	\$ (9,996,033)	\$ (19,372,384)	\$ (17,400,050)

TOWN OF LONGBOAT KEY, FLORIDA

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes In Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 11,204,310	\$ 10,258,192	\$ 9,247,176	\$ 8,776,567	\$ 8,576,215	\$ 9,707,955	\$ 13,426,484	\$ 13,950,405	\$ 14,609,896	\$ 14,809,552
Gasoline taxes	489,367	490,026	487,002	515,847	389,503	411,864	423,578	425,861	417,112	422,851
Sales taxes	1,100,986	1,082,606	1,127,784	1,128,388	1,160,767	1,223,709	1,302,442	1,357,642	1,493,594	1,633,731
State revenue sharing	680,595	602,486	591,914	612,738	570,126	587,946	576,628	550,938	619,668	590,797
Business Tax	198,083	158,263	166,731	503,673	502,206	958,116	989,043	958,713	968,157	1,189,701
Tourist tax	635,662	614,800	542,761	496,733	509,370	294,611	152,704	156,420	157,626	128,155
Franchise tax	1,118,650	1,020,208	980,723	896,715	812,026	575,583	661,694	675,353	760,200	742,198
Licenses and Permits	-	-	-	-	-	-	-	-	-	-
Income on Investments	133,952	550,321	181,250	134,982	51,128	121,010	150,753	200,368	129,841	253,771
Gain on disposal of capital assets	-	-	-	-	-	-	43,753	10,924	-	60,925
Miscellaneous	75,191	106,746	413,975	101,035	162,869	272,137	1,257,455	277,220	167,797	145,411
Net Transfers	924,470	1,284,605	1,262,605	1,264,805	1,262,605	1,383,855	1,383,855	1,255,500	1,350,500	1,334,474
Total governmental activities	16,561,266	16,168,253	15,001,921	14,431,483	13,996,815	15,536,786	20,368,389	19,819,344	20,674,391	21,311,566
Business-type activities:										
Income on Investments	153,267	180,310	114,539	49,546	35,522	(14,541)	83,412	122,741	80,205	146,128
Gain on disposal of capital assets	(115,305)	-	-	-	-	-	-	-	-	-
Miscellaneous	5,870	-	-	-	13,644	-	-	-	-	-
Net Transfers	(924,470)	(1,284,605)	(1,262,605)	(1,264,805)	(1,262,605)	(1,383,855)	(1,383,855)	(1,255,500)	(1,350,500)	(1,334,474)
Total business-type activities	(880,638)	(1,104,295)	(1,148,066)	(1,215,259)	(1,213,439)	(1,398,396)	(1,300,443)	(1,132,759)	(1,270,295)	(1,188,346)
Total primary government	15,680,628	15,063,958	13,853,855	13,216,224	12,783,376	14,138,390	19,067,946	18,686,585	19,404,096	20,123,220
<b>Change in Net Position</b>										
Governmental activities	\$ 630,377	\$ 947,406	\$ (1,702,055)	\$ (1,154,486)	\$ (4,143,692)	\$ (1,579,510)	\$ 6,116,387	\$ 8,324,646	\$ (1,101,336)	\$ 3,129,266
Business-type activities	2,703,309	1,844,575	1,594,510	548,584	192,989	583,013	1,105,613	365,906	1,133,048	(406,096)
Total primary government	\$ 3,333,686	\$ 2,791,981	\$ (107,545)	\$ (605,902)	\$ (3,950,703)	\$ (996,497)	\$ 7,222,000	\$ 8,690,552	\$ 31,712	\$ 2,723,170



**TOWN OF LONGBOAT KEY, FLORIDA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(Table 3)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 335,340	\$ 1,381,392								
Building Division	-	-								
Unreserved	5,166,748	3,986,168								
Total general fund	<u>\$ 5,502,088</u>	<u>\$ 5,367,560</u>								
All Other Governmental Funds										
Reserved	\$ 2,118,714	\$ 461,414								
Unreserved, reported in:										
Special revenue funds	8,888,713	7,847,267								
Debt service funds	32,534	41,372								
Capital projects funds	9,481,773	10,012,269								
Total all other governmental funds	<u>\$ 20,521,734</u>	<u>\$ 18,362,322</u>								
General Fund										
Nonspendable			\$ 154,260	\$ 116,818	\$ 159,043	\$ 10,412	\$ 6,204	\$ 367,620	\$ 13,482	\$ 13,647
Committed			1,000,000	1,000,000	-	-	-	-	-	-
Assigned			486,253	393,857	1,706,941	1,771,647	2,134,202	1,978,997	1,953,147	2,817,163
Unassigned			3,369,650	2,953,482	1,313,072	2,398,106	3,240,217	3,750,286	5,302,772	5,544,903
Total general fund			<u>\$ 5,010,163</u>	<u>\$ 4,464,157</u>	<u>\$ 3,179,056</u>	<u>\$ 4,180,165</u>	<u>\$ 5,380,623</u>	<u>\$ 6,096,903</u>	<u>\$ 7,269,401</u>	<u>\$ 8,375,713</u>
All Other Governmental Funds										
Nonspendable, reported in:										
Special Revenue Funds			\$ -	\$ -	\$ -	\$ 56,032	\$ 67,805	\$ 71,950	\$ 68,837	\$ 72,381
Capital Projects Funds			-	-	-	-	-	-	2,817	-
Restricted, reported in:										
Special Revenue Funds			5,297,690	5,899,155	5,495,810	5,585,642	3,667,333	3,485,965	3,002,628	2,385,563
Debt Service Funds			65,718	80,656	45,276	6,440	3,208,276	3,322,743	462,583	661,028
Capital Projects Funds			6,061,009	7,380,539	7,591,668	5,816,734	7,805,512	5,687,859	5,832,361	11,594,718
Assigned			560,440	197,275	238,102	331,346	357,455	4,432,756	1,501,676	1,333,754
Unassigned			-	-	-	(3,469)	(7,448)	(390,439)	(1,141,330)	(362)
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>	<u>\$ 15,098,933</u>	<u>\$ 16,610,834</u>	<u>\$ 9,729,572</u>	<u>\$ 16,047,082</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Property taxes	\$ 11,714,672	\$ 10,257,437	\$ 9,247,176	\$ 8,776,567	\$ 8,576,215	\$ 9,707,955	\$ 13,454,695	\$ 13,950,405	\$ 14,300,315	\$ 14,809,552
Other taxes	1,323,112	1,698,975	1,646,303	1,995,198	1,912,164	2,170,345	3,973,529	1,861,572	2,148,734	2,283,095
Licenses and permits	26,683	25,324	23,795	31,971	27,758	36,586	43,949	36,601	24,753	21,292
Intergovernmental	1,271,219	1,274,719	1,286,117	1,295,746	1,270,315	1,328,164	1,352,354	1,374,292	1,441,637	1,446,562
Charges for services	814,835	863,614	869,432	817,473	865,228	878,995	1,020,296	1,499,066	1,930,285	1,099,973
Franchise	1,118,650	1,020,128	980,723	896,715	812,026	958,116	989,043	958,713	968,157	1,189,701
Fines/miscellaneous/interest	613,151	657,380	585,654	236,017	224,106	406,188	1,483,311	1,030,587	1,866,527	662,892
Special assessments	-	-	-	-	-	-	-	-	-	2,172,305
Grants	615,894	571,670	702,065	2,179,158	198,123	151,075	792,122	2,180,989	1,402,724	46,862
Total revenues	17,498,216	16,369,247	15,341,265	16,228,845	13,885,935	15,637,424	23,109,299	22,892,225	24,083,132	23,732,234
<b>Expenditures</b>										
General government	6,229,730	5,705,494	7,156,191	7,037,417	4,528,112	4,098,356	4,410,644	4,601,435	4,402,763	4,624,728
Public safety	6,481,483	6,134,442	6,277,819	6,175,591	9,173,803	8,720,902	10,252,547	9,386,368	9,485,446	9,924,191
Transportation	477,998	507,587	507,134	507,735	609,835	629,488	679,846	623,326	623,293	666,229
Economic Environment	27,477	27,381	69,300	8,990	8,987	-	-	-	-	-
Culture and recreation	722,927	702,745	765,943	688,400	755,428	807,203	787,632	778,052	2,571,524	991,417
Debt service										
Principal retirement	3,059,454	2,920,000	5,425,000	220,000	245,000	255,000	-	260,000	2,877,893	2,924,866
Interest	142,993	276,233	89,916	70,462	40,145	34,829	14,648	26,474	207,885	160,106
Fiscal charges	431	4,809	2,596	-	-	-	-	-	-	177,998
Capital outlay	1,678,265	3,669,101	5,386,179	1,758,293	1,579,802	3,183,023	3,841,171	16,964,797	10,983,196	4,126,867
Total expenditures	18,820,758	19,947,792	25,680,078	16,466,888	16,941,112	17,728,801	19,986,488	32,640,452	31,152,000	23,596,402
Excess of revenues over (under) expenditures	(1,322,542)	(3,578,545)	(10,338,813)	(238,043)	(3,055,177)	(2,091,377)	3,122,811	(9,748,227)	(7,068,868)	135,832
<b>Other Financing Sources (uses)</b>										
Proceeds from the sale of capital assets	-	-	-	-	-	-	-	-	9,604	60,925
Bond proceeds	-	-	2,355,000	-	-	-	-	10,720,908	-	5,655,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	237,591
Payment to escrow agent	-	-	(13,654)	-	-	-	-	-	-	-
Transfers in	5,971,869	6,422,389	5,452,360	2,292,605	3,480,482	2,646,206	4,486,991	6,296,022	6,544,228	4,010,964
Transfers out	(5,047,399)	(5,137,784)	(4,189,755)	(1,027,800)	(2,217,877)	(1,262,351)	(3,103,136)	(5,040,522)	(5,193,728)	(2,676,490)
Total other financing sources (uses)	924,470	1,284,605	3,603,951	1,264,805	1,262,605	1,383,855	1,383,855	11,976,408	1,360,104	7,287,990
Net change in fund balances	\$ (398,072)	\$ (2,293,940)	\$ (6,734,862)	\$ 1,026,762	\$ (1,792,572)	\$ (707,522)	\$ 4,506,666	\$ 2,228,181	\$ (5,708,764)	\$ 7,423,822
Debt service as a percentage of noncapital expenditures	11%	19%	20%	2%	2%	2%	0%	2%	15%	16%

**TOWN OF LONGBOAT KEY, FLORIDA**

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

<b>Fiscal Year</b>	<b>Real and Personal Property Sarasota County</b>	<b>Real and Personal Property Manatee County</b>	<b>Total Assessed Value</b>	<b>Estimated Actual Value <sup>(1)</sup></b>	<b>Total Direct Tax Rate</b>	<b>Ratio Of Total Assessed To Total Estimated Actual Value</b>
2009	\$ 4,234,189,453	\$ 1,713,292,787	\$ 5,947,482,240	\$ 5,947,482,240	1.5583	100%
2010	3,821,018,737	1,537,809,992	5,358,828,729	5,358,828,729	1.5554	100%
2011	3,504,013,002	1,364,896,458	4,868,909,460	4,868,909,460	1.9588	100%
2012	3,345,653,526	1,298,954,253	4,644,607,779	4,644,607,779	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%
2015	3,558,297,887	1,375,400,033	4,933,697,920	4,933,697,920	2.2368	100%
2016	3,719,283,879	1,471,187,971	5,190,471,850	5,190,471,850	2.1876	100%
2017	3,908,461,938	1,557,319,515	5,465,781,453	5,465,781,453	2.1691	100%
2018	4,051,443,151	1,693,475,816	5,744,918,967	5,744,918,967	2.1658	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 2018 Sarasota County valuation of \$4,051,443,151 represents valuations as of January 1, 2017. Taxes were collected during 2017/2018.

<sup>(1)</sup> 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	<sup>(1)</sup> Beach Erosion Control		County	Manatee		County	Sarasota	
				District A	District B		District A	District B		District A	District B
2009	1.5000	0.0583	1.5583	0.5520	0.1380	14.4501	15.0021	14.5881	11.8988	12.4508	12.0368
2010	1.4903	0.0651	1.5554	0.6146	0.1536	14.6371	15.2517	14.7907	12.4261	13.0407	12.5797
2011	1.8872	0.0716	1.9588	-	-	14.7045	14.7045	14.7045	12.8905	12.8905	12.8905
2012	1.8872	0.0677	1.9549	-	-	14.9504	14.9504	14.9504	12.4919	12.4919	12.4919
2013	1.8872	0.0564	1.9436	-	-	14.5824	14.5824	14.5824	12.7257	12.7257	12.7257
2014	2.0760	0.0560	2.1320	-	-	14.5544	14.5544	14.5544	12.8687	12.8687	12.8687
2015	2.1763	0.0605	2.2368	0.8500	0.2125	14.3360	15.1860	14.5485	12.6597	13.5097	12.8722
2016	2.1300	0.0576	2.1876	0.8328	0.2082	14.2100	15.0428	14.4182	12.5949	13.4277	12.8031
2017	2.1144	0.0547	2.1691	0.7699	0.1925	13.8587	14.6286	14.0512	12.2478	13.0177	12.4403
2018	2.1144	0.0514	2.1658	0.7272	0.1818	13.5210	14.2482	13.7028	11.9947	12.7219	12.1765

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, 2018 direct tax rate of 2.1658 applies to valuations as of January 1, 2017.

<sup>(1)</sup> 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  
CURRENT YEAR AND NINE YEARS AGO  
(Table 7)

Taxpayer	2018			2009		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
OPROCK Longboat (Zota and Longboat Key Club)	\$ 28,737,367	1	0.50%	\$ 17,126,051	1	0.32%
Avenue of the Flowers,LLC (Publix)	26,094,700	2	0.45%	12,334,300	3	0.23%
LB 500, LLC (3000 Harbourside Dr)	17,208,600	3	0.30%			
Robert Hutcheson	13,834,832	4	0.24%			
Michels M (TTEE)	11,621,200	5	0.20%			
Mike McKee	11,162,340	6	0.19%			
P & W Charters, LLC	11,571,200	7	0.20%			
Pleasant Real Estate, LLC II	11,400,400	8	0.20%	10,532,200	7	0.20%
Grand Mariner on Dream Island LLC	10,680,000	9	0.19%			
Veranda Beach Club	8,883,400	10	0.15%	12,018,467	4	0.22%
Key Club Associates				16,182,500	2	0.30%
Mike and Michele McKee				11,807,100	5	0.22%
BBC of Longboat Key LLC				10,742,900	6	0.20%
Key Club Associates				8,587,900	8	0.16%
Four Winds Beach Resort				7,472,584	9	0.14%
Sun N Sea				7,259,299	10	0.14%
Total	<u>\$ 151,194,039</u>		<u>2.63%</u>	<u>\$ 114,063,301</u>		<u>2.13%</u>

DATA SOURCE: Sarasota and Manatee Counties' Tax Rolls.

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

Fiscal Year	Total Tax Levy For Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years <sup>(3)</sup>	Total Collections to Date	
		Amount <sup>(2)</sup>	Percentage of Levy		Collections	Percentage of Levy
2009	\$ 11,584,041	\$ 11,204,310	96.7%	\$ -	\$ 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	8,576,215	96.4%	-	8,576,215	96.4%
2014	10,016,546	9,707,938	96.9%	-	9,707,938	96.9%
2015	14,005,969	13,454,360	96.1%	335	13,454,695	96.1%
2016	14,355,766	13,950,405	97.2%	6	13,950,411	97.2%
2017	14,773,619	14,300,060	96.8%	255	14,300,315	96.8%
2018	15,536,171	14,809,552	95.3%	29	14,809,581	95.3%

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

- <sup>(1)</sup> 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, 2018.
- <sup>(2)</sup> Tax levy includes millage for operating and debt service requirements.
- <sup>(3)</sup> 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 <sup>(1)</sup>	Percentage of Personal Income <sup>(1)</sup>	Per Capita	Percentage of Actual Estimated Value of Property <sup>(2)</sup>
	General Obligation Bonds	Loans Payable	General Obligation Bonds	Notes Payable				
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%
2015	1,350,000	-	7,864,300	3,815,184	13,029,484	2.06%	1,904	0.26%
2016	11,810,908	-	7,488,264	3,615,830	22,915,002	3.54%	3,331	0.44%
2017	8,933,015	-	7,093,016	3,410,817	19,436,848	2.88%	2,781	0.36%
2018	11,663,149	-	6,677,736	3,199,980	21,540,865	2.90%	3,082	0.37%

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

<sup>(1)</sup> See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

<sup>(2)</sup> See Table 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)**

<b>Fiscal Year</b>	<b>Governmental Activities General Obligation Bonds</b>	<b>Business- Type Activities General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2009	\$ 8,060,000	\$ 9,250,000	\$ 32,534	\$ 17,277,466	0.29%	\$ 2,244
2010	5,140,000	9,061,100	41,372	14,159,728	0.26%	1,853
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
2015	1,350,000	7,864,300	281,712	8,932,588	0.18%	1,305
2016	11,810,908	7,488,264	287,216	19,011,956	0.37%	2,764
2017	8,933,015	7,093,016	292,982	15,733,049	0.29%	2,269
2018	11,663,149	6,677,736	661,028	17,679,857	0.31%	2,529

NOTE:

- <sup>(1)</sup> See Table 5 for property value data
- <sup>(2)</sup> See Table 13 for population data



**TOWN OF LONGBOAT KEY, FLORIDA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
SEPTEMBER 30, 2018  
(Table 11)**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Longboat Key <sup>(1)</sup></u>	<u>Amount Applicable to Longboat Key</u>
Town of Longboat Key <sup>(2)</sup>	\$ 11,663,149	100.00%	\$ 11,663,149
<b>Overlapping Bonded Debt<sup>(3)</sup>:</b>			
Sarasota County Schools	5,890,547	7.43%	437,668
Manatee County Schools	152,720,605	5.08%	7,758,207
Sarasota County	68,265,789	7.43%	5,072,148
Total Overlapping Bonded Debt	<u>226,876,941</u>		<u>13,268,023</u>
Total net direct and net overlapping bonded debt	<u>\$ 238,540,090</u>		<u>\$ 24,931,172</u>

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes debt from beach erosion control district A in the amount of \$8,108,015.

<sup>(3)</sup> Includes only general obligation debt.

Sources: Sarasota and Manatee Counties Finance Division CAFRs

TOWN OF LONGBOAT KEY, FLORIDA

PLEGGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(Table 12)

Fiscal Year	General Obligation Bonds (Beach and Facilities)			
	Pledged Revenues <sup>(1)</sup>	Debt Service		Coverage
		Principal	Interest	
2009	\$ 3,210,587	\$ 2,825,000	\$ 370,585	1.0
2010	3,209,419	2,920,000	276,233	1.0
2011	3,838,917	3,070,000	89,916	1.2
2012	303,886	220,000	70,462	2.4
2013	248,900	245,000	40,145	2.3
2014	258,972	255,000	34,828	0.9
2015	288,104	-	14,648	19.7
2016	291,871	260,000	26,475	1.0
2017	2,920,489	2,877,893	207,885	0.9
2018	3,088,105	2,924,866	160,106	1.0

Fiscal Year	General Obligation Bonds (Water and Sewer)			
	Ad Valorem Taxes	Debt Service		Coverage
		Principal	Interest	
2009	\$ -	\$ -	\$ -	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

Fiscal Year	Water and Sewer Revenue Bonds <sup>(2)</sup> ; State Revolving Fund Loan <sup>(3)</sup> ; General Obligation Note <sup>(4)(5)</sup>					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2009	\$ 8,320,717	\$ 4,207,600	\$ 4,113,117	\$ 390,000	\$ 41,205	8.6
2010	7,664,838	3,800,857	3,863,981	410,000	592,672	3.2
2011	7,965,571	4,093,248	3,872,323	247,171	661,972	4.2
2012	7,164,921	4,229,121	2,935,800	471,287	567,948	2.8
2013	7,284,125	5,015,625	2,268,500	489,289	564,967	2.2
2014	7,417,037	4,280,748	3,136,289	510,394	593,100	2.8
2015	7,644,027	4,331,348	3,312,679	532,448	421,210	3.5
2016	7,886,444	4,585,149	3,301,295	575,389	396,550	3.4
2017	8,119,588	4,376,845	3,742,743	600,262	370,582	3.9
2018	8,140,102	5,060,405	3,079,697	626,117	360,615	3.1

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.

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

<sup>(2)</sup> Revenue Bonds were defeased in 2010

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

<sup>(4)</sup> 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.

<sup>(5)</sup> Portion of 2009 General Obligation Note was advanced refunded in 2015 with first payment due in 2016.

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

<b>Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Unemployment Rate <sup>(3)</sup></b>
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%
2015	6,845	633,573,200	92,560	5.0%
2016	6,879	646,426,509	93,971	3.8%
2017	6,934	674,130,414	97,221	3.9%
2018	6,990	742,379,940	106,206	2.9%

Sources: (1) 2018 population: Office of Economic & Demographic Research, April 1, 2018 (est.)  
(2) United States Census Bureau  
(3) U.S. Department of Labor, Bureau of Labor Statistics  
(North Port - Sarasota - Bradenton, FL MSA), 2018

**TOWN OF LONGBOAT KEY, FLORIDA**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Table 14)**

<b>Employer</b>	<b>2018</b>			<b>2009</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment <sup>(1)</sup></b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total Employment <sup>(1)</sup></b>
Resort at Longboat Key Club	475	1	18.38%	500	1	27.53%
Publix Supermarket	155	2	6.00%	114	3	6.28%
Town of Longboat Key	111	3	4.29%	128	4	7.05%
Zota Beach Resort (formerly Hilton)	96	4	3.71%	70	7	3.85%
Dry Dock Restaurant	83	5	3.21%			
Michael Saunders and Company	75	6	2.90%			
Charthouse Restaurant	57	7	2.21%	70	8	3.85%
Grant's Gardens	50	8	1.93%			
Euphemia Haye	49	9	1.90%			
Century 21 Beggins Enterprises	35	10	1.35%			
Beth Callans Management				180	2	9.91%
Observer Group				75	5	4.13%
Colony Beach & Tennis Resort				75	6	4.13%
Valleycrest Landscape Maintenance				65	9	3.58%
Moore's Stonecrab Restaurant				54	10	2.97%
<b>Total</b>	<b>1,186</b>		<b>45.88%</b>	<b>1,331</b>		<b>73.29%</b>

<sup>(1)</sup> Total employment gathered from profiles.nationalrelocation.com

Source: Chamber of Commerce/Town of Longboat Key

TOWN OF LONGBOAT KEY, FLORIDA

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

Function	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Town Manager										5
Town Clerk <sup>(1)</sup>										3
Finance										6
I.T.										3
Public Works										4
Planning, Zoning, Building										12
Total General Government	29	32	32	25	25	26	26	31	36	33
Public Safety										
Fire/Rescue										36
Police										22
Total Public Safety	64	63	65	67	67	63	60	62	61	58
Transportation										
Streets	7	6	6	6	6	6	6	6	6	6
Culture & Recreation										
Parks										3
Tennis										2
Total Culture & Recreation	5	6	5	5	5	7	7	7	5	5
Water and Sewer	8	7	7	7	7	7	6	8	9	8
Total	113	114	115	110	110	109	105	114	117	110

<sup>(1)</sup> Excludes poll workers

Source: Town of Longboat Key Finance Department; 2014 and 2015 restated.

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

<b>Function/Program</b>	<b>FISCAL YEAR</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Fire</b>										
Fire calls	382	390	423	412	401	444	403	466	485	695
Rescue calls	973	991	1,073	1,003	1,093	1,050	1,035	1,138	1,058	1,068
Inspections	376	388	804	805	559	1,119	317	622	352	349
<b>Police</b>										
Law Violations	567	353	354	200	683	436	545	623	1,079	650
Law Arrests	135	110	101	46	65	61	48	48	66	81
<b>Water system</b>										
Number of users or consumers	10,733	10,723	10,723	16,802	16,802	18,680	17,991	18,108	19,778	19,910
Daily average finished flow in gallons	1,721,877	1,688,534	1,697,937	1,609,210	1,569,241	1,635,660	1,584,641	1,650,375	1,646,296	1,610,605
<b>Sewer system</b>										
Daily average treatment in gallons	1,636,150	1,616,156	1,632,912	1,690,384	1,647,711	1,737,618	1,823,843	1,794,885	1,767,603	1,850,992

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	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	5	6	6	6	8	7
Marine Units	1	1	1	1	2	2	2	2	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	2	2	2	2
<b>Highways and Streets</b>										
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
<b>Culture and Recreation</b>										
Parks acreage (in excess of)	140	140	141	141	141	141	141	141	141	141
Parks	5	5	5	5	5	5	5	5	6	6
Recreation Center	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Shuffleboard courts	2	2	2	2	2	2	2	2	2	2
Basketball courts	2	2	2	2	2	2	2	2	2	2
Pickelball courts	-	-	-	-	-	-	-	-	1	1
<b>Water</b>										
Water Mains (miles)	56	46	46	46	46	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	212	212	212	212	212	400	400
<b>Wastewater</b>										
Sanitary Sewers (miles)	46	44	44	44	44	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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**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**

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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, 2018, 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 14, 2019. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as of October 1, 2017.

**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.

*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.

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

---

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

**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 14, 2019

*Mauldin & Jenkins, LLC*



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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To the Honorable Mayor,  
Members of the City Council and City Clerk  
Town of Longboat Key, Florida, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Longboat Key, Florida's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended September 30, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

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### **Report on Internal Control Over Compliance**

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

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

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

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

Bradenton, Florida  
March 14, 2019

*Mauldin & Jenkins, LLC*

**TOWN OF LONGBOAT KEY, FLORIDA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

State Agency, Pass-through Grantor/Program Title/State Project	CSFA Number	Contract Grant Number	Expenditures	Passed Through to Subrecipients
<b>Federal Expenditures</b>				
<b>Department of Homeland Security</b>				
<b>Federal Emergency Management Agency</b>				
Passed through the State of Florida Division of Emergency Management Public Assistance Program				
FEMA - 4068 DR-FL Tropical Storm Debby	97.036	13-DB-73-01-68-01-587	\$ 1,261,801	\$ -
FEMA - 4280 PA-FL Hurricane Hermine	97.036	17-PA-W1-01-68-01-035	289,267	-
Total Department of Homeland Security			<u>1,551,068</u>	<u>-</u>
Total expenditures of Federal Awards			<u>\$ 1,551,068</u>	<u>\$ -</u>
<b>State Financial Assistance</b>				
Division of Emergency Management Public Assistance Program				
FEMA - 4068 DR-FL Tropical Storm Debby	N/A	13-DB-73-01-68-01-587	210,300	-
FEMA - 4280 PA-FL Hurricane Hermine	N/A	17-PA-W1-01-68-01-035	48,211	-
Total expenditures of State Financial Assistance			<u>\$ 258,511</u>	<u>\$ -</u>

**NOTES:**

This schedule includes the Federal and State grant activity of the Town of Longboat Key, Florida, for the fiscal year ended September 30, 2018, and is presented using the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements.

The Town chose not to use the 10% de minimis indirect cost rate for the year ended September 30, 2018.

The Town did not receive non-cash federal awards during the year ended September 30, 2018.

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

**TOWN OF LONGBOAT KEY, FLORIDA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_ yes  X  no

**Federal Awards and State Financial Assistance Projects**

Internal Control over major federal programs:  
 Material weaknesses identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered  
 to be material weaknesses? \_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for  
 major federal awards: Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with the Uniform Guidance? \_\_\_ yes  X  no

Identification of major federal awards:

CFDA Number	Name of Federal Program or Cluster
97.036	Disaster Grants - Public Assistance

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? \_\_\_ yes  X  no

A state single audit was not required as the Town did not expend in excess of \$750,000 of state financial assistance.

**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None noted

**SECTION III**  
**FEDERAL/STATE AWARDS FINDINGS AND QUESTIONED COSTS**

None noted

**TOWN OF LONGBOAT KEY, FLORIDA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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None noted.



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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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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, 2018, and have issued our report thereon dated March 14, 2019.

### **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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in these reports, which are dated March 14, 2019, 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. There were no findings or recommendations in the preceding annual financial report requiring correction.

### **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 and Management**

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and to identify 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*.

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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.

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

**Special District Component Units**

Section 10.554(1)(i)5.d, *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), *Florida Statutes*.

**Additional Matters**

Section 10.554(1)(i)3., *Rules of the Auditor General*, require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note 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 14, 2019





## INDEPENDENT ACCOUNTANT'S REPORT

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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, 2018. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018.

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.

Bradenton, Florida  
March 14, 2019

A handwritten signature in cursive script that reads "Mauldin &amp; Jenkins, LLC". The signature is written in black ink and is positioned to the right of the date.

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