

**NEW ISSUE
FULL BOOK-ENTRY**

See “RATING” herein

In the opinion of Bond Counsel, assuming compliance by the Town with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations for taxable years that began prior to January 1, 2018. The alternative minimum tax on corporations was repealed for taxable years beginning on and after January 1, 2018. See “TAX MATTERS” herein for a description of other tax consequences to holders of the Bonds.

\$5,625,000*

**TOWN OF LONGBOAT KEY, FLORIDA
General Obligation Bonds,
Series 2018**

Dated: Date of Delivery

Due: August 1, as shown on inside cover page

The Town of Longboat Key, Florida (the “Town”) is issuing its \$5,625,000* General Obligation Bonds, Series 2018 (the “Bonds”). The Bonds are being issued as fully registered bonds, in denominations of \$5,000 or integral multiples thereof. Interest on the Bonds is payable semiannually on February 1 and August 1, commencing on February 1, 2019, by check or draft of ZB, National Association dba Zions Bank, in the City of Denver, Colorado, as Bond Registrar and Paying Agent (or by wire transfer to registered Owners of at least \$1,000,000 principal amount of the Bonds requesting payment by such means), mailed to the person in whose name the Bonds are registered, at his or her address as it appears on the registration books maintained by the Bond Registrar and Paying Agent at the close of business on the 15th day of the month (whether or not a business day) next preceding the Bond Service Payment Date. The principal of and premium, if any, on the Bonds will be payable upon presentation and surrender thereof on the maturity date or the date fixed for redemption thereof at the designated corporate trust office of the Bond Registrar and Paying Agent.

Upon initial issuance, the Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), an automated depository for securities and clearinghouse for securities transactions. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be mailed directly to DTC or its nominee, Cede & Co., which is to remit such payments to the DTC Participants (as defined herein), which in turn are to remit such payments to the Beneficial Owners of the Bonds. See “DESCRIPTION OF THE BONDS - Book-Entry Only System” herein.

The Bonds are subject to redemption prior to their stated maturity as set forth herein.

The Bonds are being issued for the purpose of (i) financing the design, demolition, construction, reconstruction, renovation, improvement and equipping of fire stations located within the Town, and (ii) paying certain costs and expenses relating to the issuance of the Bonds.

The Bonds are general obligations of the Town. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Town without limitation. For so long as the Bonds are outstanding, the Town Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Town (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement (as defined in the Resolution) for the ensuing Bond Year (as defined in the Resolution). Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Town and shall be in addition to all other taxes authorized to be levied by the Town.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale and to the approval of legality by Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Town by Persson & Cohen, P.A., Lakewood Ranch, Florida, the Town Attorney, Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel. Hilltop Securities Inc., Orlando, Florida, is serving as Financial Advisor to the Town. It is expected that settlement for the Bonds will occur through the facilities of DTC in New York, New York on or about September 12, 2018.

Electronic bids for the Bonds will be received through Parity Electronic Bid Submission System as described in the Official Notice of Sale.

* Preliminary, subject to change.

\$5,625,000*
TOWN OF LONGBOAT KEY, FLORIDA
General Obligation Bonds,
Series 2018

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS
AND INITIAL CUSIP NUMBERS**

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)*</u>	<u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>Initial</u> <u>CUSIP</u> <u>Number**</u>
2020	\$145,000				
2021	150,000				
2022	155,000				
2023	160,000				
2024	170,000				
2025	175,000				
2026	180,000				
2027	190,000				
2028***	195,000				
2029***	205,000				
2030***	215,000				
2031***	220,000				
2032***	230,000				
2033***	240,000				
2034***	250,000				
2035***	260,000				
2036***	270,000				
2037***	280,000				
2038***	290,000				
2039***	305,000				
2040***	315,000				
2041***	330,000				
2042***	340,000				
2043***	355,000				

* Preliminary, subject to change.

** The Town is not responsible for the use of CUSIP numbers, nor is a representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

*** May be combined into up to five term bonds. See "BIDDERS' SPECIAL OPTION-TERM BONDS" in the Official Notice of Sale.

TOWN OF LONGBOAT KEY, FLORIDA

COMMISSIONERS

George L. Spoll, Mayor
Edward A. Zunz, Vice Mayor
James L. Brown
Randall T. Clair
Jack Daly
Irwin Pastor
Kenneth C. Schneier

TOWN MANAGER

Thomas A. Harmer

TOWN CLERK

Trish Shinkle

FINANCE DIRECTOR

Susan L. Smith, CGFO

TOWN ATTORNEY

Persson & Cohen, P.A.

BOND AND DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tampa, Florida

FINANCIAL ADVISOR

Hilltop Securities Inc.
Orlando, Florida

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations in connection with the Bonds other than as contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Town, DTC and other sources which are believed to be reliable. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR WITH ANY STATE SECURITIES COMMISSION. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE TOWN AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE TOWN DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE TOWN AND ANY ONE OR MORE OF THE OWNERS OF THE BONDS.

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OFFICIAL STATEMENT
relating to

\$5,625,000*
TOWN OF LONGBOAT KEY, FLORIDA
General Obligation Bonds,
Series 2018

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices attached hereto, is to furnish information with respect to the issuance and sale by the Town of Longboat Key, Florida (the "Town") of \$5,625,000* aggregate principal amount of its General Obligation Bonds, Series 2018 (the "Bonds").

The Bonds are being issued under the authority of, and in full compliance with the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, Sections 100.201-100.351, Florida Statutes, the Charter of the Town, Ordinance 2017-18 enacted by the Town Commission of the Town on November 6, 2017 (the "Referendum Ordinance"), and other applicable provisions of law, and Resolution No. 2018-13 adopted by the Town Commission of the Town on July 9, 2018, as supplemented by Resolution No. 2018-14 adopted by the Town Commission of the Town on July 9, 2018 (collectively, the "Resolution").

An election was held on March 20, 2018 (the "Bond Referendum Election"), whereby electors of the Town approved the issuance of not exceeding \$5,895,000 of bonds or other forms of indebtedness of the Town for the purpose of financing certain capital improvements related to fire stations located within the Town, as more particularly described herein under "THE PROJECT" (the "Project"), payable from ad valorem taxes on all of the taxable property within the Town. The election was duly held and conducted in all respects according to law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose.

The Bonds are being issued for the purpose of (i) financing the costs of the Project, and (ii) paying certain costs and expenses relating to the issuance of the Bonds. See also the "THE PROJECT" herein.

The Bonds are general obligations of the Town. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Town without limitation in the manner and to the extent described in the Resolution. For so long as the Bonds are outstanding, the Town Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Town and shall be in addition to all other taxes authorized to be levied by the Town. See "SECURITY FOR THE BONDS" herein.

Capitalized terms used but not defined herein have the same meaning as when used in the Resolution unless the context clearly indicates otherwise. The form of the Resolution is included as

*Preliminary, subject to change.

APPENDIX C attached hereto. The descriptions of the Bonds, the documents authorizing the same and securing the same, and the information from various reports and statements contained herein are not comprehensive or definitive. All references herein to such documents, reports and statements are qualified by the entire, actual content of such documents, reports and statements. Copies of such documents, reports and statements referred to herein that are not included in their entirety in this Official Statement may be obtained from the Town at 501 Bay Isles Road, Longboat Key, Florida 34228, Attention: the Town Clerk. The attached appendices are integral parts of the Official Statement and must be read together with all the statements contained herein.

THE PROJECT

The "Project" is defined to include the design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping of north and south fire stations located within the Town and as authorized pursuant to the Referendum Ordinance and the Bond Referendum Election.

THE TOWN

The Town is a Florida municipal corporation and was formally incorporated in 1955. The Town is a 10-mile long barrier island, covering 4.75 square miles, located off the coast of Sarasota in Southwest Florida with an estimated population of 6,934 residents as of September 30, 2017, but it is also a popular seasonal destination for visitors and part-time residents from both the United States and abroad. Parts of the Town are located in Sarasota County and parts of the Town are located in Manatee County. The Town has been in discussions relating to movement of the Manatee County line so the entire geographic boundary of the Town would be located in Sarasota County. However, to make this change, the State legislature would have to propose and approve a bill. No such bill has been proposed and the Town is uncertain when or if such bill will be proposed in the future. The Town does not expect such change, if made, will have an impact on the finances of the Town.

For additional information concerning the Town, see "APPENDIX A – Town of Longboat Key, Florida, General Information" attached hereto.

DESCRIPTION OF THE BONDS

Terms and Form

The Bonds shall be dated as of their date of delivery, will bear interest at the rates per annum set forth on the inside cover page hereof, payable on February 1, 2019 and semiannually thereafter on February 1 and August 1 of each year (each, a "Bond Service Payment Date") to maturity by wire transfer or check of ZB, National Association dba Zions Bank, with an office in Denver, Colorado, as Bond Registrar and Paying Agent (the "Bond Registrar and Paying Agent"), payable to the registered owners thereof, as shown on the registration books of the Town on the 15th day of the calendar month (whether or not a business day) next preceding each Bond Service Payment Date. The Bonds will mature on August 1 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form in the denominations of \$5,000 each and integral multiples thereof. Principal of the Bonds and premium, if any, will be payable to the registered owners thereof upon presentation and surrender of such Bonds at the designated corporate trust office of the Bond Registrar and Paying Agent.

The Bonds will be issued initially as book-entry obligations and held by The Depository Trust Company ("DTC") as securities depository. The ownership of one fully registered Bond for each maturity as set forth on the inside cover page hereof, in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. For more information regarding DTC and DTC's Book-Entry System, see "Book-Entry Only System" below.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE TOWN BELIEVES TO BE RELIABLE. THE TOWN TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE TOWN NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship

with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has a S&P Global Ratings ("S&P") rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, redemption premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

Negotiability, Registration and Transfer of Bonds

So long as the Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer and exchange of Bonds do not apply.

The Bond Registrar and Paying Agent shall keep books for the registration of and for the registration of transfers of the Bonds as provided in the Resolution. The transfer of any Bonds may be registered only upon such books and only upon surrender thereof to the Bond Registrar and Paying Agent together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent. Upon any such registration of transfer, the Town shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Bond or Bonds so surrendered.

In all cases in which Bonds shall be exchanged, the Town shall execute and the Bond Registrar and Paying Agent shall authenticate and deliver, at the earliest practicable time, a new Bond or Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar and Paying Agent. The Town or the Bond Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Bondholder for the privilege of exchanging or registering the transfer of Bonds under the provisions of the Resolution. Neither the Town nor the Bond Registrar and Paying Agent shall be required to make any such exchange, registration or transfer of Bonds during fifteen (15) days immediately preceding any Bond Service Payment Date or, in the case of any proposed redemption of the Bonds, then, for any Bonds

called for redemption, during the fifteen (15) days preceding the date of the mailing of notice of such redemption and continuing until the redemption date.

Redemption

Optional Redemption. The Bonds maturing prior to August 1, 2028 will not be subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 2028 shall be subject to redemption prior to their respective maturities, at the option of the Town, on or after August 1, 2027, as a whole or in part at any time, and if in part, by maturities to be selected by the Town and by lot within a maturity if less than a full maturity, at a redemption price (plus accrued interest to the date fixed for redemption) equal to the principal amount thereof, without premium.

Mandatory Redemption. The Bonds maturing on August 1, _____ are subject to mandatory redemption prior to their maturity in part by lot, at a redemption price of par plus accrued interest to the respective dates of redemption, but without premium, on the following dates and in the following principal amounts, from amortization installments required to be paid on such dates and in such amounts:

<u>Dates of Redemption</u>	<u>Principal Amount</u>
	\$
*	

*Final Maturity

Notice of Redemption. Notice of redemption shall be given by the deposit in the United States mail of a copy of the redemption notice, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date, to all registered owners of the Bonds or portions of the Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the Resolution. Failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no failure or defect occurred. Any notice mailed as provided in the Resolution shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

Notwithstanding any other provision of the Resolution, if, on any day prior to the 5th business day preceding any date fixed for redemption of Bonds pursuant to the Resolution, the Town notifies the Bond Registrar and Paying Agent in writing that the Town has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the Town pursuant to the Resolution is not available, the Bonds shall not be redeemed on such date and any notice of redemption mailed to the Bond Registrar and Paying Agent or the Bondholders pursuant to the Resolution shall be null and void. In such event, within five business days after the date on which the Town elects to revoke its election to redeem such Bonds, the Town shall cause a notice of such revocation to be mailed to all Bondholders owning such Bonds. The right of revocation of a notice of redemption shall not apply to any notice of redemption which contains an express statement of the Town to the effect that such notice is irrevocable and given in compliance with the Resolution.

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of any successor securities depository), notices of redemption and notices of revocation of

redemption notices shall only be given on behalf of the Town to Cede & Co., or any such successor securities depository. See "– Book-Entry Only System" above.

Effect of Notice of Redemption. Notice having been given in the manner and under the conditions provided in the Resolution, subject to the right of revocation described above, the Bonds or portions of any Bonds so called for redemption shall on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of such Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Bonds or portions of the Bonds to be redeemed, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and the registered owners of such Bonds or portions of the Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of such Bonds. All Bonds which have been redeemed shall be canceled by the Paying Agent and shall not be reissued.

Redemption of Portions of the Bonds. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Bond Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Town shall execute and the Bond Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by the Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the Town. The principal of and interest on the Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Town without limitation in the manner and to the extent described in the Resolution. For so long as the Bonds are outstanding, the Town Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Town and shall be in addition to all other taxes authorized to be levied by the Town. The Town covenanted in the Resolution that it will not accept payment of taxes levied for operating expenses of the Town unless there shall be paid at the same time the taxes required by the Resolution.

All taxes levied pursuant to the Resolution, as collected shall immediately be deposited into the Debt Service Fund and held in trust for the payments of the principal of and interest on the Bonds as they severally become due and shall be expended for no other purpose. See APPENDIX C "Form of the Resolution" hereto.

For so long as any of the principal of and interest on any of the Bonds shall be outstanding and unpaid or until there shall have been set apart in the Debt Service Fund, a sum sufficient to pay when

due, the entire principal of the Bonds remaining unpaid, together with interest accrued or to accrue thereon, the Town has covenanted with the Holders of each and all of the Bonds as follows:

Debt Service Fund. The Town has covenanted and agreed to establish a special fund to be designated the "Debt Service Fund." From the Debt Service Fund shall be paid each installment of interest on and principal of the Bonds as they become due. No further payments shall be required to be made into the Debt Service Fund when the aggregate amount of moneys in the Debt Service Fund is at least equal to the aggregate principal amount of the Bonds then outstanding plus the amount of interest then due or thereafter to become due on such Bonds then outstanding. At such time as the Bonds are no longer outstanding, any moneys remaining in the Debt Service Fund may be transferred to the "general fund" of the Town, and shall be used for any lawful purpose.

Books and Records. Books and records of the Town shall be kept in which complete and correct entities shall be made, in accordance with generally accepted accounting principles. At least once a year, on or before April 30 of the year following the close of each fiscal year, the books, records and accounts of the Town shall be properly audited by an independent firm of certified public accountants. The results of such audit shall be mailed, upon request, and made available, at all reasonable times, to any Holder or Holders of Bonds or anyone acting for and on behalf of the Holders of such Bonds; provided, however, that any such costs shall be borne by such Holder or Holders as the case may be.

Project Fund

The Town covenanted and agreed in the Resolution to establish a special fund to be designated "Project Fund" which shall be used only for payment of the Costs of the Project. Moneys in the Project Fund, until applied in payment of any item of the Costs of the Project, in the manner provided in the Resolution, shall be held in trust by the Town and shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

No Reserve Funding

The Town has not established a reserve fund or account to secure the Bonds.

AD VALOREM TAXATION

Procedure for Property Assessment

General. Ad valorem taxes may be levied only by counties, school districts, municipalities and certain special districts (railroad properties are centrally assessed at the State level). No State ad valorem taxes are levied upon real estate or tangible personal property. State law requires that all ad valorem taxation be assessed at a uniform rate within each taxing unit and, with certain exceptions, that real and personal property subject to ad valorem taxation be assessed at 100% of its just value. See "- *Limitation on Increase in Assessed Value of Property*" below. The following property is generally subject to taxation in the manner provided by law: (1) all real and personal property in the State and all personal property belonging to persons residing in the State; and (2) all leasehold interests in property of the United States, of the State, or any political subdivision, municipality, agency, authority, or other public body corporate of the State. Pursuant to the State Constitution and State law, certain of such property may be exempt from ad valorem taxation. See "- *Exemptions from Ad Valorem Taxation*" below.

The Town is located within two counties: Sarasota County and Manatee County (each a "County". Taxpayers pay ad valorem taxes to the county in which they reside. Ad valorem taxes are collected by each County and then distributed to the Town. See "—Tax Collection and Distribution by County Tax Collectors" below.

Determination of Property Valuation. The Property Appraiser of each County (each a "Property Appraiser") determines property valuation on real and tangible personal property subject to ad valorem taxation as of January 1 of each year. By July 1 of each year, each Property Appraiser notifies the respective County, each municipality, and each other legally constituted special taxing district as to its just valuation, the legal adjustments and exemptions, and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. See "- Millage Set by Local Governing Body" and "- Limitation on Increase in Assessed Value of Property" below for limitations on increases in assessed value of property.

Limitation on Increase in Assessed Value of Property. The State Constitution limits the increases in assessed just value of homestead property to the lower of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. The accumulated difference between the assessed value and the just value is known as the "Save Our Homes Benefit." Further, after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status; new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead; and changes, additions, reductions or improvements to the homestead shall initially be assessed as provided for by general law.

Owners of homestead property may transfer up to \$500,000 of their Save Our Homes Benefit to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their Save Our Homes Benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead.

For all levies other than school district levies, assessment increases for specified nonhomestead real property may not exceed ten percent (10%) of the assessment for the prior year. This assessment limitation is, by its terms, to be repealed effective January 1, 2019; however, the legislature is required by joint resolution to propose an amendment abrogating such repeal, which is required to be submitted to the electors of this state for approval or rejection at the general election of 2018 and, if approved, shall take effect January 1, 2019. See "Legislation Relating to Ad Valorem Taxation - *Recent Amendments Relating to Ad Valorem Taxation*" below.

Preparation of Tax Roll. Each Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which is certified to each County's Tax Collector (each a "Tax Collector") by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies. All ad valorem taxes are collected

by the respective Tax Collector and distributed to the various taxing bodies. See "- Tax Collection and Distribution by County Tax Collectors" below.

Appealing Property Valuation. Concurrently with notification to the various taxing bodies, each Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on his or her property. If the individual property owner believes that his or her property has not been appraised at just value, the owner may (1) request an informal conference with the respective Property Appraiser to resolve the issue, or (2) file a petition with the clerk of the respective County value adjustment board (each an "Adjustment Board"), or (3) appeal to the Circuit Court within 60 days of the certification for collection of the tax roll or within 60 days of the issuance of a final decision by the Adjustment Board. A petition to the respective Adjustment Board must be signed by the taxpayer or be accompanied at the time of filing by the taxpayer's written authorization for representation by a qualified person. A taxpayer receives notice of the hearing and is required to provide the respective Property Appraiser with a list of evidence, copies of documentation, and summaries of testimony prior to the hearing before the respective Adjustment Board. The respective Adjustment Board holds public hearings on such petitions and may make adjustments to the valuations made by the respective Property Appraiser if such valuations are found not to be fair and at market value. The respective Adjustment Board must complete all required hearings and certify its decision with regard to all petitions and certify to the respective Property Appraiser the valuation to be used by June 1 following the tax year in which the assessments were made. The June 1 requirement shall be extended until December 1 in each year in which the number of petitions filed with the respective Adjustment Board increased by more than 10 percent over the previous year. These changes are then made to the final tax roll.

Property owners appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to the properties that will have a petition pending on or after the delinquency date (normally April 1). A property owner's failure to make the required partial payment before the delinquency date will result in the denial of the property owner's petition.

Millage Set by Local Governing Body

General. The State Constitution provides that ad valorem taxes, exclusive of taxes levied for the payment of voter-approved general obligation bonds (such as the Bonds), shall not be levied in excess of the following millages upon the assessed value of real estate and tangible personal property: for all county purposes, ten mills; for all municipal purposes, ten mills; for all school purposes, ten mills; for water management purposes for the northwest portion of the state lying west of the line between ranges two and three east, 0.05 mill; for water management purposes for the remaining portions of the state, 1.0 mill; and for all other special districts a millage authorized by law approved by voters. There is no limit under the Florida Constitution or statutory law on the amount of ad valorem taxes a local government may levy for the payment of debt service on voter-approved general obligation bonds (such as the Bonds).

As described above, each Property Appraiser is required to certify to each taxing authority the aggregate taxable value of all non-exempt property within the jurisdiction of the taxing authority, as well as the prior year's tax revenues, for use in connection with the determination of the forthcoming budget and millage levy. The form on which such certification is made by the respective Property Appraiser is required to include instructions to each taxing authority describing the proper method of computing a millage rate, which, exclusive of new construction, additions to structures, deletions and property added

due to geographic boundary changes, will provide the same ad valorem tax revenues for each taxing authority as was levied during the prior fiscal year. See "- *Millage Rollback Legislation*" below.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property valuation within the taxing authority's respective jurisdiction. Ad valorem taxes are not levied in excess of actual budget requirements. By law, budget expenditures cannot exceed 95% of estimated revenues except for cash carry forward amounts. In adopting an annual budget, the taxing authority must first adopt tentative millage rates within 35 days of receipt from the respective Property Appraiser of the preliminary certificate of taxable value. A notice of the impact of the tentative millage rates adopted by each taxing authority on the proposed tax statement for each taxpayer is then mailed to each individual taxpayer. Next, the taxing authority must hold a public hearing to adopt a tentative budget with the tentative millage rate. A second public hearing is held to adopt a final budget and millage rate.

Millage Rollback Legislation. In 2007, the State Legislature adopted a property tax plan which significantly impacted ad valorem tax collections for State local governments (the "Millage Rollback Legislation"). One component of the Millage Rollback Legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the Rollback Legislation also limited how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote of its governing body.

Truth in Millage. The governing bodies of taxing authorities are required to fix the millage rate and assess all property at one hundred percent (100%) of its just value. Section 200.071, Florida Statutes, and Section 200.091, Florida Statutes, prohibit the millage for taxing authorities from being set by referendum, except as provided in the State Constitution.

Tax Collection and Distribution by County Tax Collectors

General. All real and tangible personal property taxes are based on assessed values as certified and delivered to each Tax Collector by each Property Appraiser as described above. The respective Tax Collector mails to each property owner on the tax roll a tax bill for the taxes levied by the various taxing authorities in each County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount. Because several tax payers pay taxes in the months where a discount is applicable, taxes collected will likely never be 100% of the tax levy.

Each Tax Collector is required to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Delinquent Taxes. Delinquent real property taxes bear interest at the rate of 18% per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the

buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of 18% per year from April 1 until paid. Delinquent personal property taxes must be advertised within 45 days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, each Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property with delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the respective County. State law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

Tax Certificates and Tax Deeds. On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, each Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property that is the subject of delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the respective County. State law provides that real property tax liens and certain other governmental charges and assessments liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon.

At any time after two years have elapsed since April 1 of the year of the issuance of a tax certificate and before the expiration of seven years, the holder of the tax certificate may apply for a tax deed with respect to any tax certificate it holds. Two years after such April 1, the respective County may make application for a tax deed with respect to any tax certificate it holds. Upon receipt of such applications, a public sale is advertised and held (unless the property is redeemed), and the highest bidder at such sale receives a tax deed for the property. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Redemption of Land by Owners. To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within two years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires each Tax Collector to distribute the taxes collected, to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

Disposition of Tax Collections. Upon receipt, the monies representing debt service are to be credited to the Debt Service Fund, a special accounting fund created and maintained pursuant to the Resolution. Debt service millage over and above millage limitations fixed by the State Constitution is authorized only for the payment of general obligation bonds (such as the Bonds), and any diversion of such tax collections to a purpose other than payment of the voted general obligation bonds would violate the State Constitution. Consistent with the above, the Resolution provides that the proceeds of all such taxes levied for the payment of the principal of and interest on the Bonds shall be deposited by the Town in the Debt Service Fund and used solely for the payment of principal and interest on the Bonds.

Exemptions from Ad Valorem Taxation

General. State law provides for numerous exemptions and limitations on ad valorem taxation of real property and tangible personal property. Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, literary, charitable, scientific, and governmental uses. Certain additional exemptions and limitations are described below. This description does not purport to describe all exemptions available to property owners in the State, and reference is made to the State Constitution and Chapter 196, Florida Statutes, for a full description of such exemptions. In addition, State law allows for, but does not mandate, the imposition of some exemptions by local governments by ordinance. Where applicable, it is noted where the Town has imposed such optional exemptions or limitations. Certain recent amendments to existing provisions relating to ad valorem tax exemptions are described under "Legislation Regarding Ad Valorem Taxes - *Recent Amendments Relating to Ad Valorem Taxation*" below.

Constitutional Exemptions.

Exempt Entities/Exempt Purposes. The State Constitution provides that all property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as are used predominantly for educational, literary, scientific, religious or charitable purposes (exempt purposes) may be exempted by general law from taxation. State law provides that all property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation and all property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes (at least 50%) shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.

Household Goods and Personal Effects. The State Constitution provides that there shall be exempt from taxation, cumulatively, to every head of a family residing in the State, household goods and personal effects to the value fixed by general law, not less than one thousand dollars and to every widow or widower or person who is blind or totally and permanently disabled, property not less than five hundred dollars. State law exempts from taxation to every person residing and making his or her permanent home in the State, all household goods and personal effects and exempt property up to the value of \$500 of every widow, widower, blind person, or totally and permanently disabled person who is a resident of the State.

Economic Development. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the State Constitution and general law, grant community and economic development ad valorem tax exemptions to new businesses and expansions of existing businesses, as defined by general law. Such an exemption may be granted only by ordinance of the county or municipality, and only after the electors of the county or municipality voting on such question in a referendum authorize the county or municipality to adopt such ordinance. An exemption so granted shall apply to improvements to real property made by or for the use of a new business and improvements to real property related to the expansion of an existing business and shall also apply to tangible personal property of such new business and tangible personal property related to the expansion of an existing business. The amount or limits of the amount of such exemption shall be specified by general law (up to 100% in certain circumstances) and the period of time for which such exemption may be granted to a new business or expansion of an existing business shall be determined by general law. State law provides that the authority to grant such exemption shall expire ten years from the date of approval by the electors of the county or municipality, and may be renewable by referendum as provided by general law and that exemptions may be granted for up to 10 or 20 years depending on the use of the applicable facility. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The Town has not enacted an ordinance granting the exemption described in this paragraph.

Historic Preservation. The State Constitution provides that any county or municipality may, for the purpose of its respective tax levy and subject to the provisions of the State Constitution and general law, grant historic preservation ad valorem tax exemptions to owners of historic properties. This exemption may be granted only by ordinance of the county or municipality. The amount or limits of the amount of this exemption and the requirements for eligible properties must be specified by general law. State law provides that such exemption may be for an amount up to 50% of the assessed value of the property. The period of time for which this exemption may be granted may continue until the ordinance is repealed or the property no longer qualifies for the exemption. This exemption does not apply to the levy of taxes for the payment of bonds (such as the Bonds). The Town has not enacted an ordinance granting the exemption described in this paragraph.

Tangible Personal Property and Solar Devices. The State Constitution provides that by general law and subject to conditions specified therein, \$25,000 of the assessed value of property subject to tangible personal property tax shall be exempt from ad valorem taxation. Effective January 1, 2018 through December 31, 2037, the assessed value of solar devices or renewable energy source devices subject to tangible personal property tax may be exempt from ad valorem taxation, subject to limitations provided by general law.

Property Dedicated In Perpetuity for Conservation. The State Constitution provides that there shall be granted an ad valorem tax exemption for certain real property dedicated in perpetuity for conservation purposes, including real property encumbered by perpetual conservation easements or by other perpetual conservation protections, as defined by general law.

Homestead Exemption. In addition to the exemptions described above, the State Constitution also provides for a homestead exemption. Every person who has the legal title or beneficial title in equity to real property in the State and who resides thereon and in good faith makes the same his or her permanent residence or the permanent residence of others legally or naturally dependent upon such person is eligible to receive a homestead exemption of up to \$50,000. The first \$25,000 applies to all property taxes, including school district taxes. The additional exemption, up to \$25,000, applicable to the assessed value of the property between \$50,000 and \$75,000, applies to all levies other than school district

levies. A person who is receiving or claiming the benefit of an ad valorem tax exemption or a tax credit in another state where permanent residency, or residency of another legally or naturally dependent upon the owner, is required as a basis for the granting of that ad valorem tax exemption or tax credit is not entitled to the homestead exemption. In addition to the general homestead exemption described in this paragraph, the following additional homestead exemptions are authorized by State law:

Certain Persons 65 or Older. A board of county commissioners or the governing authority of any municipality may adopt an ordinance to allow an additional homestead exemption equal to (i) of up to \$50,000 for persons age 65 or older with household income that does not exceed the statutory income limitation of \$20,000 (as increased by the percentage increase in the average cost of living index each year since 2001) or (ii) the assessed value of the property with a just value less than \$250,000, as determined the first tax year that the owner applies and is approved, for any person 65 or older who has maintained the residence as his or her permanent residence for not less than 25 years and whose household income does not exceed the statutory income. In addition, veterans 65 or older who are partially or totally permanently disabled may receive a discount from tax on homestead property if the disability was combat related and the veteran was honorably discharged upon separation from military service. The discount is a percentage equal to the percentage of the veteran's permanent, service-connected disability as determined by the United States Department of Veteran's Affairs. The Town enacted Ordinance No. 2013-06 on February 4, 2013 implementing such exemption.

Deployed Military Personnel. The State Constitution provides that by general law and subject to certain conditions specified therein, each person who receives a homestead exemption; who was a member of the United States military or military reserves, the United States Coast Guard or its reserves, or the Florida National Guard; and who was deployed during the preceding calendar year on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature shall receive an additional exemption equal to a percentage of the taxable value of his or her homestead property. The applicable percentage shall be calculated as the number of days during the preceding calendar year the person was deployed on active duty outside the continental United States, Alaska, or Hawaii in support of military operations designated by the legislature divided by the number of days in that year.

Certain Active Duty Military and Veterans. A military veteran who was honorably discharged, is a resident of the State, and who is disabled to a degree of 10% or more because of misfortune or while serving during wartime may be entitled to a \$5,000 reduction in the assessed value of his or her property. This exemption is not limited to homestead property. A military veteran who was honorably discharged with a service-related total and permanent disability may be eligible for a total exemption from taxes on homestead property. A similar exemption is available to disabled veterans confined to wheelchairs. Under certain circumstances, the veteran's surviving spouse may be entitled to carry over these exemptions.

Certain Totally and Permanently Disabled Persons. Real estate used and owned as a homestead by a quadriplegic, less any portion used for commercial purposes, is exempt from all ad valorem taxation. Real estate used and owned as a homestead by a paraplegic, hemiplegic, or other totally and permanently disabled person, who must use a wheelchair for mobility or who is legally blind, is exempt from taxation if the gross household income is below statutory limits.

Survivors of First Responders. Any real estate that is owned and used as a homestead by the surviving spouse of a first responder (law enforcement officer, correctional officer, firefighter, emergency

medical technician or paramedic), who died in the line of duty may be granted a total exemption on homestead property if the first responder and his or her surviving spouse were permanent residents of the State on January 1 of the year in which the first responder died.

Other Exemptions. Other exemptions include, but are not limited to, nonprofit homes for the aged (subject to income limits for residents), proprietary continuing care facilities, not for profit sewer water/waste water systems, certain hospital facilities and nursing homes for special services, charter schools, certain historic property used for commercial purposes and certain tangible personal property.

Legislation Relating to Ad Valorem Taxation

Recent Amendments Relating to Ad Valorem Taxation. In the 2016 legislative session, several amendments were passed affecting ad valorem taxation, including classification of agricultural lands during periods of eradication or quarantine, deleting requirements that conservation easements be renewed annually, providing that just value of real property shall be determined in the first tax year for income restricted persons age 65 or older who have maintained such property as the permanent residence for at least 25 years, authorizing a first responder who is totally and permanently disabled as a result of injuries sustained in the line of duty to receive relief from ad valorem taxes assessed on homestead property, revising procedures with respect to assessments, hearings and notifications by the value adjustment board, and revising the interest rate on unpaid ad valorem taxes.

In the 2017 State legislative session, which concluded on May 8, 2017, the State legislature passed House Joint Resolution 7105 which proposes an amendment to Section 6, Article VII of the State Constitution that would increase the homestead exemption by exempting the assessed valuation of homestead property greater than \$100,000 and up to \$125,000 for all levies other than school district levies. If approved by the voters in November, 2018, such amendment would be effective beginning with the 2019 tax roll. The Town estimates that this amendment would result in a negative revenue impact to the Town of approximately \$150,000 annually. However, the Town does not believe that the impact will adversely affect the Town's ability to pay debt service on the Bonds.

Proposed Legislation. During the 2018 State legislative session, the State Legislature passed House Joint Resolution 7001 ("HJR 7001"), proposing an amendment to the State Constitution providing that no state tax or fee may be imposed, authorized, raised by the State Legislature, or authorized by the State Legislature to be raised, except through legislation approved by two-thirds of the membership of each house of the Legislature. The same requirement would apply to decreasing or eliminating any state tax, fee exemption or credit. Currently, such actions can be approved by a majority vote. HJR 7001 also requires that any proposed state tax or fee imposition, authorization or increase must be contained in a separate bill that contains no other subject. The joint resolution specifies that the proposed amendment does not authorize the imposition of any state tax or fee otherwise prohibited by the State Constitution, and does not apply to any tax or fee imposed by, or authorized to be imposed by, a county, municipality, school board, or special district. The amendment proposed in the HJR 7001 was passed and signed into law by Governor Scott and will take effect on January 8, 2019, if approved by sixty percent of the voters during the 2018 general election or earlier special election. Although the proposal would not subject local taxes and fees to the stricter voting requirement, local governments could be adversely impacted during recessionary economic environments if State lawmakers are unable to raise taxes. The Town does not expect that HJR 7001, if approved by the voters, will have an impact on its ability to pay debt service on the Bonds.

Future Amendments Relating to Ad Valorem Taxation. Historically, various legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in each session of the State legislature. Many of these proposals have provided for new or increased exemptions to ad valorem taxation and limited increases in assessed valuation of certain types of property or otherwise restricted the ability of local governments in the State to levy ad valorem taxes at current levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would have a material adverse effect upon the collection of ad valorem taxes by the Town, the Town's finances in general or the Town's ad valorem taxing power.

The following three tables show the historical Assessed and Estimated Actual Value of Taxable Property, Property Tax Levies and Collections and the Direct and Overlapping Debt Statement.

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

Fiscal Year	Real and Personal Property <u>Sarasota County</u>	Real and Personal Property <u>Manatee County</u>	Total <u>Assessed Value</u>	Estimated <u>Actual Value</u>	Total Direct <u>Tax Rate</u>	Ratio of Total Assessed To Total Estimated <u>Actual Value</u>
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

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

Source: Town of Longboat Key, Florida Financial Records.

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS⁽¹⁾**

Fiscal Year	Total Tax Levy for Fiscal Year ⁽²⁾	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years ⁽³⁾	Collections	Percentage of Levy
		Amount	Percentage of Levy			
2008	\$12,278,622	\$11,856,511	96.6%	N/A	\$11,856,511	96.6%
2009	11,584,041	11,204,310	96.7	N/A	11,204,310	96.7
2010	10,644,758	10,257,437	96.4	\$5,549	10,262,986	96.4
2011	9,536,616	9,241,627	96.9	4,684	9,246,311	97.0
2012	9,085,731	8,771,883	96.5	15	8,771,898	96.5
2013	8,896,997	8,576,215	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	14,778,881	14,300,060	96.8	255	14,300,315	96.8

⁽¹⁾ Property taxes become due and payable on November 1 of each year and a 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Therefore, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1, of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1 of each year. A small difference is also indicated by changes to original tax levy due to Board of Equalization adjustments which reduces assessed valuations and the percentage collected based on the original tax levy. Property taxes receivable and the corresponding reserve for uncollectable property taxes are not included in the financial statements as there are no material delinquent taxes as of September 30, 2017.

⁽²⁾ Tax levy includes millage for operating and debt service requirements.

⁽³⁾ Collection in subsequent years is reported for Manatee County only; Sarasota County does not provide.

Source: Town of Longboat Key, Florida Finance Department.

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

Fiscal Year	Town Direct Rates			Overlapping Rates			
	Operating Millage	General Obligation	Total Direct	Beach Erosion Control ⁽²⁾		Manatee County ⁽³⁾	Sarasota County ⁽³⁾
		Debt Service	Rate	District A	District B		
2008	1.4062	0.1036	1.5098	0.5011	0.1253	14.7309	11.9768
2009	1.5000	0.0583	1.5583	0.5520	0.1380	14.4501	11.8988
2010	1.4903	0.0651	1.5554	0.6146	0.1536	14.6371	12.4261
2011	1.8872	0.0716	1.9588	0.0000	0.0000	14.7045	12.8905
2012	1.8872	0.0677	1.9549	0.0000	0.0000	14.9504	12.4919
2013	1.8872	0.0564	1.9436	0.0000	0.0000	14.5824	12.7257
2014	2.0760	0.0560	2.1320	0.0000	0.0000	14.5544	12.8687
2015	2.1763	0.0605	2.2368	0.8500	0.2125	14.3360	12.6597
2016	2.1300	0.0576	2.1876	0.8328	0.2082	14.2100	12.5949
2017	2.1144	0.0547	2.1691	0.7699	0.1925	13.8587	12.2478

⁽¹⁾ The Town is located within two counties: Sarasota County and Manatee County. 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, fiscal year ended September 30, 2017 direct tax rate of 2.1691 applies to valuations as of January 1, 2016. The operating millage rate remained unchanged in 2018 from the prior year at 2.1144.

⁽²⁾ 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 in the Town.

⁽³⁾ Overlapping rates includes the respective county, the respective school board district, Manasota Basin District, West Coast Inland Navigation District and Southwest Florida Water Management District millage rates for each County.

Source: Town of Longboat Key, Florida Financial Records and Property Appraiser's Office in Sarasota and Manatee Counties

The following table shows the Principal Taxpayers Located within the Town for fiscal year ended September 30, 2017.

**PRINCIPAL PROPERTY TAXPAYERS
AS OF SEPTEMBER 30, 2017**

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
Avenue of the Flowers, LLC (Publix)	\$25,393,200	0.46%
LB 500, LLC (3000 Harbourside Drive)	16,832,000	0.31
OPROCK Longboat (Zota and Longboat Key Club)	13,987,600	0.26
Robert Hutcheson	12,923,648	0.24
P&W Charters, LLC	12,287,000	0.22
Pleasant Real Estate, LLC II	12,065,000	0.22
Veranda Beach Club	11,236,500	0.21
Mike McKee	10,931,724	0.20
Grand Mariner on Dream Island, LLC	10,470,000	0.19
Four Winds Beach Resort	<u>7,930,300</u>	<u>0.15</u>
Total	<u>\$134,056,972</u>	<u>2.45%</u>

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2017.

CERTAIN FINANCIAL MATTERS

Certain matters relating to the Town's Financial Policies, Disclosure Policies, Budgeting, Accounting and Auditing practices, Other Post Employment Benefit Plan, Defined Benefit Pension Plans and other financial data can be found in "APPENDIX A – Town of Longboat Key, Florida, General Information" and in "APPENDIX B – Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2017" attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds are expected to be applied as follows:

SOURCES:

Par Amount of the Bonds	\$
[Plus/Less Net Original Issue Premium/Discount]	
TOTAL SOURCES	\$

USES:

Deposit to Project Fund	\$
Capitalized Interest	
Costs of Issuance ⁽¹⁾	
TOTAL USES	\$

⁽¹⁾ Includes legal and financial advisory fees and expenses, Underwriter's discount and other costs associated with the issuance of the Bonds.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Bonds:

Bond Year Ending August 1	Principal	Interest	Total Debt Service
---------------------------------	-----------	----------	-----------------------

TOTAL

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Bonds are subject to the approval of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, whose approving opinion will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the Town by Persson & Cohen, P.A., Lakewood Ranch, Florida, the Town Attorney, and by Bryant Miller Olive P.A., Tampa, Florida, Disclosure Counsel.

The proposed form of the opinion of Bond Counsel is set forth as "APPENDIX D – Form of Opinion of Bond Counsel" attached hereto and reference is made to such form of opinion for the complete text thereof. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in such opinion subsequent to its date.

TAX MATTERS

General

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Town has covenanted in the Resolution with respect to the Bonds to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the Bonds shall be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations for taxable years that began prior to January 1, 2018. The alternative minimum tax on corporations was repealed for taxable years beginning on and after January 1, 2018.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on Bonds; (iii) the inclusion of interest on Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on Bonds in passive income subject to federal income taxation of certain Subchapter S

corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Town, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the Bonds in their particular state or local jurisdiction and regarding any

pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount

Under the Code, the difference between the maturity amount of the Bonds maturing on _____ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Holders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium

The difference between the principal amount of the Bonds maturing on _____ (collectively, the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Holders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

FINANCIAL ADVISOR

Hilltop Securities Inc., Orlando, Florida is serving as Financial Advisor to the Town with respect to the sale of the Bonds. The Financial Advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds and provide other advice.

The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

LITIGATION

There is no pending or, to the knowledge of the Town, any threatened litigation against the Town of any nature which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Resolution, or which may materially adversely affect the imposition, collection and pledge of ad valorem taxes of the Town. Neither the creation, organization or existence, nor the title of the present members of the Town Commission, or other officers of the Town is being contested.

The Town experiences routine litigation and claims incidental to the conduct of its affairs. In the opinion of the Town Attorney, there are no actions presently pending or, to the knowledge of the Town, threatened, the adverse outcome of which would have a material adverse effect on the financial condition of the Town. From time to time, the Town is party to other various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the Town, but may, in the aggregate, have a material impact thereon. However, in the opinion of the Town Attorney, the Town and/or its insurance carrier will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies specified by the Resolution and the Bonds, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "APPENDIX C – Form of the Resolution" attached hereto for a description of events of default and remedies.

CONTINUING DISCLOSURE

The Town has covenanted for the benefit of the Bondholders to provide certain financial information and operating data relating to the Town and the Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The Town has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934 (the "Rule") either itself or through its dissemination agent. Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The Town has agreed to file notices of certain enumerated events, when and if they occur, with the Repository either itself or through its dissemination agent.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the Town upon the issuance of the Bonds. These covenants have been made in order to assist the Underwriter in complying with the continuing disclosure requirements of the Rule.

With respect to the Bonds, no party other than the Town is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. In the past five years, the Town has complied in all material respects with its previous undertakings to provide continuing disclosure information pursuant to the Rule.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the Town make full and fair disclosure of any bonds or other debt obligations of such entities that have been in default as to payment of principal or interest at any time after December 31, 1975. The Town is not and has not, since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

Although the Town is not aware of any defaults with respect to bonds or other debt obligations as to which it has served only as a conduit issuer, it has not undertaken an independent review or investigation of such bonds or other obligations. The Town does not believe that any information about any default would be considered material by a reasonable investor in the Bonds because the Town was not liable to pay the principal of or interest on any such bonds except from payments made to it by the private companies on whose behalf such bonds were issued and no funds of the Town were pledged to pay such bonds or the interest thereon.

CONTINGENT FEES

The Town has retained Bond Counsel, Disclosure Counsel and the Financial Advisor with respect to the authorization, sale, execution and delivery of the Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriter (including the fee of their counsel) are contingent upon the issuance of the Bonds.

RATING

S&P has assigned a rating of "AA+" (stable outlook) to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by S&P if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Bonds may have an adverse effect on the liquidity or market price of the Bonds. An explanation of the significance of the rating can be received from the rating agency, at the following address: S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041.

UNDERWRITING

The Bonds are being purchased by _____ (the "Underwriter") at a purchase price equal to \$_____ (taking into account net original issue [**premium/discount**] on the Bonds of

\$_____ and an Underwriter's discount of \$_____). The Underwriter's obligations are subject to certain terms and conditions set forth in a bond purchase contract between the Town and the Underwriter, including the approval of certain legal matters by Bond Counsel and the existence of no material adverse change in the condition of the Town from that set forth in this Official Statement. The Bonds may be offered and sold to certain dealers at prices lower than such offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

FINANCIAL STATEMENTS

The financial statements included in the Comprehensive Annual Financial Report of the Town, for the fiscal year ended September 30, 2017, included in this Official Statement as APPENDIX B, have been audited by Mauldin & Jenkins, LLC, Bradenton, Florida, independent certified public accountants, auditors for the Town (the "Auditor"). Such statements speak only as of September 30, 2017. The audited financial statements of the Town have been included herein as a publicly available document. Consent of the Auditor was not requested, and the Auditor was not requested nor did it perform any procedures with respect to the preparation of the Official Statement or the information presented herein.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the Town and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the Town. At the time of delivery of the Bonds, the Town will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC, the book-entry only system of registration and the information contained under the caption "TAX MATTERS" as to which no such certification shall be made), as of its date and as of the date of delivery of the Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

TOWN OF LONGBOAT KEY, FLORIDA

By: _____
Town Manager

By: _____
Finance Director

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APPENDIX A

Town of Longboat Key, Florida, General Information

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TOWN OF LONGBOAT KEY, FLORIDA GENERAL INFORMATION

Profile of the Government

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

The Town includes two dependent special districts consisting of Longboat Key Beach Erosion Control District A and Longboat Key Beach Erosion Control District B. 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 require 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.

The citizens enjoy a full range of services including police, fire, ambulance, streets, parks, recreation, public improvements, planning, zoning and general administrative services. The Town also operates a Town-wide water and sewer transmission system. The Town purchases its water and wastewater treatment from Manatee County. Sanitation, electric, telephone, gas and cable television services are provided by franchisees.

Town Structure

The Town operates under a Charter that was adopted in 1955 and last revised in 2018. The charter sets forth a Commission/Manager form of government. Seven Commissioners are elected for two-year terms and constitute the governing body of the Town. Commissioners may only serve three (3) consecutive terms as town commissioner without an interval of one (1) complete term out of office. The appointed Mayor is the Commission's presiding officer. Elections are held annually with either four or three seats to be decided upon. Two (2) commissioners are elected at-large. The remaining five (5) commissioners must reside in, and be nominated from, each of the five (5) districts of the Town as set forth in the Charter. Following an election for the commission, the commissioners elect a mayor and vice-mayor.

The Town Manager is the chief administrative officer of the Town and is responsible to the Town Commission for the administration of all Town affairs. He/she establishes such departments and divisions of responsibility as necessary for administration of the affairs of the Town and performance of its municipal functions. The Town manager is responsible for the preservation of peace and the

protection of persons and property within the Town and is the director of all public safety forces. 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.

Specifically relating to the preparation of the 2019 budget, the Town spent approximately \$384,000 on damage related costs associated with Hurricane Irma, which passed through the Town September 2017. The Town has been working with the Federal Emergency Management Agency on reimbursement submission documentation and expect eligible reimbursements to be deposited into the Town's general fund. The damage related costs have not impacted the Town's proposed 2019 budget.

The present Town Commissioners and the years in which their terms expire are as follows:

<u>Commissioner</u>	<u>Term Expires</u>
George L. Spoll, Mayor	March 2019
Edward A. Zunz, Vice Mayor	March 2020
James L. Brown,	March 2019
Randall T. Clair	March 2020
Jack Daly	March 2019
Irwin Pastor	March 2020
Kenneth C. Schneier	March 2020

Local Economy

The Town has a permanent population of approximately 6,934 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 the island 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. The Town has no industrial development and limited commercial uses. The median age for the island's residents is 70.8, with a median household income of \$80,087.

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 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 on 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 on the Town. Seasonal employment is common on 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 on 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 north end of the island (currently under construction);

Buccaneer Restaurant: Redevelopment of a Bayfront restaurant formerly known as Pattigee'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. Much of the Town'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 can present challenges.

Developers have cited market trends, increased property values and the Town's overall density reducing oriented development regulations as cause to redevelop certain 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 decrease in the number of condominium sales from 372 in 2016 to 331 in 2017 while single family homes showed a small increase from 92 in 2016 to 105 in 2017. While home prices on the island can range from \$250,000 into the millions, the median single family home and condo prices showed a growth rate of about 25% and 15% respectively, over the past five (5) years. The average sale price for a single family home and condominium for 2017 was \$1,050,000 and \$510,000, respectively.

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:

The Town draws residents and visitors from all over the world to live in this highly-desirable and well planned community and play on our beaches and parks. The Town's most recent and periodic beach restoration program was substantially completed in 2017. The restoration was done in three phases: (1) 205,000 cubic yards truck-hauled in from sand mined in Immokalee, Florida and placed in central Key; (2) 219,241 cubic yards dredged from New Pass and placed along the southern tip of the island; (3) 204,702 cubic yard dredged from Longboat Pass and placed on the northern tip of the island. The Town borrowed \$10.1 million in June 2016 to be paid over four years. The remainder of Fiscal Year 2018 and Fiscal Year 2019 will be focusing on interim renourishment measures in the North area, updating the beach management plan and preconstruction design work for the addition of two or three permeable groins at the North end of the island. The Town will also be planning ahead for its next major beach renourishment due to take place sometime after 2021.

During the past year, the Town completed a joint project with Sarasota County, a \$3.1 million expansion and redevelopment of Bayfront Park. Sarasota County contributed \$2 million and the Town covered the remaining costs utilizing Infrastructure surtax funds and other grants.

The Public Works Department continues its lift station rehabilitation program to provide uninterrupted wastewater treatment services to the residents. Public Works is also methodically "slip-lining" the Town's wastewater lines to eliminate problems associated with inflow and infiltration. The Town determined that the replacement of a 40 year old subaqueous wastewater pipeline which pumps wastewater to the Manatee County Southwest Regional Treatment Facility is sound and will not have to be replaced for another 20-25 years. The Town Water & Sewer Division completed a Utility Rate Study, made revisions to the Town Code and adopted new financial management policies addressing adequate reserves.

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 will take advantage of this opportunity to build a state-of-the-art network, running fiber-optic cable island wide, including areas already undergrounded. This will provide efficiencies in government, healthcare and enhance economic development opportunities. Construction is scheduled to begin in late 2018.

The idea of a cohesive Town Center returned to the forefront of the community's planning efforts, due in part to the opportunity to purchase a large tract of undeveloped land, 2.81 acres, at the heart of the Town Center area in 2014. The Town later purchased another 2.01 acres adjacent to that property during 2017. The community recognized the potential to use this land to bring additional civic spaces to the area, such as a cultural center, park, and other community gathering spaces. With the purchase of the property completed, the Town is moving forward, 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 beginning its efforts in site preparation and creating an interim outdoor venue space on the site. Sarasota County has approved a \$400,000 grant to help create the outdoor venue.

The Town went live with a new Enterprise Resource Planning (ERP) financial software upgrade encompassing Utilities, General Ledger, Human Resources, Planning, Zoning and Building Department software in March 2016. The upgrade also included the implementation of a document management solution to control all our paper and digital content with state-of-the-art tools. The Fire Department also implemented Fire & EMS records management software and during fiscal year 2019, the Police will also undergo a similar records management upgrade.

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 Town is currently in the process of updating its five year plan of capital improvement projects as a part of its annual budget process. The Town recently contracted with a coastal engineer to provide a high-level assessment of potential risks from sea-level rise and recurring flooding in the Town before the end of 2018, which is expected to assist the Town in identifying future capital needs.

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 increased since 2013, and amounted to 48% of total General Fund expenditures in the fiscal year ended September 30, 2017.

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 Mayor, 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 financial 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 the fiscal year 2017 was 1.51%. 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, 2016. This was the 36th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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).

Fund Types – The Town uses fund accounting to enhance public accountability over public resources and to demonstrate compliance with finance related legal requirements. A Fund is a self-

balancing set of accounts that is used to maintain control over resources segregated for a specific purpose or objective. There are three different fund types:

Governmental Funds focus on short-term inflows and outflows of spendable resources, as well as spendable resources at year end. The focus of governmental fund financial statements is on major funds: the General Fund, Gulf of Mexico (GMD) Assessment Fund, the General Obligation Beach Bonds Fund, the Beach Nourishment Capital Project fund, the GMD Undergrounding Capital Project Fund and the Parks and Recreation Capital Project Fund.

Proprietary Funds are business-type activities generally used for reporting charges for services for which the Town charges a fee. The Town Key maintains and presents two major proprietary funds, a Water and Sewer enterprise fund and a Building Department enterprise fund.

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.

Financial Data Pertaining to the Town

The following tables contain certain financial data pertaining to the Town:

PRINCIPAL EMPLOYERS AS OF SEPTEMBER 30, 2017

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Local Employment</u>
Resort at Longboat Key	500	16.70%
Publix Supermarket	170	5.68
Town of Longboat Key	120	4.01
Zota Beach Resort	100	3.34
Michael Saunders and Company	70	2.34
Euphemia Haye	48	1.60
Century 21 Beggins Enterprises	35	1.17
RVA, Resort Vacations	35	1.17
Dry Doc	25	0.84
Wagner Realty	<u>25</u>	<u>0.84</u>
Total	<u>1,128</u>	<u>37.68</u>

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2017.

**PRINCIPAL PROPERTY TAXPAYERS
AS OF SEPTEMBER 30, 2017**

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total Taxable Assessed Value</u>
Avenue of the Flowers, LLC (Publix)	\$25,393,200	0.46%
LB 500, LLC (3000 Harbourside Drive)	16,832,000	0.31
OPROCK Longboat (Zota and Longboat Key Club)	13,987,600	0.26
Robert Hutcheson	12,923,648	0.24
P&W Charters, LLC	12,287,000	0.22
Pleasant Real Estate, LLC II	12,065,000	0.22
Veranda Beach Club	11,236,500	0.21
Mike McKee	10,931,724	0.20
Grand Mariner on Dream Island, LLC	10,470,000	0.19
Four Winds Beach Resort	<u>7,930,300</u>	<u>0.15</u>
Total	<u>\$134,056,972</u>	<u>2.45%</u>

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2017.

**PERSONAL INCOME AND UNEMPLOYMENT
LAST TEN FISCAL YEARS**

<u>Fiscal year Ended September 30,</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	7,697	\$711,853,644	\$92,485	6.6%
2009	7,699	623,334,137	80,963	11.7
2010	7,641	618,638,283	80,963	11.6
2011	6,882	591,812,892	81,573	10.9
2012	6,878	654,015,264	95,088	8.9
2013	6,884	665,056,356	96,609	6.5
2014	6,825	632,056,425	92,609	5.4
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

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017.

**DIRECT AND OVERLAPPING DEBT STATEMENT
SEPTEMBER 30, 2017**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Longboat Key⁽¹⁾</u>	<u>Amount Applicable to Longboat Key</u>
Town of Longboat Key ⁽²⁾	\$8,933,015	100.00%	\$8,933,015
Overlapping Bonded Debt⁽³⁾:			
Manatee County	635,000	5.10	32,385
Sarasota County	74,727,343	7.16	5,350,478
Total Overlapping Bonded Debt	<u>75,362,343</u>		<u>5,382,863</u>
Total net direct and net overlapping bonded debt	<u>\$84,295,358</u>		<u>\$14,315,878</u>

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

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

(3) Includes only general obligation debt.

Source: Town of Longboat Key, Florida Finance Department.

Other Post-Employment Benefit Plan

General

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. The Town has not established a trust for these OPEB benefits.

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, 2017:

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 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.

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

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

Funding Interest Rate:	4.5%
Health Care Inflation:	Pre-Medicare and Post-Medicare: 6.0% in fiscal 2016; (grading down to 0.5% per year to 4.5% in fiscal 2019)
Payroll Growth	2.0%
Inflation Assumption	3.0%
Amortization of UAAL	Level Percentage of Payroll (Closed Amortization over 30 Years)

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

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Employee Contribution Information

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

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

Valuation Date	10/1/2013	10/1/2016
Applicable for Fiscal Year Ending	9/30/2016	9/30/2017
Annual required contribution (ARC)	\$154,515	\$138,737
Interest on the Net OPEB Obligation	13,593	14,060
Adjustment to the ARC	<u>(15,364)</u>	<u>(17,090)</u>
Total Annual OPEB Cost	152,744	135,707
Estimated Employer Contributions	<u>(103,290)</u>	<u>(87,801)</u>
Increase in the Net OPEB Obligation	49,454	47,906
Net OPEB Obligation (beginning of year)	<u>302,067</u>	<u>351,521</u>
Net OPEB Obligation (end of year)	<u>\$351,521</u>	<u>\$399,427</u>
Funded status as of:	<u>10/1/2013</u>	<u>10/1/2016</u>
Actuarial Accrued Liability (AAL)	\$1,523,000	\$1,316,401
Actuarial Value of Assets (AVA)	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$1,523,000</u>	<u>\$1,316,401</u>
Funded ratio	<u>0.0%</u>	<u>0.0%</u>
Covered Payroll	<u>\$6,356,552</u>	<u>\$6,964,293</u>
Ratio of UAAL to Covered Payroll	<u>24.0%</u>	<u>18.9%</u>

Three Year Trend Information

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2017	\$ 135,707	64.7%	\$ 399,427
9/30/2016	152,744	67.6%	351,521
9/30/2015	145,529	66.7%	302,067

As of the most recent valuation date, October 1, 2016, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as A % of Covered Payroll ((b-1)/(c))
10/1/2016	\$-	\$1,316,401	\$1,316,401	0.00%	\$6,964,293	18.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Calculations are based on the substantive plan in effect as of October 1, 2016.

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

Effective June 5, 2016, in accordance with Ordinance 2016-22, the Town Commission provided a lump sum cash out option to active members and prior vested participants who were due a deferred

monthly benefit. This benefit applies to general employees, firefighters, and police officers. The mortality assumption was also changed to that mandated by the provisions of Chapter 2015-157, Laws of Florida.

Employee membership data as of September 30, 2017, follows:

<u>Number of participants</u>	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Fire Fighters'</u>	<u>Total</u>
Active	19	6	7	32
Retirees and terminated employees with vested benefits	<u>57</u>	<u>21</u>	<u>39</u>	<u>117</u>
Total	<u>76</u>	<u>27</u>	<u>46</u>	<u>149</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

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.

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, 2017, the annual money-weighted rate of return on the Town's pension plan investments, net of pension plan investment expense, was 11.15%. 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, 2017, which are recorded at fair value:

<u>Investment Type</u>	<u>Credit Rating</u>		<u>Fair Market</u>	<u>Investment Maturity (in Years)</u>			
	<u>(Moody's)</u>	<u>(S&P)</u>		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
U.S. Government and agency securities	Aaa		\$5,132,316	\$786,783	\$3,162,386	\$1,183,147	\$-
Corporate obligations		BBB+	726,732	-	391,900	334,832	-
Corporate obligations		BBB	724,297	-	180,681	543,616	-
Corporate obligations		AAA	131,182	-	131,182	-	-
Corporate obligations		AA+	139,734	-	-	139,734	-
Corporate obligations		AA-	379,364	-	130,900	248,464	-
Corporate obligations		A+	361,750	-	361,750	-	-
Corporate obligations		A-	979,719	-	464,560	515,159	-
Corporate obligations		A	843,984	-	376,344	467,640	-
Corporate obligations		AA	<u>103,566</u>	<u>-</u>	<u>-</u>	<u>103,566</u>	<u>-</u>
			9,522,644	<u>\$786,783</u>	<u>\$5,199,703</u>	<u>\$3,536,158</u>	<u>\$-</u>
Equity investments	Not rated		24,792,304				
Commingled real estate	Not rated		<u>642,450</u>				
Total investments			<u>\$34,957,398</u>				

Fair Value Measurements: The Town has the following recurring fair value measurements, broken into the fair value

<u>Investment</u>	<u>Fair Value Hierarchy</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income securities:				
U.S. Gov't and agency securities	\$5,132,316	\$-	\$5,132,316	\$-
Corporate Bonds	<u>4,390,328</u>	-	<u>4,390,328</u>	-
Total fixed income securities	9,522,644	-	9,522,644	-
Commingled real estate funds	642,450	-	-	642,450
Equity investments:				
Common stock - domestic	7,030,832	6,929,224	-	101,608
Common stock - foreign	5,030,862	5,030,862	-	-
Mutual funds	<u>12,730,610</u>	<u>12,730,610</u>	<u>-</u>	<u>-</u>
Total equity investments	<u>24,792,304</u>	<u>24,690,696</u>	<u>-</u>	<u>101,608</u>
Total investments at fair value level	<u>\$34,957,398</u>	<u>\$24,690,696</u>	<u>\$9,522,644</u>	<u>\$744,058</u>

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). The real estate funds classified in Level 3 are valued using discounted cash flow techniques.

Deferred Retirement Option Program (DROP)

The Town has a DROP for the Police members of the plan. A participant may join when he/she has satisfied normal retirement requirements. New drop participants are not permitted after February 1, 2014. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include: (a) actual net rate of investment return credited for each fiscal quarter, or (b) a fixed rate money market account. The DROP balance as of September 30, 2017, is \$0.

The Town has a DROP for the Fire Fighter members of the plan. A participant may join when he/she has satisfied normal retirement requirements. New DROP participants are not permitted after September 30, 2013. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include: (a) actual net rate of investment return credited for each fiscal quarter, or (b) a fixed rate money market account. The DROP balance as of September 30, 2017, is \$0.

The Town has a DROP for the General Employee members of the plan. A participant may join within 12 months following satisfaction of normal retirement requirements. New DROP participants are not allowed after September 30, 2013. Participation in the DROP cannot exceed 60 months. DROP benefits at the participant's election (may change once during the DROP period) include: (a) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or (b) 6.5% fixed rate. Earnings are credited each fiscal quarter. The DROP balance as of September 30, 2017, is \$419,265.

The Town's net pension liability for the plan was measured as of September 30, 2016. The components of the net pension liability of the Town at September 30, 2017, were as follows:

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Fire Fighters'</u>	<u>Total</u>
Total pension liability	\$15,117,159	\$12,035,458	\$30,617,283	\$57,769,900
Plan fiduciary net position	<u>(10,241,392)</u>	<u>(6,636,440)</u>	<u>(15,852,517)</u>	<u>(32,730,349)</u>
Town's net pension liability	<u>\$4,875,767</u>	<u>\$5,399,018</u>	<u>\$14,764,766</u>	<u>\$25,039,551</u>
Plan fiduciary net position as a percentage of Total pension liability	67.75%	55.14%	51.78%	56.66%

For the year ended September 30, 2017, the Town recognized pension expense of \$4,092,961 for the plan. At September 30, 2017, 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	\$1,102,509	\$-
Experience differences	76,931	-
Net difference between projected and actual earnings on investments	1,381,930	-
Town pension plan contributions subsequent to the measurement date	<u>3,012,062</u>	<u>-</u>
Total	<u>\$5,573,432</u>	<u>\$-</u>

The deferred outflows of resources related to the Pension Plan, totaling \$3,012,062 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, 2018. 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,	
2018	\$1,626,104
2019	446,663
2020	573,755
2021	(85,152)
2022	-
Total	<u>\$2,561,370</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.

Net Pension Liability of the Town

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2015, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
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, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	6.45%
International equity	5.90
Fixed income	2.15
Real estate	2.90
Master limited partnerships	5.10

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

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, 2017, were as follows:

	Total Pension <u>Liability (a)</u>	Plan Fiduciary <u>Net Position (b)</u>	Net Pension <u>Liability (a-b)</u>
Balances at 9/30/16	\$57,642,811	\$32,749,715	\$24,893,096
Changes for the year:			
Service cost	22,567	-	22,567
Interest on total pension liability	3,790,450	-	3,790,450
Changes of benefit terms	(686,452)	-	(686,452)
Differences between expected and actual experience	(206,405)	-	(206,405)
Change in assumptions	2,859,004	-	2,859,004
Benefit payments, including refunds of employee contributions	(5,652,075)	(5,652,075)	-
Contributions - employer	-	3,119,832	(3,119,832)
Net investment income	-	2,625,672	(2,625,672)
Administrative expenses	-	(112,795)	112,795
Net change	<u>127,089</u>	<u>(19,366)</u>	<u>146,455</u>
Balances at 9/30/17	<u>\$57,769,900</u>	<u>\$32,730,349</u>	<u>\$25,039,551</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, 2016, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Sponsor's Net Pension Liability	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
General Employees:	\$5,882,120	\$4,875,767	\$3,671,171
Police Officers:	6,646,850	5,399,018	4,255,998
Fire Fighters:	<u>18,215,380</u>	<u>14,764,766</u>	<u>9,173,946</u>
Consolidated Total:	<u>\$30,744,350</u>	<u>\$25,039,551</u>	<u>\$17,101,115</u>

The following presents the net pension liabilities of the Town using the measurement date of September 30, 2017:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Sponsor's Net Pension Liability	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
General Employees:	\$5,984,909	\$4,356,183	\$2,991,946
Police Officers:	6,586,159	5,127,487	3,919,560
Fire Fighters:	<u>18,023,394</u>	<u>14,061,128</u>	<u>10,802,724</u>
Total:	<u>\$30,594,462</u>	<u>\$23,544,798</u>	<u>\$17,714,230</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, 2017, and the current sharing pattern of costs between employer and employee.

The assumptions used in the October 1, 2015, actuarial valuation are as follows:

Valuation date	10/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage - closed
Remaining amortization period	27 years
Actuarial asset valuation method	4 year smooth Actuarial assumptions:
Investment rate of return	7.00%
Projected salary increases	None

Other Employees' Pension Plans

Florida Retirement System

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the Town as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

General Information. Substantially all of the Town's fire fighter employees participate in the FRS. The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (the "FRS Pension Plan") and the FRS defined contribution plan (the "FRS Investment Plan"). The FRS Pension Plan was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees.

Florida Retirement System Pension Plan

Membership. FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning

organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class ("EOC") may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.
- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members initially enrolled during this period. Members not actively working in a position covered by the FRS Pension Plan on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, SMSC, and EOC Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS Pension Plan before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class. For members initially enrolled in the FRS Pension Plan on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS 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%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program ("DROP") became effective July 1, 1998, subject to provisions of Section 121.091(13), Florida Statutes. FRS Pension Plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2017, the FRS Trust Fund held \$2,255,747,029 in accumulated benefits for 34,810 DROP participants. Of these 34,810 DROP participants, 32,972 were active in the DROP with balances totaling \$2,032,044,001. The remaining participants were no longer active in the DROP and had balances totaling \$216,703,029 to be processed after June 30, 2017.

Administration. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration (the "SBA") invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Contributions. All participating employers must comply with statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, Florida Statutes. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and FRS Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability ("UAL") be amortized within 30 plan years. Pursuant to Section 121.031(3)(f), Florida

Statutes, any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2017, was \$154,053,262,968. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. Effective July 1, 2002, the Florida Legislature established a uniform contribution rate system for the FRS, covering both the FRS Pension Plan and the FRS Investment Plan. The uniform rates for Fiscal Year 2016-17 are as follows:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate⁽¹⁾</u>	<u>Total Contribution Rate</u>
Regular	3.00%	5.80%	8.80%
Special Risk	3.00	20.85	23.85
Special Risk Administrative Support	3.00	26.34	29.34
Elected Officers – Judges	3.00	34.98	37.98
Elected Officers - Legislators/Attorneys/Cabinet	3.00	40.38	43.38
Elected Officers – County, City, Special Districts	3.00	40.75	43.75
Senior Management Service	3.00	20.05	23.05
Deferred Retirement Option Program	N/A	11.33	11.33

⁽¹⁾ These rates include the normal cost and unfunded actuarial liability contributions but do not include the 1.66% contribution for the Retiree Health Insurance Subsidy ("HIS") and the fee of 0.06% for administration of the FRS Investment Plan and provision of educational tools for both plans.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

The contributions of the Town are established and may be amended by the State Legislature. The Town's contributions to the FRS Pension Plan totaled \$454,831 for the Fiscal Year ended September 30, 2017.

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Pension Amounts for the FRS Pension Plan.

Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

Total Pension Liability	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Service cost	\$2,114,047	\$2,132,906	\$2,073,754
Interest on total pension liability	11,721,563	12,109,114	12,484,167
Effect of plan changes	0	32,310	92,185
Effect of economic/demographic (gains) or losses	1,620,863	980,192	1,412,462
Effect of assumption changes or inputs	0	1,030,667	10,398,344
Benefit payments	<u>(10,201,501)</u>	<u>(10,624,925)</u>	<u>(9,859,319)</u>
Net change in total pension liability	5,254,972	5,660,264	16,601,593
 Total pension liability, beginning	<u>156,115,763</u>	<u>161,370,735</u>	<u>167,030,999</u>
Total pension liability, ending (a)	<u>\$161,370,735</u>	<u>\$167,030,999</u>	<u>\$183,632,592</u>
 Fiduciary Net Position			
Employer contributions	\$2,438,085	\$2,438,659	\$2,603,246
Member contributions	698,304	710,717	744,839
Investment income net of investment expenses	5,523,287	820,583	18,801,917
Benefit payments	(10,201,500)	(10,624,925)	(9,859,319)
Administrative expenses	<u>(18,074)</u>	<u>(18,507)</u>	<u>(18,340)</u>
Net change in plan fiduciary net position	(1,559,898)	(6,673,473)	12,272,342
 Fiduciary net position, beginning	<u>150,014,292</u>	<u>148,454,394</u>	<u>141,780,921</u>
Fiduciary net position, ending (b)	<u>\$148,454,394</u>	<u>\$141,780,921</u>	<u>\$154,053,263</u>
 Net pension liability, ending = (a) – (b)	\$12,916,341	\$25,250,078	\$29,579,329
 Fiduciary net position as a % of total pension liability	92.00%	84.88%	83.89%
 Covered payroll ⁽¹⁾	\$32,726,034	\$33,214,217	\$33,775,800
 Net pension liability as a % of covered payroll	39.47%	76.02%	87.58%

⁽¹⁾ For June 30, 2015, and later, covered payroll shown includes the payroll for FRS Investment Plan members and payroll on which only UAL rates are charged.

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

Actuarial Methods and Assumptions for the FRS Pension Plan. The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2017, calculated based on the discount rate and actuarial assumptions below:

	June 30, 2016	June 30, 2017
Discount rate	7.60%	7.10%
Long-term expected rate of return, net of investment expense	7.60%	7.10%
Bond Buyer General Obligation 20-Bond Municipal Bond Index	N/A	N/A

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The actuarial assumptions used to determine the total pension liability as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

Sensitivity Analysis for the FRS Pension Plan. The following presents the net pension liability of the FRS, calculated using the discount rate of 7.10%, as well as what the FRS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate.

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Total pension liability	\$207,590,062,000	\$183,632,592,000	\$163,742,403,000
Fiduciary net position	<u>154,053,262,968</u>	<u>154,053,262,968</u>	<u>154,053,262,968</u>
Net pension liability	\$53,536,799,032	\$29,579,329,032	\$9,689,140,032

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

Retiree Health Insurance Subsidy Program

The HIS Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes. 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 Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66% of payroll pursuant to Section 112.363, F.S. The State contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

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Pension Amounts for the HIS.

**Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)**

Total Pension Liability	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Service cost	\$190,371	\$217,519	\$256,710	\$304,537
Interest on total pension liability	409,907	405,441	390,757	337,486
Effect of plan changes	0	0	0	0
Effect of economic/demographic (gains) or losses	0	0	(30,826)	0
Effect of assumption changes or inputs	386,383	607,698	1,352,459	(1,073,716)
Benefit payments	(407,276)	(425,086)	(449,857)	(465,980)
Net change in total pension liability	579,385	805,572	1,519,243	(897,673)
Total pension liability, beginning	8,864,244	9,443,629	10,249,201	11,768,445
Total pension liability, ending (a)	<u>\$9,443,629</u>	<u>\$10,249,201</u>	<u>\$11,768,445</u>	<u>\$10,870,772</u>
Fiduciary Net Position				
Employer contributions	\$342,566	\$382,454	\$512,564	\$529,229
Member contributions	0	0	0	0
Investment income net of investment expenses	219	208	565	1,380
Benefit payments	(407,275)	(425,085)	(449,857)	(465,980)
Administrative expenses	(54)	(188)	(188)	(177)
Net change in plan fiduciary net position	(64,544)	(42,611)	63,084	64,452
Fiduciary net position, beginning	157,929	93,385	50,774	113,859
Fiduciary net position, ending (b)	<u>\$93,385</u>	<u>\$50,774</u>	<u>\$113,859</u>	<u>\$178,311</u>
Net pension liability, ending = (a) – (b)	\$9,350,244	\$10,198,427	\$11,654,586	\$10,692,461
Fiduciary net position as a % of total pension liability	0.99%	0.50%	0.97%	1.64%
Covered payroll	\$29,676,340	\$30,340,449	\$30,875,274	\$31,885,633
Net pension liability as a % of covered payroll	31.51%	33.61%	37.75%	33.53%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

Actuarial Methods and Assumptions for the HIS. The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and then was projected to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 67. The same demographic and economic assumptions that were used in the Florida Retirement System Actuarial Valuation as of July 1, 2016 ("funding valuation") were used for the HIS Program, unless otherwise noted. In a given membership class and tier, the same assumptions for both FRS Investment Plan members and for FRS Pension Plan members were used.

	June 30, 2016	June 30, 2017
Discount rate	2.85%	3.58%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	2.85%	3.58%

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

In general, the discount rate for calculating the total pension liability under GASB 67 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 plan sponsor. The discount rate used in the 2017 valuation was updated from 2.85% to 3.58%, reflecting the change in the Bond Buyer General Obligation 20- Bond Municipal Bond Index as of June 30, 2017.

The actuarial assumptions used to determine the total pension liability as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

Valuation Date	July 1, 2017
Measurement Date	June 30, 2017
Inflation	2.60%
Salary increase including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

Sensitivity Analysis for the HIS. The following presents the net pension liability of the HIS, calculated using the discount rate of 3.58%, as well as what the HIS's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate.

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total pension liability	\$12,379,825,232	\$10,870,772,218	\$9,613,814,415
Fiduciary net position	<u>178,310,841</u>	<u>178,310,841</u>	<u>178,310,841</u>
Net pension liability	\$12,201,514,391	\$10,692,461,377	\$9,435,503,574

Source: Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017.

FRS Investment Plan

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS

Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the FRS Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

GASB 68/71

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions" – an amendment to GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers", which was subsequently amended by GASB No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" (collectively, "GASB No. 68/71"), which is effective for the Town's fiscal year ended September 30, 2016. As a participating employer, the Town implemented GASB No. 68/71, which requires an employer participating in a cost-sharing multiple-employer defined benefit pension plans to report the employer's proportionate share of the net pension liabilities of the defined benefit pension plans. The greatest impact of GASB No. 68/71 to the Town is the inclusion of the Town's proportionate share of the FRS Net Pension Liability (the "Town's Net Pension Liability"), which reduced the Town's Unrestricted Net Position and Total Net Position. Additionally, pension expense is no longer equal to pension contributions made, but instead is equal to the change in net pension liability from year to year, with adjustments for deferred amounts. The Town is also now required to include more extensive footnote disclosures and supplementary schedules.

All of these decreases are accrual based accounting changes, and do not represent decreases in cash or liquidity positions. The Town does not expect that implementation of GASB 68/71 to have any effect on the Town's ability to pay debt service on the Bonds.

Multiple Employer Defined Benefit Retirement Plan

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 and HIS. Under Section 121.4501, *Florida Statutes*, the FRS also provides a defined contribution plan FRS Investment Plan alternative to the FRS Pension Plan, which is administered by the 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 city 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 website: www.dms.myflorida.com/workforce_operations/retirementpublications.

Plan Description

The FRS Pension Plan is a cost-sharing multiple-employer defined benefit pension plan with a DROP for eligible employees.

Benefits Provided

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk 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 FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living

adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost of living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have cost-of-living adjustment after retirement.

Contributions

The Town's contributions to the FRS Plan were \$454,831 for the year ended September 30, 2017. The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS members (except those in DROP), are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 are as follows:

<u>Job Class</u>	<u>October 1, 2016-June 30, 2017</u>	<u>July 1, 2017-September 30, 2017</u>
Regular	7.52%	7.92%
Special Risk – Regular	22.57	23.27
Special Risk – Administrative	28.06	34.63
Elected Officers	42.47	45.50
Senior Management Services	21.77	22.71
DROP Participants	12.99	13.26

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Pension Costs

At September 30, 2017, the Town reported a liability of \$5,168,012 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Town's proportion of the net pension liability was based on the Town's contributions received by the FRS during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the Town's proportion was 0.01747%, which was a small decrease from its proportion measured as of June 30, 2016 of 0.01764%.

For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$1,312,433 for its proportionate share of FRS's pension expense. In addition, the Town reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$474,299	\$28,628
Changes in Actuarial Assumptions	1,736,817	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	127,634
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	1,287,513	22,074
Town Contributions Subsequent to the Measurement Date	105,466	-
Total	<u>\$3,604,095</u>	<u>\$178,336</u>

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

\$105,466 reported as deferred outflows of resources related to pensions resulting from Town contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Fiscal Year Ending September 30	Amount
2018	\$433,383
2019	1,151,902
2020	805,411
2021	164,564
2022	556,592
Thereafter	208,441

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.60%	Per year
Salary Increases	3.25%	Average, including inflation
Investment Rate of Return	7.10%	Net of investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments is 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, as outlined in the FRS Pension Plan's investment policy, 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	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00	4.50	4.40	4.20
Global Equity	53.00	7.80	6.60	17.00
Real Estate (property)	10.00	6.60	5.90	12.80
Private Equity	6.00	11.50	7.80	30.00
Strategic Investments	<u>12.00</u>	6.10	5.60	9.70
	<u>100.00%</u>			
Assumed Inflation - Mean			2.60	1.90

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for the FRS Pension Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following represents the Town's proportionate share of the net pension liability for the FRS Pension Plan, calculated using the discount rate of 7.10%, 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 (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Pension Plan Discount Rate	6.10%	7.10%	8.10%
Town's Proportionate Share of the Pension Plan Net Pension Liability	\$9,353,789	\$5,168,012	\$1,692,858

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Retiree Health Insurance Subsidy 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 June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, 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 June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The Town contributed 100% of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled. The Town's contributions to the HIS Plan were \$82,622 for the fiscal year ended September 30, 2017.

Costs

At September 30, 2017, the Town reported a liability of \$796,158 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Town's proportion of the net pension liability was based on the Town's contributions received during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all participating members. At June 30,

2017, the Town's proportion was 0.00744%, which was a small increase from its proportion of 0.00742% measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$152,260 for its proportionate share of HIS's pension expense. In addition, the Town reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$-	\$1,658
Changes in Actuarial Assumptions	111,912	68,845
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	340,762	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions		
Town Contributions Subsequent to the Measurement Date	<u>8,761</u>	<u>-</u>
Total	\$461,435	\$70,503

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

The \$8,761 reported as deferred outflows of resources related pension resulting from Town contributions to the FRS Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to the pensions will be recognized as an increase (decrease) in pension expense as follows:

Fiscal Year Ending September 30	Amount
2018	\$119,138
2019	118,375
2020	118,009
2021	88,473
2022	34,890
Thereafter	(96,714)

Source: Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% Per year
Salary Increases	3.25% Average, including inflation
Investment Rate of Return	3.58% Net of investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables. The HIS program is funded on a pay as you go basis and no experience study has been completed for the program. Thus, the above actuarial assumptions that determine the total pension liability as of June 30, 2017, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008 through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.58% for the HIS Plan. 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.

Liability Sensitivity

The following represents the Town's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate of 3.58%, 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 (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
HIS Plan Discount Rate	2.58%	3.58%	4.58%
Town's Proportionate Share of HIS Plan Net Pension Liability	\$908,521	\$796,158	\$702,565

Source: Town of Longboat Key, Florida Comprehensive Annual Financial Report For Year Ended September 30, 2017.

Defined Contribution Plan

At September 30, 2017, 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, 2017.

FRS Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the FRS Investment Plan in lieu of the FRS defined benefit plan. Town employees participating in DROP are not eligible to participate in the FRS 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 FRS Investment Plan are established and may be amended by the Florida Legislature. The FRS Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Town Officers, etc.), as the FRS Pension Plan defined benefit. 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 FRS Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the fiscal year 2016-2017, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk Class 14.00%, Senior Management Service Class 7.67% and Town Elected Officers Class 11.34%. The allocations include a required employee contribution of 3% of gross compensation for each member 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 FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested 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 June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Town.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS 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 FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

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APPENDIX B

Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2017

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The Town of Longboat Key, Florida

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2017

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TOWN OF LONGBOAT KEY, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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, 2017

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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TOWN OF LONGBOAT KEY, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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Introductory Section

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TOWN OF LONGBOAT KEY

Incorporated November 14, 1955

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

March 16, 2018

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, 2017.

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, 2017, and the report of the independent auditing firm has been included in the financial section of this report.

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

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

The Town of Longboat Key's financial statements have been audited by Mauldin & Jenkins, LLC. The scope of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year end September 30, 2017, are free from 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, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

Town Structure

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

The Town Manager is the chief administrative officer of the Town and is responsible to the Town Commission for the administration of all Town affairs. He/she establishes such departments and divisions of responsibility as necessary for administration of the affairs of the Town and performance of its municipal functions. The Town manager is responsible for the preservation of peace and the protection of persons and property within the Town and is the director of all public safety forces. 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. The legal level of budgetary control is the line item level. Transfers of appropriations between funds and/or use of unallocated fund balances amend the budget and require approval by the Town Commission. Transfers of appropriations up to \$10,000 between line items within a department or among programs within a department may be approved by the Town Manager. Budget to actual comparisons are presented in this report for each individual fund for which an annual budget has been adopted. The Town of Longboat Key follows the laws of Florida regarding the control, adoption and amendment of the budget during each fiscal year.

Local economy

Longboat Key has a permanent population of approximately 6,934 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 70.8, with a median household income of \$80,087.

The island's permanent population increased steadily in the latter part of the 20th century, but slowed beginning in 2000. Since that time, the island's full-time population has declined by over eight (8) percent, for a total loss of approximately 669 permanent residents. While there are no certainties as to the cause of the decline since 2000, it can be speculated that rising property values and property taxes, as well as significantly increased property insurance costs, have played a role in the decline. A trend toward seasonal residency has also increased, as more properties are utilized as vacation or seasonal residences. Traffic congestion in the greater regional area may also be a factor, as commuting to and from the island to the mainland during the winter months becomes increasingly difficult.

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

Employment Types and Trends. The largest employer on Longboat Key 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 on Longboat Key. Seasonal employment is common on Longboat Key due to the influx of seasonal residents and visitors during the winter months. The length of the typical "season," when most visitors and seasonal residents visit, has historically lasted from approximately November through April. During the recession, "season" gradually shrunk to only about four (4) months. However, weather patterns in northern states can influence the length of each season, with part-time residents sometimes staying longer if northern states continue to experience colder temperatures during early spring. This was the case during 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 seasonal influx of visitors and part-time residents creates challenges for many retail and commercial businesses that typically depend on a year-round client base to be financially sustainable. Since there are few attractions to draw people from the mainland, businesses must rely almost exclusively on Longboat Key residents and visitors.

Cost of living on the island is a consideration for many employers and employees. The vast majority of people who work for businesses on the island are unable to afford housing on the island and are forced to live off-island. This creates longer commute times and increased transportation expenses, particularly during the tourist season when routes on and off the island are heavily trafficked. The mainland communities are currently undergoing significant growth, which is increasing the traffic congestion in the area and lengthening the commute times to get on and off the island. This often requires Longboat Key's employers to pay higher wages than similar employers on the mainland in order to attract workers.

Contractors and maintenance crews make up the majority of commuters who travel to and from the island on a daily basis. Companies with offices on the mainland employ most of these workers. The Town's ordinances require all construction, maintenance, and lawn work to cease at 5pm Monday through Saturday and prohibits work on Sunday, so most crews are commuting off the island at the same time most other employees are attempting to leave the island, further adding to challenges faced by employers.

Redevelopment. Longboat Key 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 north end of the island (currently under construction);
- Restaurant: Redevelopment of a Bayfront restaurant formerly known as Pattigee'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);
- Resort: 166-room resort with meeting space and 78 condominium units at the former Colony Beach and Tennis Resort (currently in the planning phase); 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.

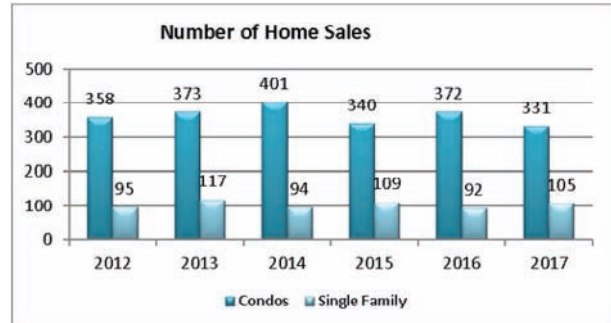
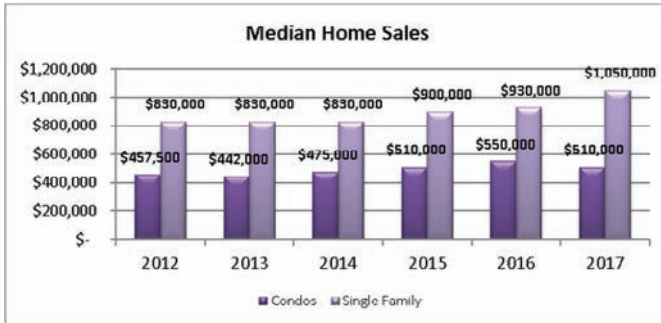
Comprehensive Plan and Zoning Regulations. The Town's Comprehensive Plan is developed pursuant to the requirements of Chapter 163, Florida Statutes, and the Florida Administrative Code. Other than the purposes expressly set forth in the Florida Statutes and Administrative Code, the Town's Comprehensive 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 realtor, Janelle Malrick, Coldwell Banker, Longboat Key's housing market showed an decrease in the number of condominium sales from 372 in 2016 to 331 in 2017 while single family homes showed a small increase from 92 in 2016 to 105 in 2017. While home prices on Longboat Key can range from \$250,000 into the millions, the median single family home and condo prices showed a growth rate of about 25% and 15% respectively, over the past five (5) years. The average sale price for a single family home and condominium for 2017 was \$1,050,000 and \$510,000, 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's periodic beach restoration program was substantially completed in 2017. The restoration was done in three phases: (1) 205,000 cubic yards truck-hauled in from sand mined in Immokalee, FL and placed in central Key; (2) 219,241 cubic yards dredged from New Pass and placed along the southern tip of the island; (3) 204,702 cubic yard dredged from Longboat Pass and placed on the northern tip of the island. The Town borrowed \$10.1 million in June 2016 to be paid over the next four years. The Town will be planning ahead for its next major beach restoration due to take place sometime after 2021.
- During the year, The Town completed a joint project with Sarasota County, a \$3.1 million expansion and redevelopment of Bayfront Park. The County contributed \$2 million and the Town covered the remaining costs utilizing Infrastructure surtax funds and other grants.

The Public Works Department continues its lift station rehabilitation program to provide uninterrupted wastewater treatment services to the residents. Public works is also methodically slip lining the Town's wastewater lines to eliminate problems associated with inflow and infiltration. The Town determined that the replacement of a 40 year old subaqueous wastewater pipeline which pumps wastewater to the Manatee County Southwest Regional Treatment Facility is sound and will not have to be replaced for another 20-25 years. The Town Water & Sewer Division completed a utility rate study, made revisions to the Town Code and adopted new financial management policies addressing adequate reserves.

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 will take advantage of this opportunity to build a state of the art network, running fiber optic cable island wide, including areas already undergrounded. This will provide efficiencies in government, healthcare and enhance economic development opportunities. Construction is scheduled to begin in late 2018.

- The idea of a cohesive Town Center returned to the forefront of the community's planning efforts, due in part to the opportunity to purchase a large tract of undeveloped land, 2.81 acres, at the heart of the Town Center area in 2014. The Town later purchased another 2.01 acres adjacent to that property during 2017. The community recognized the potential to use this land to bring additional civic spaces to the area, such as a cultural center, park, and other community gathering spaces. With the purchase of the property completed, the Town is moving forward, 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 beginning its efforts in site preparation.
- The Town went live with a new Enterprise Resource Planning (ERP) financial software upgrade encompassing Utilities, General Ledger, Human Resources, Planning, Zoning and Building Department software in March 2016. The upgrade also included the implementation of a document management solution to control all our paper and digital content with state-of-the-art tools. The Fire Department also implemented Fire & EMS records management software and during fiscal year 2018, the Police will also undergo a similar records management upgrade.

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.

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 Mayor, 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 financial 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 the fiscal year 2017 was 1.51%. 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, 2016. This was the 36th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgment

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

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

Respectfully submitted,



Thomas A. Harmer
Town Manager



Susan L. Smith
Finance Director

TOWN OF LONGBOAT KEY, FLORIDA

LIST OF PRINCIPAL OFFICIALS SEPTEMBER 30, 2017

TOWN COMMISSION

Mayor Terry Gans
Vice-Mayor Ed Zunz

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

TOWN DEPARTMENTS

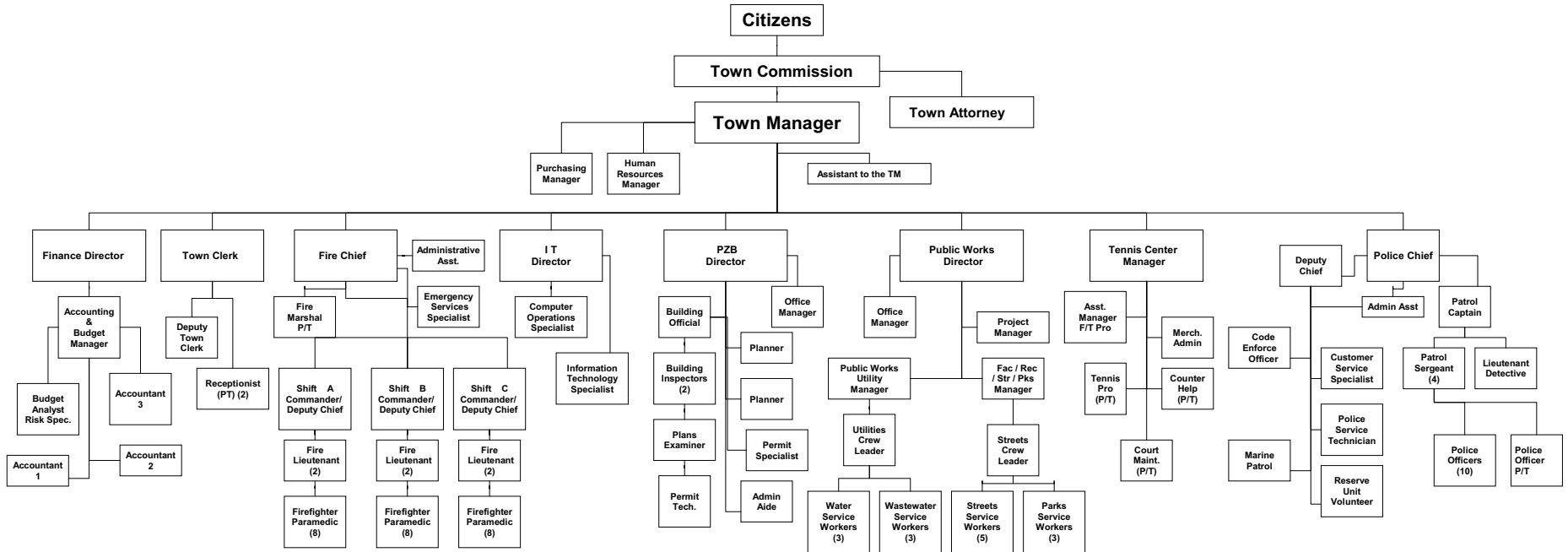
Thomas A. Harmer, Town Manager
Susan L. Smith, Finance Director
Jason Keen, Information Technology Director
Allen Parsons, Planning Zoning & Building Director
Isaac Brownman, Public Works Director
Pete Cumming, Chief of Police
Paul Dezzi, Fire Chief
Trish Shinkle, Town Clerk
Maggie Mooney-Portale, Town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

AUDITORS

Mauldin & Jenkins, LLC

TOWN OF LONGBOAT KEY, FLORIDA

ORGANIZATIONAL CHART SEPTEMBER 30, 2017



September 2017



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, 2016

Christopher P. Morill

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Longboat Key, Florida** (the "Town"), as of and for the year ended September 30, 2017, 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, 2017, 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.

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 funding progress on pages 69 through 93 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

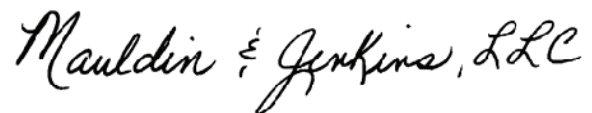
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Longboat Key, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of 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 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 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 16, 2018, 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 16, 2018

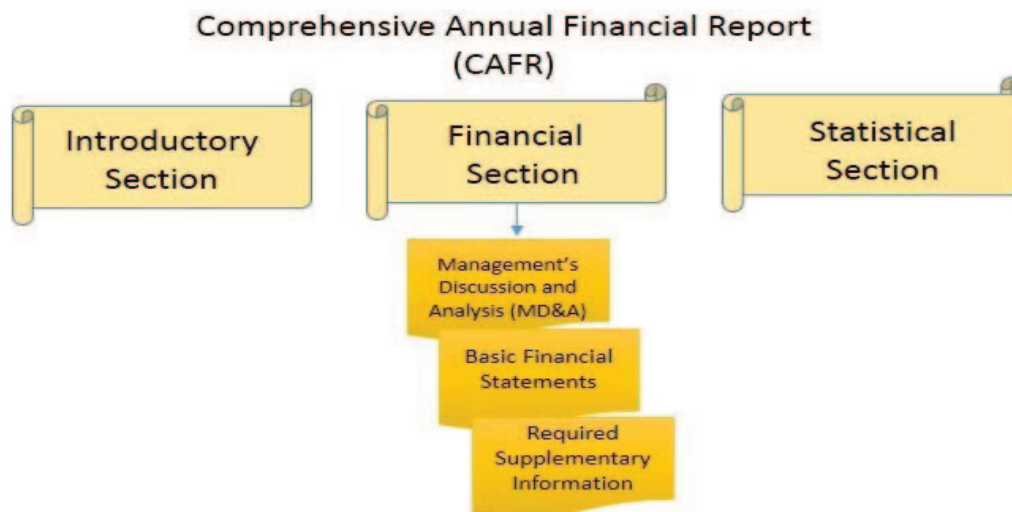
Management's Discussion and Analysis

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, Florida (the "Town"), for the fiscal year ended September 30, 2017. 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.



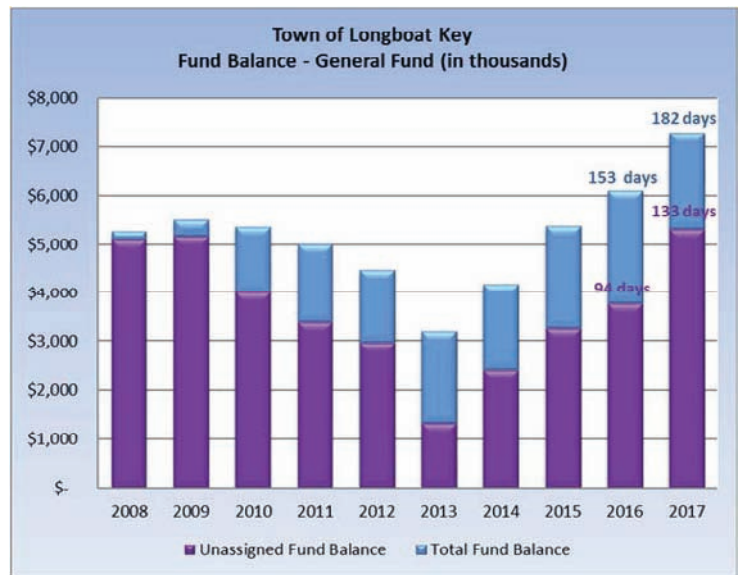
Financial Highlights

- The Town of Longboat Key's net position for governmental activities at the close of the fiscal year September 30, 2017, is \$56.2 million, which is a decrease of \$1.1 million (1.9%) from the previous year. Of the Town's total net position, \$56.0 million is invested in capital assets; \$8.6 million is restricted to specific purposes leaving a negative \$8.4 million in unrestricted net position. In Fiscal Year 2015, the Town implemented new GASB reporting standards, related to pensions, which required us to report the pension 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. In fact, the Town's pension unfunded liabilities could potentially be 100% funded within thirteen years.
- The Town's total net position for business-type activities is \$34.6 million, which is an increase of \$1.1 million or 3.4%. Of this amount, \$16.7 million is invested in capital assets; \$2.0 million is restricted to specific purposes leaving \$15.9 million (46%) unrestricted. Unrestricted net position increased by \$1.6 million.

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2017

- At September 30, 2017, the Town of Longboat Key's governmental fund statements, reported combined ending fund balances of \$17 million, a decrease of \$5.7 million from the previous fiscal year. This decrease is the result of money spent on major capital projects during the year, including the purchase 2 acres of land, a major beach renourishment project and the renovation of Bayfront Park.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$7.3 million, which is an increase of \$1.2 million from the prior fiscal year. This increase was due to three major factors: (1) The Town assigned the dispatch services over to Sarasota County, which eliminated the need for three dispatch positions in the Police Department; (2) several capital projects were postponed or eliminated in anticipation of the bond referendum for building a new South Fire Station and renovating the North Fire station 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 the building up its rainy day fund over the past four years.

- The Town's General Fund total fund balance of \$7.3 million is equivalent to 182 operating days and is approximately 50% of total expenses, excluding capital outlay. This is 92 operating days over the Town's desired minimum fund balance policy (90 days).
- The General Fund *unassigned* fund balance is \$5.3 million, which is an increase of \$1.5 million from the prior year. The unassigned fund balance represents approximately 36.4% of total General Fund expenses, excluding capital outlay, which is the equivalent of 133 operating days.
- The *assigned* fund balance includes a reservation of \$1,310,075 for future pension liabilities, encumbrances of \$304,894, and a portion, \$338,178, was used to balance the fiscal 2017-18 budget.



- Rating agencies evaluate municipalities to determine the financial condition of the community and assign a bond rating that influences the rate of interest paid on debt issues. Accordingly, a strong fund balance demonstrates a town's commitment to fiscal responsibility, reduces bonding costs, and indicates the ability to meet unforeseen emergencies. If, after the annual audit, should fund balance fall below desired levels, the Town Manager will so advise the Town Commission in order for the necessary action to be taken to restore the unassigned fund balance to acceptable levels within two budget cycles.
- The Town purchased real property located at 555 Bay Isles Parkway, in the amount of \$2.22 million, inclusive of closing costs, utilizing the Land Acquisition Fund assets. The property fronts Bay Isles Parkway and is adjacent to the 2.8 acre property the town purchased in 2014 for development of an Arts, Cultural and Education Center (ACE Center). The purchase brings the total land available for this project close to 5 acres. The Town is in the process of working with the Ringling College of Art & Design, who will fund the design, construction and operate the facility.

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, the General Obligation Beach Bonds Fund, the Beach Nourishment Capital Project fund, the GMD Undergrounding Capital Project Fund and the Parks and Recreation Capital Project Fund. The Governmental Fund financial statements present information for each major fund, while the non-major funds are combined into a separate, single column. These non-major funds are shown separately following the notes to the financial statements on pages 94-107.
2. *Proprietary Funds* are business-type activities generally used for reporting charges for services for which the Town charges a fee. The Town of Longboat Key maintains and presents two major proprietary funds, a Water and Sewer enterprise fund and a Building Department enterprise fund that are presented on pages 26 to 28 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).

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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 non-major governmental funds and are located immediately following the RSI.

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

Major Features of the Basic Financial Statements

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

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Government-Wide Financial Analysis

Comparative data for fiscal years ending September 30, 2017 and 2016, are shown below.

Town of Longboat Key Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current/other assets	\$ 53,587	\$ 47,542	\$ 19,030	\$ 19,235	\$ 72,617	\$ 66,777
Capital assets, net	60,583	64,958	27,910	27,215	88,493	92,173
Total assets	114,170	112,500	46,940	46,450	161,110	158,950
Deferred Outflow of Resources	10,479	9,514	213	125	10,692	9,639
Current liabilities	25,499	24,846	1,317	956	26,816	25,802
Non current liabilities	41,774	40,689	12,378	11,029	54,152	51,718
Total liabilities	67,273	65,535	13,695	11,985	80,968	77,520
Deferred Inflows of Resources	45	249	-	-	45	249
Net investment in capital assets	48,772	56,025	16,806	16,711	65,578	72,736
Restricted	12,267	8,583	2,311	1,961	14,578	10,544
Unrestricted	(3,708)	(8,378)	14,341	15,918	10,633	7,540
Total net position	\$ 57,331	\$ 56,230	\$ 33,458	\$ 34,590	\$ 90,789	\$ 90,820

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 \$3.7 million due to the increase in spending and scheduled debt payments associated with the Beach Renourishment project. **Unrestricted** net position decreased by \$4.7 million to a negative balance of \$8.4 million. The reason for the negative fund balance is due to the requirement to report pension liabilities on the books. This could be alarming to the reader, however, pension benefits are normally paid out over a long period of time.

The overall financial position of the Town decreased by \$1.1 million in fiscal year 2017. Deferred Outflow of Resources, represents the required deferral of fiscal year 2017'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, 2016. 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 2017 of 5.3%.

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Business-type activities. The Town's business-type activities (water and sewer and building departments) net position at September 30, 2017, increased by \$1.1 million from 2016, due in part to a large decrease in the net pension liability in the amount of \$755,089. Current *unrestricted* assets increased a total of \$1.6 million from the previous year. 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)

	Governmental Activities	Business-type Activities
Fiscal year ending September 30, 2017		
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
 Fiscal year ending September 30, 2016		
Current unrestricted assets	\$ 53,587	\$ 19,030
Current unrestricted liabilities	\$ 28,846	\$ 1,965
Ratio of current assets to current liabilities	1.86	9.68

The Town continues to maintain healthy ratios as noted above which indicates more than adequate cash flows for the Town. Asset ratios declines in fiscal year 2017 for governmental activities due to the increase spending on capital assets and debt payments for beach renourishment.

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 \$21.8 million in fiscal year 2017. 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 19% of governmental activity expenses were paid for with program revenue compared to 46% 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 2017 adopted budget was prepared based on a 5.3% increase in property values. The operating mill rate was reduced from 2.1300 to 2.1144, the net effect on property tax revenue was an increase of \$660,000. The beach nourishment tax levy imposed for Beach Erosion Control District A was .7699 mills and Beach Erosion Control District B was .1925 mills. The debt millage for facility debt payments was .0547.

The Town saw a slight rise in sales taxes, state revenue sharing and tourist taxes due to the favorable economy and increased tourism.

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Total business-type activity revenues exceeded program expenses by \$2.4 million. Business-type activities expenses are typically paid for with user fees, because these services are provided on a cost reimbursement basis. The utility and building funds are required to reimburse the general fund for indirect costs incurred by the general fund, shown as net transfers. Building Department and Water & Sewer Department expenses decreased by \$444,000 and \$91,000, respectively, mostly due to the change in net pension liability adjustments.

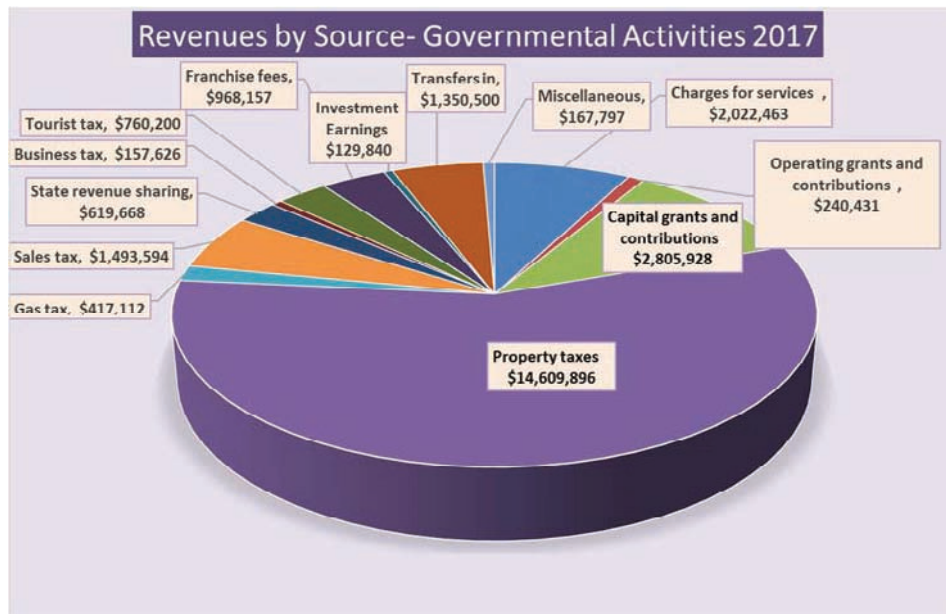
Town of Longboat Key Statement of Activities (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Program Revenues:						
Charges for services	\$ 2,080	\$ 2,022	\$ 8,872	\$ 9,242	\$ 10,952	\$ 11,264
Operating grants and contributions	122	240	-	-	122	240
Capital grants and contributions	7,499	2,806	-	-	7,499	2,806
Total program revenue	<u>9,701</u>	<u>5,068</u>	<u>8,872</u>	<u>9,242</u>	<u>18,573</u>	<u>14,310</u>
Expenses:						
General government	4,958	6,000	-	-	4,958	6,000
Public safety	11,187	12,955	-	-	11,187	12,955
Transportation	889	884	-	-	889	884
Culture and recreation	4,109	6,804	-	-	4,109	6,804
Interest on long-term debt	52	201	-	-	52	201
Water and sewer	-	-	6,584	6,493	6,584	6,493
Building Department	-	-	790	346	790	346
Total expenses	<u>21,195</u>	<u>26,844</u>	<u>7,374</u>	<u>6,839</u>	<u>28,569</u>	<u>33,683</u>
Net expense	<u>(11,494)</u>	<u>(21,776)</u>	<u>1,498</u>	<u>2,403</u>	<u>(9,996)</u>	<u>(19,373)</u>
General Revenues:						
Property taxes	13,950	14,610	-	-	13,950	14,610
Gasoline taxes	426	417	-	-	426	417
Sales taxes	1,358	1,494	-	-	1,358	1,494
Unrestricted state revenue sharing	551	620	-	-	551	620
Business tax	157	158	-	-	157	158
Tourist tax	675	760	-	-	675	760
Franchise fees	959	968	-	-	959	968
Interest income	200	130	123	80	323	210
Miscellaneous	277	167	-	-	277	167
Gain on Sale of capital asset	11	-	-	-	11	-
Total general revenue	<u>18,564</u>	<u>19,324</u>	<u>123</u>	<u>80</u>	<u>18,687</u>	<u>19,404</u>
Increase in net position before transfers	7,070	(2,452)	1,621	2,483	8,691	31
Net transfers	1,256	1,350	(1,256)	(1,350)	-	-
Change in net position	8,326	(1,102)	365	1,133	8,691	31
Net position - beginning	49,006	57,332	33,092	33,457	82,098	90,789
Net position - ending	<u>\$ 57,332</u>	<u>\$ 56,230</u>	<u>\$ 33,457</u>	<u>\$ 34,590</u>	<u>\$ 90,789</u>	<u>\$ 90,820</u>

Revenues-Governmental Activities:

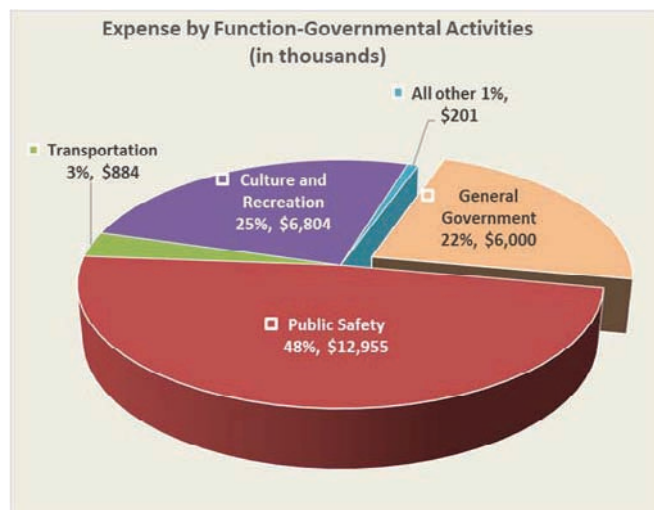
The chart below reveals the Town's revenue sources by type. Approximately 56.7% of the revenues come from property taxes; 11.8% comes from grants and contributions, 7.9% are charges for services and approximately 18.3% is generated from State and local option taxes such as business tax, tourist development tax, sales tax and gas taxes.

- Property taxes include \$11.2 million to support general fund operations and capital costs and \$3.4 million for debt payments related to beach renourishment and facilities.
- Out of the \$2.8 million we received in capital grants and contributions, approximately \$1.9 million came from various donors and Sarasota County for the Bayfront Park Project. 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 services such as EMS, inspections, recreation and tennis activity charges.
- 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. Canal dredging assets previously capitalized were removed with a net book value of \$1,235,647.



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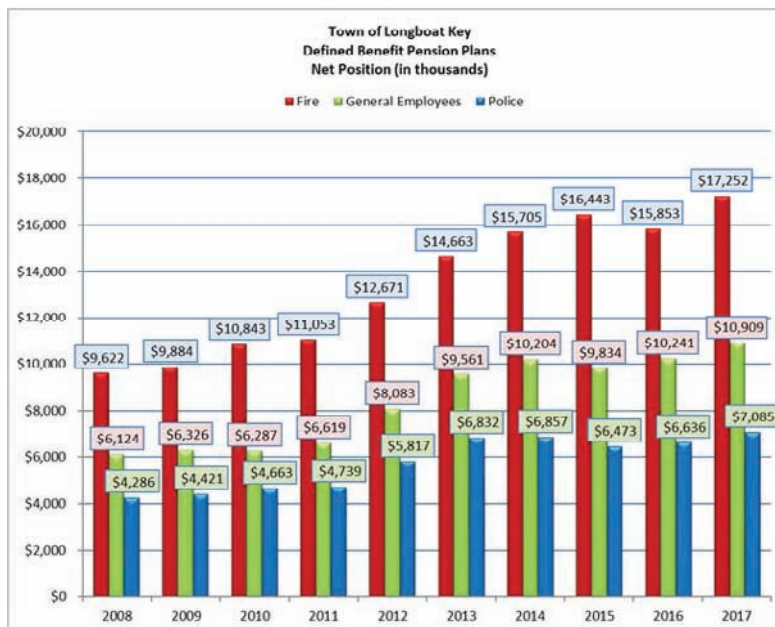
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Fiduciary Funds

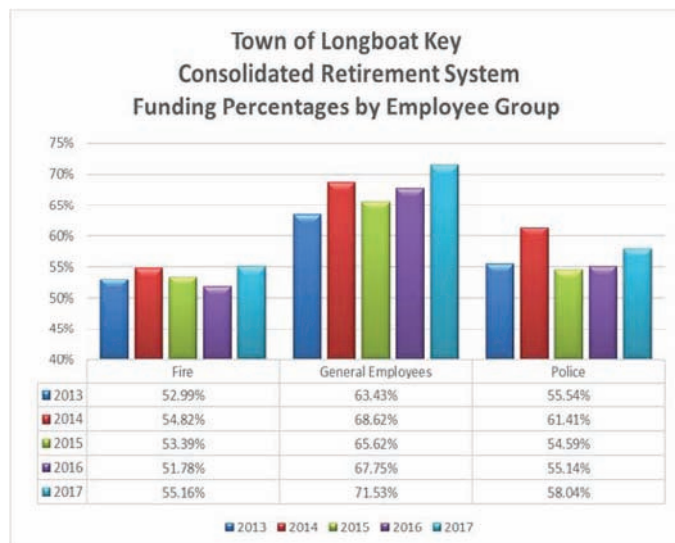
The Town of Longboat Key uses fiduciary funds to account for resources held for the benefit of parties outside Town government. Examples of the Town's fiduciary funds are the funds used to account for the Town's Consolidated Retirement System. Although these funds are presented in the fund set of statements, 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, 2016. The combined pension plan net position restricted for pension benefits, measured on September 30, 2016, is \$32.7 million. The net position, showed little change even though the Plan paid out an additional \$2.3 million in benefits for termination and DROP payments. 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.



Based on the 10/1/2016 valuation, the Consolidated Retirement System is 56.66% funded (51.78% funded for firefighters, 55.14% funded for police officers and 67.75% funded for general employees). These percentages have increased based on 10/1/2017 valuation to 60.01% (55.16% funded for firefighters, 58.04% funded for police officers and 71.53% 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 2017 for all three plans was \$2.9 million (approximately 39% of total payroll.)
- The Town's contributions to the Florida Retirement System for Firefighters was \$380,515.
- The \$25 million Consolidated Town Net Pension Liability (NPL) is slightly over one and one-half times the General Fund budget.
- The Town share of the Florida Retirement System's NPL is another \$6.0 million.

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The provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* became effective in fiscal year 2015 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, 2016

	<u>General Employees</u>	<u>Police Officers</u>	<u>Fire Fighters</u>	<u>Combined</u>
Total Pension Liability	\$ 15,117,159	\$ 12,035,458	\$ 30,617,283	\$ 57,769,900
Plan Fiduciary Net Position	(10,241,392)	(6,636,440)	(15,852,517)	(32,730,349)
Net Pension Liability	<u>\$ 4,875,767</u>	<u>\$ 5,399,018</u>	<u>\$ 14,764,766</u>	<u>\$ 25,039,551</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.75%	55.14%	51.78%	56.66%

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 \$16,998,973 for 2017 and \$22,707,737 for 2016 (a decrease of \$5,708,764). Of the total fund balance, \$85,136 is nonspendable, \$9,297,572 is restricted, \$3,454,823 is assigned and \$4,161,442 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>2016</u>	<u>2017</u>	<u>Increase (Decrease)</u>
General Fund	\$ 6,096,903	\$ 7,269,401	\$ 1,172,498
GMD Assessments Fund	-	100,427	100,427
General Obligation Beach Bonds Fund	3,035,527	169,601	(2,865,926)
Beach Nourishment Capital Project Fund	5,455,490	4,667,326	(788,164)
GMD Undergrounding Capital Project Fund	-	19,605	19,605
Parks and Recreation Capital Project Fund	958,621	396,512	(562,109)
Nonmajor Governmental Funds	7,161,196	4,376,101	(2,785,095)
	<u>\$ 22,707,737</u>	<u>\$ 16,998,973</u>	<u>\$ (5,708,764)</u>

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Major Governmental Funds

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

General Fund. The General Fund is the chief operating fund of the Town and accounts for the majority of general governmental activities. General Fund activities directly impact property taxes, which are the fund's largest revenue source. The next several pages highlight general fund activity and budget highlights.

At September 30, 2017, total fund balance in the General Fund was \$7,269,401 of which \$5,302,772 was unassigned. As a measure of the General Fund's liquidity, total fund balance and unassigned fund balance are 50.0% and 36.4% of total expenditures (excluding capital outlay), respectively, for fiscal year 2017 as compared to 41.9% and 25.8% for the prior fiscal year. Property values increased by 5.3% and the mill rate was reduced from 2.1300 to 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 debt service payments associated with Undergrounding Utilities along Gulf of Mexico Drive. A receivable for the assessment in the amount of \$17,401,545 was recorded as of September 30, 2017.

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 Town began collecting payments in fiscal year 2016. The mill rate imposed was .7699 for Beach Erosion Control District A and .1925 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 three 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 \$5.1 million was spent in fiscal year 2017, ending a two-year \$20 million project. The Town's beaches are the Key'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 prepaid assessments, and expenditures associated with undergrounding utilities along Gulf of Mexico Drive. The Town collected over 20% of the project cost in prepayments over the past two years. A balance of \$3.7 million of those assessments is recorded as unearned revenue until the project expenditures are incurred. A Final Assessment Resolution for a second project, which covers the remaining side streets and neighborhoods is pending approval as of September 30, 2017. Once approved, construction for both projects will take place simultaneously.

Parks & Recreation Capital Project Fund. The Parks & Recreation Capital Project accounts the Bayfront Park project and other park improvements. Sarasota County contributed \$2 million toward this project. This was a \$3.8 million project and the Town's share was funded from other grants, Infrastructure surtaxes and available fund balance. The project was substantially complete by September 30, 2017.

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.

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Restricted fund balances of \$9,297,572, are amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned fund balance of \$3,454,823 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 \$4,161,442 represents the Town's amount available for any other purpose.

General Fund Budgetary Highlights

The detailed line item budget can be found on page 69 to 80 of the Required Supplementary Information (RSI) section which provides the original budget, the final budget after amendments, and the actual revenues received and expenditures incurred.

	<u>Original</u>	<u>Final</u>	<u>Increase (Decrease)</u>
Revenue	\$ 15,988,261	\$ 16,627,174	\$ 638,913
Expenditures	15,762,573	16,401,486	638,913 ¹
Use of Fund Balance	<u>\$ 225,688</u>	<u>\$ 225,688</u>	<u>\$ -</u>

¹ Carryover of Open Purchase Orders from Fiscal 2015-16 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 \$638,913, 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 \$151,169 to balance lines that were over budget and used \$5,560 on Red Tide Cleanup.

Excluding the intended use of prior year fund balance, actual revenues exceeded budgetary estimates by \$253,381 primarily due to these factors:

- Property Tax Revenue The surplus of \$41,920 is due to a slight increase in assessed values and excess collections associated with prior year delinquencies. The Town uses a discount rate of 3.5% to account for early payers. November payments are discounted 4% and decreased 1% for every month thereafter.
- Franchise Fees has been steadily increasing each year. For fiscal year 2017, even though we increased the budget, we saw another surplus of \$24,156.
- 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.

Town of Longboat Key, Florida

Management's Discussion and Analysis

September 30, 2017

- 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 slightly increasing rates. \$29,931 favorable variance.
- Charges for Services We realized \$38,524 more than budgeted mostly due to increased EMS fees due to the addition of a third party billing service for ambulance services.

During the year, expenditures were below budgetary estimates by \$1,332,342 primarily due to these factors:

- Legal – The \$83,943 surplus was due to the reduced costs for legal needs in procurement as well as the allocation of legal costs to various projects accounted for in other funds (i.e. two Undergrounding projects and Beach Capital Project)
- I.T. – The I.T. Department had \$59,337 remaining in consulting services in anticipation of our programmer being needed for the ERP implementation. In addition, the timing of the implementation resulted in software license renewals savings of \$29,450.
- Planning & Zoning – \$75,556 Remaining. The original budget of \$100,000 plus the addition of open PO carryovers of \$84,000 were much more than needed in the fiscal year 2017 budget due to delays in the Zoning Code rewrites.
- General Services – \$117,622 Remaining. The town budgets professional consulting services for town manager special projects that may be required during the year. No projects were requested resulting in \$67,756 of savings.
- Contingency – \$98,831 of Commission contingency remained of the original \$250,000 budgeted and Red Tide contingencies remaining were \$44,440.
- Fire Dept – \$220,806 Remaining. \$100,600 of authorized building improvements were cancelled due to the anticipation of a bond referendum to be held March 20, 2018, for building a new South Fire Station and renovating the North Fire Station. The remaining savings was spread throughout the department line items.
- Police Dept – \$373,807 Remaining. Salaries and related fringe of \$185,000 remained because of the elimination of three Dispatch/Communication Positions. The budget also originally had one-half the Records Management System budgeted at \$75,000, but was postponed and re-budgeted in the fiscal year 18 budget. \$34,000 remained for outboard motors.
- Parks Dept – \$88,264 Remaining. A year-end reimbursement from Sarasota County for TDT Beach maintenance contributed toward the surplus for this department and there were no peafowl removal costs resulting in a surplus of \$38,000.
- Hurricane IRMA – \$169,746 Expenses. The Town incurred \$169,550 of expenses through September 30, 2017, for Hurricane IRMA. An additional \$250,137 was encumbered for payments expected next fiscal year for debris removal.

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Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2017

Below is a comparison between the two fiscal years.

Town of Longboat Key General Fund Budgetary Basis				
	2016	2017	Increase (Decrease)	Note
Revenues:				
Property taxes	\$ 10,747,586	\$ 11,181,013	\$ 433,427	1
Other taxes	156,420	157,626	1,206	
Licenses and Permits	36,601	24,754	(11,847)	
Intergovernmental	1,270,351	1,349,665	79,314	2
Charges for services	345,136	358,854	13,718	
Franchise fees	958,713	968,156	9,443	
Fines and miscellaneous	308,248	87,779	(220,469)	3
Grants	72,721	98,260	25,539	
Income on investments	69,126	55,431	(13,695)	
Other financing sources	1,692,457	1,960,104	267,647	4, 5
Total Revenues	15,657,359	16,241,642	584,283	
Expenditures:				
General government	4,649,143	4,299,145	(349,998)	5
Public safety	9,425,412	9,474,777	49,365	6
Transportation	615,450	615,788	338	
Culture and Recreation	135,301	160,820	25,519	
Capital Outlay	552,799	518,614	(34,185)	
Total Expenditures	15,378,105	15,069,144	(308,961)	
Net Change in Fund Balance	\$ 279,254	\$ 1,172,498	\$ 893,244	

Notes:

- 1 - Increase in property values of 5.3% produces additional tax revenue.
- 2 - Increase is due to increased communications services tax revenues.
- 3 - Due to bargaining unit contract settlement, firefighters no longer pay a portion of the Town's FRS contribution.
- 4 - Transfers from the Road & Bridge Fund to the General Fund were postponed due to favorable results of operations.
- 5 - Pre referendum costs associated with the Gulf of Mexico Dr and Neighborhood Undergrounding projects occurred in 2016. Subsequently, costs were reimbursed to the general fund in 2017 when both projects were approved.
- 6 - Several firefighters in DROP retired requiring payouts of accrued time. Replacement paramedics were overlapped for training purposes and continuity of service.

Capital Assets

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

The Town of Longboat Key's investment in capital assets for both governmental and business-type activities, net of accumulated depreciation at September 30, 2017, totaled \$92.2 million while September 30, 2016, totaled \$88.5 million.

Town of Longboat Key, Florida
Management's Discussion and Analysis
September 30, 2017

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 \$3,137,166 in new capital assets and \$7,846,030 in Construction in Progress for Governmental activities. The Town invested an additional \$686,408 in new capital assets and \$391,850 in Construction in Progress for Business-type Activities.

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

Governmental Activities:

• Beach renourishment	\$ 8,706,306
• Land -555 Bay Isles Parkway	2,213,413
• Bayfront Park Improvements (Town's share)	1,848,355
• Equipment related to County dispatch service	216,584
• Financial Accounting Software including Firehouse	385,939
• Police vehicles (3)	72,053
• Chevy Tahoe – Fire	43,628
• Streets Vehicles & Equipment	25,163
• Life and Safety Equipment	63,139
• Police Tasers and radios	60,408
• Tennis Court resurfacing	29,582

Business Activities:

• Water/Sewer Treatment Equipment	239,034
• Financial Accounting Software	228,275
• Building renovation	28,183
• Building inspector vehicle	25,164

Due to the current year beach renourishment project, the Town disposed of beach related assets and accumulated depreciation of equal value, in the amount of \$17,262,096. Additionally, canal dredging assets previously capitalized were removed with a net book value of \$1,235,647.

Below is a summary of the change in capital assets, net of depreciation for fiscal year 2017:

Capital Assets Net of Accumulated Depreciation (in thousands)

	Governmental Activities			
	2016	2017	Increase (Decrease)	Percent
Land	\$ 25,288	\$ 27,502	\$ 2,214	8.8%
Buildings	4,821	4,613	(208)	-4.3%
Streets and roadways	1,619	1,436	(183)	-11.3%
Improvements other than buildings	20,966	26,194	5,228	24.9%
Vehicles and other equipment	2,308	2,685	377	16.3%
Construction in progress	5,581	2,528	(3,053)	-54.7%
Total	<u>\$ 60,583</u>	<u>\$ 64,958</u>	<u>\$ 4,375</u>	<u>7.2%</u>
	Business Activities			
	2016	2017	Increase (Decrease)	Percent
Land	\$ 1,794	\$ 1,794	\$ -	0.0%
Buildings	166	171	5	3.0%
Improvements other than buildings	23,520	22,597	(923)	-3.9%
Vehicles and other equipment	1,850	1,928	78	4.2%
Construction in progress	580	725	145	25.0%
Total	<u>\$ 27,910</u>	<u>\$ 27,215</u>	<u>\$ (695)</u>	<u>-2.49%</u>

Town of Longboat Key, Florida
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September 30, 2017

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

Long Term Debt

At September 30, 2017, the Town of Longboat Key had total bonded debt outstanding of \$19,436,848 of which \$825,000 is for the G.O. Facilities Bonds, \$2,453,300 is for the Utility G.O. Note Series 2009, \$4,639,716 is for Utility G.O. Partial Refunding Bonds 2014, \$8,108,015 is for 2017 Bank Loan for Beach renourishment and \$3,410,817 is for the Water and Sewer State Revolving Fund Loans.

	Outstanding Debt		
	2016	2017	Increase (Decrease)
General Obligation Bonds	\$ 19,299,171	\$ 16,026,031	\$ (3,273,140)
Notes Payable	3,615,830	3,410,817	(205,013)
Total	<u>\$ 22,915,001</u>	<u>\$ 19,436,848</u>	<u>\$ (3,478,153)</u>

The Town's last bond rating occurred in April of 2010, and maintains a current general obligation rating, with Standard & Poor's of AA-. Moody's Investor Services has given a rating of A1 for the Town of Longboat Key. The ratings reflect the strength of the Town of Longboat Key and its management staff. The Town will undergo another bond rating when bonds are issued for the Undergrounding projects.

The Town Commission is also considering a \$5,895,000 facility improvement project to renovate the North fire Station and build a new South Fire Station. The voters will be asked at a referendum, to be held on March 20, 2018, whether to authorize this project.

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 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.

Net Investment in Capital Assets

	Governmental Activities	Business-type activities	Total Activities
Net Capital assets	\$ 64,958,073	\$ 27,214,759	\$ 92,172,832
Less related debt payable	(8,933,015)	(10,503,833)	(19,436,848)
Net investment in capital assets	<u>\$ 56,025,058</u>	<u>\$ 16,710,926</u>	<u>\$ 72,735,984</u>
Percentage of capital assets financed	<u>14%</u>	<u>39%</u>	<u>21%</u>

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 Economic Estimating Conference (January 16, 2018), the latest forecast reveals a well performing state economy. The main factor of economic health of an individual state is personal income growth. Florida ranked 18th in the country compared to 22nd in the prior year. We can expect personal income growth to continue with rates ranging from 4.3% in fiscal year 2017-18 to 5.5% in fiscal year 2018-19. The state's unemployment rate shows an overall improvement with an actual rate of 3.7% compared to 4.9% in the prior year. The national rate in December was 4.17%.

Florida tourism is a major component of the state's economy. Preliminary estimates indicate that 29.2 million visitors came to Florida during the 3rd quarter of 2017 for an increase of 3.5% from 2016. A projected 4.7% growth in tourism is projected for fiscal year 2017-18, in spite of a reduction in the number of Canadian visitors. After an acceleration to 5.1% in fiscal year 2018-19, the growth of visitors stabilizes between 3.3% and 3.6% annually.

Sarasota County construction for retail and development has been very active the past two years. Close to \$700,000,000 in construction projects are 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 Downtown Community Redevelopment Authority issued a report on downtown Sarasota real estate development which includes 1,248 Rental Apartments, 1,513 Condominium and Town homes, 972 hotel rooms, and over 450,000 sq.ft. of retail/restaurants either in process or under construction. The 880,000-sq.-ft. Mall at University Town Center opened up in October 2014. In the immediate vicinity are some 500 hotel rooms, 1,750 residential units and a \$39.5-million world-class rowing facility at Nathan Benderson Park.

The Town did not add any major new programs or initiatives to the 2017-2018 budget, however there will be an increased focus on major capital projects, such as future beach nourishment, streets and sewer upgrades, center turn lanes and canal dredging projects. Long term debt strategies will be developed for fiscal year 2018 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 2018 fiscal year included:

- No increase in millage.
- No increase in operating expenditures.
- Maintaining publicly visible service levels.
- No use of surplus to support operating costs.
- 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.

Town of Longboat Key, Florida
Management's Discussion and Analysis
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The final assessed values for real and personal property had increased 5.30% for the fiscal 2016-17 and 5.17% for the fiscal 2017-18 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>
2008	6,606,809,366	0.79%
2009	5,954,878,099	(9.87%)
2010	5,350,393,405	(10.15%)
2011	4,868,600,933	(9.00%)
2012	4,647,670,792	(4.54%)
2013	4,577,586,191	(1.51%)
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	5,748,185,732	5.17%

All of these factors were considered in preparing the Town's budget for the 2018 fiscal year. The Town has maintained an operating millage rate of 2.1144 in both fiscal years 2017 and 2018.

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 for further information.

Basic Financial Statements

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TOWN OF LONGBOAT KEY, FLORIDA

STATEMENT OF NET POSITION SEPTEMBER 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,621,048	\$ 3,392,832	\$ 9,013,880
Investments	17,320,502	13,132,629	30,453,131
Accounts receivables, net	17,483,021	635,046	18,118,067
Accrued income	68,873	36,376	105,249
Due from other governments	6,962,862	-	6,962,862
Prepaid items	10,919	-	10,919
Inventory	74,217	77,782	151,999
Restricted asset, cash and cash equivalents	-	1,961,235	1,961,235
Capital assets			
Non-depreciable	30,030,264	2,519,573	32,549,837
Depreciable, net	34,927,809	24,695,186	59,622,995
Total assets	<u>112,499,515</u>	<u>46,450,659</u>	<u>158,950,174</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	<u>9,513,661</u>	<u>125,301</u>	<u>9,638,962</u>
Liabilities			
Accounts payable	1,605,015	505,617	2,110,632
Accrued liabilities	528,477	190,203	718,680
Due to other governments	65,000	11,833	76,833
Customer deposits payable	-	248,650	248,650
Unearned revenue	22,647,295	-	22,647,295
Noncurrent liabilities			
Due within one year	3,543,128	679,592	4,222,720
Due in more than one year	37,145,636	10,349,464	47,495,100
Total liabilities	<u>65,534,551</u>	<u>11,985,359</u>	<u>77,519,910</u>
Deferred Inflows of Resources			
Deferred inflows - pensions	<u>248,839</u>	<u>-</u>	<u>248,839</u>
Net position			
Net investment in capital assets	56,025,058	16,710,926	72,735,984
Restricted for			
Capital projects	8,120,414	-	8,120,414
Debt service	462,583	601,674	1,064,257
Connection fees	-	1,359,561	1,359,561
Unrestricted	(8,378,269)	15,918,440	7,540,171
Total net position	<u>\$ 56,229,786</u>	<u>\$ 34,590,601</u>	<u>\$ 90,820,387</u>

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, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/programs	Expenses						
Governmental activities							
General government	\$ 6,000,443	\$ 66,033	\$ -	\$ -	\$ (5,934,410)	\$ -	\$ (5,934,410)
Public safety	12,954,560	371,309	98,260	-	(12,484,991)	-	(12,484,991)
Transportation	883,892	66,810	-	-	(817,082)	-	(817,082)
Culture/recreation	6,804,311	593,982	142,171	2,805,928	(3,262,230)	-	(3,262,230)
Physical environment	-	924,329	-	-	924,329	-	924,329
Interest on long-term debt	201,343	-	-	-	(201,343)	-	(201,343)
Total governmental activities	26,844,549	2,022,463	240,431	2,805,928	(21,775,727)	-	(21,775,727)
Business-type activities							
Water and sewer	6,493,020	8,119,588	-	-	-	1,626,568	1,626,568
Building department	345,853	1,122,628	-	-	-	776,775	776,775
Total business-type activities	6,838,873	9,242,216	-	-	-	2,403,343	2,403,343
Total primary government	\$ 33,683,422	\$ 11,264,679	\$ 240,431	\$ 2,805,928	(21,775,727)	2,403,343	(19,372,384)
General revenues							
Property taxes					14,609,896	-	14,609,896
Gas taxes					417,112	-	417,112
Sales taxes					1,493,594	-	1,493,594
Unrestricted state revenue sharing					619,668	-	619,668
Franchise fees					968,157	-	968,157
Business tax					157,626	-	157,626
Tourist tax					760,200	-	760,200
Investment earnings					129,841	80,205	210,046
Miscellaneous					167,797	-	167,797
Transfers					1,350,500	(1,350,500)	-
Total general revenues and transfers					20,674,391	(1,270,295)	19,404,096
Change in net position					(1,101,336)	1,133,048	31,712
Net position, beginning of year					57,331,122	33,457,553	90,788,675
Net position, end of year					\$ 56,229,786	\$ 34,590,601	\$ 90,820,387

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

TOWN OF LONGBOAT KEY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	General Fund	GMD Assessments Fund	General Obligation Beach Bonds Fund	Beach Nourishment Capital Project Fund	GMD Undergrounding Capital Project Fund	Parks and Recreation Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 1,762,404	\$ 407,531	\$ 39,318	\$ 1,196,982	\$ 1,063,678	\$ -	\$ 1,151,135	\$ 5,621,048
Investments	5,290,157	1,224,696	118,155	3,597,121	3,196,521	253,022	3,640,830	17,320,502
Accounts receivable, net	81,476	17,401,545	-	-	-	-	-	17,483,021
Due from other funds	855,742	-	-	-	-	-	-	855,742
Accrued income	19,355	1,021	3,074	15,615	-	1,517	28,291	68,873
Due from other governments	256,151	9,245	9,054	5,651,966	-	198,463	837,983	6,962,862
Inventory	5,380	-	-	-	-	-	68,837	74,217
Prepaid items	8,102	-	-	-	2,817	-	-	10,919
Total assets	<u>\$ 8,278,767</u>	<u>\$ 19,044,038</u>	<u>\$ 169,601</u>	<u>\$ 10,461,684</u>	<u>\$ 4,263,016</u>	<u>\$ 453,002</u>	<u>\$ 5,727,076</u>	<u>\$ 48,397,184</u>
Liabilities, deferred inflows of resources, and fund balances								
Liabilities								
Accounts payable	\$ 451,738	\$ 1,458	\$ -	\$ 142,392	\$ 538,269	\$ 56,490	\$ 414,668	\$ 1,605,015
Accrued liabilities	479,772	-	-	-	-	-	15,565	495,337
Due to other governments	-	-	-	-	-	-	65,000	65,000
Unearned revenue	-	18,942,153	-	-	3,705,142	-	-	22,647,295
Due to other funds	-	-	-	-	-	-	855,742	855,742
Total liabilities	<u>931,510</u>	<u>18,943,611</u>	<u>-</u>	<u>142,392</u>	<u>4,243,411</u>	<u>56,490</u>	<u>1,350,975</u>	<u>25,668,389</u>
Deferred inflows of resources								
Unavailable revenue	<u>77,856</u>	<u>-</u>	<u>-</u>	<u>5,651,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,729,822</u>
Fund balances								
Nonspendable	13,482	-	-	-	2,817	-	68,837	85,136
Restricted	-	100,427	169,601	4,094,926	16,788	-	4,915,830	9,297,572
Assigned	1,953,147	-	-	572,400	-	396,512	532,764	3,454,823
Unassigned	5,302,772	-	-	-	-	-	(1,141,330)	4,161,442
Total fund balances	<u>7,269,401</u>	<u>100,427</u>	<u>169,601</u>	<u>4,667,326</u>	<u>19,605</u>	<u>396,512</u>	<u>4,376,101</u>	<u>16,998,973</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,278,767</u>	<u>\$ 19,044,038</u>	<u>\$ 169,601</u>	<u>\$ 10,461,684</u>	<u>\$ 4,263,016</u>	<u>\$ 453,002</u>	<u>\$ 5,727,076</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.							\$ 109,695,010	
Governmental capital assets							(44,736,937)	64,958,073
Accumulated depreciation								
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds.								5,729,822
Deferred outflows, deferred inflows, and the net pension liability related to the Town's pension plans are not expected to be liquidated with expendable available financial resources and, therefore are not reported in the funds.								
Deferred outflows - pensions							9,513,661	
Deferred inflows - pensions							(248,839)	
Net pension liability							(30,531,973)	(21,267,151)
Certain liabilities are not due and payable in the current period and are therefore not reported in the funds.								
Accrued interest payable							(33,140)	
Compensated absences							(824,349)	
OPEB payable							(399,427)	
Bonds payable							(8,933,015)	(10,189,931)
Net position of governmental activities								<u>\$ 56,229,786</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, 2017**

	General Fund	GMD Assessments Fund	General Obligation Beach Bonds Fund	Beach Nourishment Capital Project Fund	GMD Undergrounding Capital Project Fund	Parks and Recreation Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Property taxes	\$ 11,181,013	\$ -	\$ 2,830,057	\$ -	\$ -	\$ -	\$ 289,245	\$ 14,300,315
Other taxes	157,626	-	-	-	-	-	1,991,108	2,148,734
Licenses and permits	24,753	-	-	-	-	-	-	24,753
Intergovernmental revenues	1,349,665	-	-	-	-	-	91,972	1,441,637
Charges for services	358,854	-	-	-	924,329	-	647,102	1,930,285
Franchise fees	968,157	-	-	-	-	-	-	968,157
Fines and forfeitures	59,240	-	-	-	-	-	8,185	67,425
Grant revenues	98,260	-	-	857,625	-	446,839	-	1,402,724
Investment earnings	55,430	9,364	16,397	2,767	19,606	-	26,277	129,841
Miscellaneous revenues	28,540	139,257	-	-	-	1,501,464	-	1,669,261
Total revenues	<u>14,281,538</u>	<u>148,621</u>	<u>2,846,454</u>	<u>860,392</u>	<u>943,935</u>	<u>1,948,303</u>	<u>3,053,889</u>	<u>24,083,132</u>
Expenditures								
Current								
General government	4,299,145	48,194	1,076	-	1,381	72	52,895	4,402,763
Public safety	9,474,781	-	-	-	-	-	10,665	9,485,446
Transportation	615,789	-	-	-	-	-	7,504	623,293
Culture/recreation	160,815	-	-	80,484	-	1,749,022	581,203	2,571,524
Debt service								
Principal retirement	-	-	2,612,893	-	-	-	265,000	2,877,893
Interest	-	-	187,107	-	-	-	20,778	207,885
Capital outlay								
General government	227,997	-	-	-	-	-	2,302,685	2,530,682
Public safety	290,617	-	-	-	-	-	143,660	434,277
Physical environment	-	-	-	-	922,949	-	753,093	1,676,042
Transportation	-	-	-	-	-	-	182,077	182,077
Culture/recreation	-	-	-	4,711,800	-	1,411,318	37,000	6,160,118
Total expenditures	<u>15,069,144</u>	<u>48,194</u>	<u>2,801,076</u>	<u>4,792,284</u>	<u>924,330</u>	<u>3,160,412</u>	<u>4,356,560</u>	<u>31,152,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(787,606)</u>	<u>100,427</u>	<u>45,378</u>	<u>(3,931,892)</u>	<u>19,605</u>	<u>(1,212,109)</u>	<u>(1,302,671)</u>	<u>(7,068,868)</u>
Other financing sources (uses)								
Proceeds from the sale of capital assets	9,604	-	-	-	-	-	-	9,604
Transfers in	1,950,500	-	-	3,493,728	-	650,000	450,000	6,544,228
Transfers out	-	-	(2,911,304)	(350,000)	-	-	(1,932,424)	(5,193,728)
Total other financing sources (uses)	<u>1,960,104</u>	<u>-</u>	<u>(2,911,304)</u>	<u>3,143,728</u>	<u>-</u>	<u>650,000</u>	<u>(1,482,424)</u>	<u>1,360,104</u>
Change in fund balances	<u>1,172,498</u>	<u>100,427</u>	<u>(2,865,926)</u>	<u>(788,164)</u>	<u>19,605</u>	<u>(562,109)</u>	<u>(2,785,095)</u>	<u>(5,708,764)</u>
Fund balances, beginning of year,	<u>6,096,903</u>	<u>-</u>	<u>3,035,527</u>	<u>5,455,490</u>	<u>-</u>	<u>958,621</u>	<u>7,161,196</u>	<u>22,707,737</u>
Fund balances, end of year	<u>\$ 7,269,401</u>	<u>\$ 100,427</u>	<u>\$ 169,601</u>	<u>\$ 4,667,326</u>	<u>\$ 19,605</u>	<u>\$ 396,512</u>	<u>\$ 4,376,101</u>	<u>\$ 16,998,973</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, 2017**

Net Change in Fund Balances – Total Governmental Funds		\$ (5,708,764)
Amounts reported for governmental activities in the Statement of Activities are different because:		
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.		
Capital outlay	\$ 10,983,196	
Less current year depreciation	<u>(5,290,210)</u>	5,692,986
The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net position.		(1,318,078)
The repayment of the principal of long-term debt consumes the financial resources of the governmental funds. However, it has no effect on net position.		2,877,893
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		309,581
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.		
Pension expense	(2,715,831)	
Change in OPEB payable	(47,906)	
Change in accrued interest	6,542	
Change in compensated absences	<u>(197,759)</u>	<u>(2,954,954)</u>
Change in net position of governmental activities		<u>\$ (1,101,336)</u>

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

TOWN OF LONGBOAT KEY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017**

	Water and Sewer	Building Department	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 2,968,408	\$ 424,424	\$ 3,392,832
Restricted cash and cash equivalents	1,961,235	-	1,961,235
Accounts receivable, net	635,046	-	635,046
Investments	11,857,167	1,275,462	13,132,629
Accrued income	32,040	4,336	36,376
Inventory	77,782	-	77,782
Total current assets	<u>17,531,678</u>	<u>1,704,222</u>	<u>19,235,900</u>
Noncurrent assets			
Capital assets, non-depreciable	2,519,573	-	2,519,573
Capital assets, net	24,517,604	177,582	24,695,186
Total noncurrent assets	<u>27,037,177</u>	<u>177,582</u>	<u>27,214,759</u>
Total assets	<u>44,568,855</u>	<u>1,881,804</u>	<u>46,450,659</u>
Deferred Outflows of Resources			
Deferred outflows - pensions	<u>70,734</u>	<u>54,567</u>	<u>125,301</u>
Liabilities			
Current liabilities			
Accounts payable	460,202	45,415	505,617
Due to other governments	-	11,833	11,833
Bonds payable	415,280	-	415,280
Notes payable	210,837	-	210,837
Accrued liabilities	169,703	20,500	190,203
Compensated absences	34,530	18,945	53,475
Liabilities payable from restricted assets			
Customer deposits payable	<u>248,650</u>	<u>-</u>	<u>248,650</u>
Total current liabilities	<u>1,539,202</u>	<u>96,693</u>	<u>1,635,895</u>
Noncurrent liabilities			
Bonds payable, net of current portion	6,677,736	-	6,677,736
Notes payable, net of current portion	3,199,980	-	3,199,980
Net pension liability	266,309	205,439	471,748
Total non-current liabilities	<u>10,144,025</u>	<u>205,439</u>	<u>10,349,464</u>
Total liabilities	<u>11,683,227</u>	<u>302,132</u>	<u>11,985,359</u>
Net position			
Net investment in capital assets	16,533,344	177,582	16,710,926
Restricted for			
Debt service	601,674	-	601,674
Accumulated earnings on connection fees	1,359,561	-	1,359,561
Unrestricted	14,461,783	1,456,657	15,918,440
Total net position	<u>\$ 32,956,362</u>	<u>\$ 1,634,239</u>	<u>\$ 34,590,601</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, 2017**

	Water and Sewer	Building Department	Total
Operating revenues			
Charges for services	\$ 8,058,775	\$ 1,113,526	\$ 9,172,301
Late charges	43,785	-	43,785
Rentals and miscellaneous	17,028	9,102	26,130
Total operating revenues	<u>8,119,588</u>	<u>1,122,628</u>	<u>9,242,216</u>
Operating expenses			
Personnel services and benefits	411,389	140,518	551,907
Professional services	129,992	138,131	268,123
General and administrative	7,216	33,101	40,317
Materials and supplies	65,465	19,317	84,782
Utility services	132,152	-	132,152
Insurance	121,007	-	121,007
Repairs and maintenance	233,980	388	234,368
Water purchased for resale	1,457,351	-	1,457,351
Wastewater treatment	1,817,736	-	1,817,736
Miscellaneous	557	153	710
Depreciation	1,759,151	14,245	1,773,396
Total operating expenses	<u>6,135,996</u>	<u>345,853</u>	<u>6,481,849</u>
Operating income	<u>1,983,592</u>	<u>776,775</u>	<u>2,760,367</u>
Nonoperating revenues (expenses)			
Investment earnings	72,506	7,699	80,205
Gain on disposal of capital assets	13,558	-	13,558
Interest expense	(370,582)	-	(370,582)
Total nonoperating revenues (expenses)	<u>(284,518)</u>	<u>7,699</u>	<u>(276,819)</u>
Income before transfers	1,699,074	784,474	2,483,548
Transfers out	<u>(930,000)</u>	<u>(420,500)</u>	<u>(1,350,500)</u>
Change in net position	769,074	363,974	1,133,048
Total net position, beginning of year	32,187,288	1,270,265	33,457,553
Total net position, end of year	<u>\$ 32,956,362</u>	<u>\$ 1,634,239</u>	<u>\$ 34,590,601</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, 2017**

	Water and Sewer	Building Department	Total
Cash flows from operating activities			
Cash received from customers	\$ 8,058,647	\$ 1,122,628	\$ 9,181,275
Cash paid to suppliers for goods and services	(4,232,373)	(168,688)	(4,401,061)
Cash paid to employees for services and benefits	(669,088)	(535,732)	(1,204,820)
Net cash provided by operating activities	<u>3,157,186</u>	<u>418,208</u>	<u>3,575,394</u>
Cash flows from noncapital financing activities			
Transfer to other funds	(930,000)	(420,500)	(1,350,500)
Net cash used by noncapital financing activities	<u>(930,000)</u>	<u>(420,500)</u>	<u>(1,350,500)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(944,905)	(133,353)	(1,078,258)
Cash received from sale of capital assets	13,558	-	13,558
Principal paid on bonds payable	(395,248)	-	(395,248)
Principal paid on notes payable	(205,013)	-	(205,013)
Interest paid	(381,530)	-	(381,530)
Net cash used in capital and related financing activities	<u>(1,913,138)</u>	<u>(133,353)</u>	<u>(2,046,491)</u>
Cash flows from investing activities			
Sale of investments	311,926	522,882	834,808
Purchase of investments	(3,851,278)	(408,402)	(4,259,680)
Interest received	63,299	6,627	69,926
Net cash provided (used) by investing activities	<u>(3,476,053)</u>	<u>121,107</u>	<u>(3,354,946)</u>
Net change in cash and cash equivalents	(3,162,005)	(14,538)	(3,176,543)
Cash and cash equivalents, beginning of year	<u>8,091,648</u>	<u>438,962</u>	<u>8,530,610</u>
Cash and cash equivalents, end of year	<u>\$ 4,929,643</u>	<u>\$ 424,424</u>	<u>\$ 5,354,067</u>
Cash and cash equivalents classified as			
Cash and cash equivalents	\$ 2,968,408	\$ 424,424	\$ 3,392,832
Restricted cash and cash equivalents	1,961,235	-	1,961,235
Total cash and cash equivalents	<u>\$ 4,929,643</u>	<u>\$ 424,424</u>	<u>\$ 5,354,067</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, 2017**

	Water and Sewer	Building Department	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 1,983,592	\$ 776,775	\$ 2,760,367
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,759,151	14,245	1,773,396
Change in operating assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	77,309	-	77,309
Inventory	(24,898)	-	(24,898)
Deferred outflows - pension	26,176	61,748	87,924
Increase (decrease) in liabilities:			
Accounts payable	(242,019)	10,569	(231,450)
Accrued liabilities	2,603	5,535	8,138
Due to other governments	-	11,833	11,833
Compensated absences payable	4,805	1,309	6,114
Customer deposits	(138,250)	-	(138,250)
Net pension liability	(291,283)	(463,806)	(755,089)
Net cash provided by operating activities	<u>\$ 3,157,186</u>	<u>\$ 418,208</u>	<u>\$ 3,575,394</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, 2017

	Consolidated Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 16,769	\$ 153,163
Receivables/prepays		
Prepaid items	307,573	-
Interest receivable	86,468	-
Due from broker	17,340	-
Total receivables	<u>411,381</u>	<u>-</u>
Investments, at fair value		
U.S. Government and agency securities	5,132,316	-
Corporate bonds	4,390,328	-
Mutual funds	12,730,610	-
Equity securities	12,061,694	-
Comingled real estate funds	642,450	-
Total investments	<u>34,957,398</u>	<u>-</u>
Total assets	<u>\$ 35,385,548</u>	<u>\$ 153,163</u>
Liabilities		
Accounts payable	\$ 52,675	\$ -
Amounts held as agent for others	-	153,163
Total liabilities	<u>52,675</u>	<u>153,163</u>
Net Position		
Restricted for pension benefits - active and retired members' benefits	<u>35,332,873</u>	<u>-</u>
Total liabilities and net position	<u>\$ 35,385,548</u>	<u>\$ 153,163</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, 2017**

	Consolidated Pension Trust Fund
Additions	
Contributions	
Town	\$ 3,012,062
Total contributions	<u>3,012,062</u>
Investment income	
Net change in fair value of investments	2,943,442
Interest and dividends	763,954
Less investment expense	<u>(156,832)</u>
Net investment income	<u>3,550,564</u>
Total additions	<u>6,562,626</u>
Deductions	
Pension benefits	3,604,559
Termination payments	219,205
Administrative expenses	<u>123,472</u>
Total deductions	<u>3,947,236</u>
Change in net position	2,615,390
Net position, restricted for pension benefits	
Beginning of year	<u>32,717,483</u>
End of year	<u><u>\$ 35,332,873</u></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, 2017

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 five times. The current charter was adopted in 2008. 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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. 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, 2017

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

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

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

The *Parks and Recreation Capital Project Fund* was created to account for grants and donations and expenditures of constructing new parks and recreational facilities.

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, 2017

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

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

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

Investments

In accordance with GASB Statement No. 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.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Cash and Investments – Continued

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, 2017, which are recorded at fair value:

Cash and Equivalents	Rating (Moody's)	Fair Value
Petty cash	N/A	\$ 2,246
Public depository accounts		
Checking	N/A	10,845,527
Money market	N/A	280,505
Total cash and cash equivalents		<u>11,128,278</u>
Investments		
U.S. Government and Agency Obligations		
Less than 1 year maturities	Aaa	3,874,929
1 to 5 year maturities	Aaa	14,028,732
Corporate Bonds		
Less than 1 year maturities	Aaa	4,903,663
1 to 5 year maturities	Aaa	2,610,861
Florida PRIME (S&P Rating)	AAAm	5,034,946
Total investments		<u>30,453,131</u>
Total cash and cash equivalents and investments		<u><u>\$ 41,581,409</u></u>
Amounts as presented on the entity wide statement of net position:		
Cash and cash equivalents		\$ 9,013,880
Investments		30,453,131
Restricted cash and cash equivalents		1,961,235
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Agency Funds		153,163
Total cash and cash equivalents and investments		<u><u>\$ 41,581,409</u></u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, although not formalized, recognizes that the longer a maturity of an investment, the greater its price volatility. The Town limits its investment risk for investments by requiring all investments to have a maximum maturity of five years from the date of purchase.

Fair Value Measurements: The Town has the following recurring fair value measurements, broken into the fair value hierarchy, as of September 30, 2017:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Gov't Obligations	\$ 17,903,661	\$ 17,404,671	\$ 498,990	\$ -
Corporate Bonds	7,514,524	5,008,836	2,505,688	-
Total fixed income securities	25,418,185	22,413,507	3,004,678	-
Money market funds	280,505	280,505	-	-
Investments exempt from level disclosure:				
Florida PRIME	5,034,946	-	-	-
Total investments at fair value level	<u>\$ 30,733,636</u>	<u>\$ 22,694,012</u>	<u>\$ 3,004,678</u>	<u>\$ -</u>

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, 2017

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, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	GMD Assessments Fund	General Obligation Beach Bonds Fund	Beach Nourishment Capital Project Fund	Parks and Recreation Capital Project Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Total
Receivables								
Accounts	\$ 95,780	\$ 17,401,545	\$ -	\$ -	\$ -	\$ -	\$ 994,254	\$ 18,491,579
Due from other governments	256,151	9,245	9,054	5,651,966	198,463	837,983	-	6,962,862
Less allowance for uncollectible receivables	(14,304)	-	-	-	-	-	(359,208)	(373,512)
	<u>\$ 337,627</u>	<u>\$ 17,410,790</u>	<u>\$ 9,054</u>	<u>\$ 5,651,966</u>	<u>\$ 198,463</u>	<u>\$ 837,983</u>	<u>\$ 635,046</u>	<u>\$ 25,080,929</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 \$601,674 and cash collected from water and sewer connection fees in the amount of \$1,359,561.

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, 2017.

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, 2017

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 Discount on Bonds

Amortization of discount 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, 2017

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 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.

The Neighborhoods Undergrounding Capital Projects Fund had a deficit fund balance at year end in the amount of \$1,138,425. This deficit will be reduced upon the approval and levy of additional assessments for the project.

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, 2017

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, 2017. No accrual for the property tax levy becoming due in November of 2017 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 \$637,903 has been accrued for vacation leave and \$239,921 has been accrued for vested accumulated sick leave as described above. A liability for these amounts is reported in governmental funds only when employees were terminated by year-end. The General Fund is the governmental fund where compensated absences are recorded. Non-vested sick leave is recorded when paid.

N. Budgets and Budgetary Data

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

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

1. During the Month of April Citizens Goals and Objectives workshops are held. During the month of May the Town Manager and the department and division directors review the budget documents.
2. On or before June 1st of each year the Town Manager presents the Preliminary Budget.
3. In the month of June public budget workshops are held, and in July the tentative maximum millage is set. County and State agencies are advised.
4. On or before August 1st the Recommended Budget is presented to the Town Commission.
5. At the first Regular Commission meeting in September reading of the budget and millage ordinances takes place. Upon approval of the second reading the budget is legally adopted.
6. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations) is the line item level. Transfers of appropriations between funds and use of unallocated fund balances amend the budget and require approval by the Town Commission. Transfers of appropriations up to \$10,000 between line items within a department or among programs within a department may be approved by the Town Manager. Examples of line items are Wages, Office Supplies, Communications and Capital Outlay. The Town does not currently use program budgeting.
7. All appropriations except for capital expenditures shall lapse to the extent that it has not been expended or encumbered.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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. Certain changes in the net pension liability are recognized as pension 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 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 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 plan before year-end but subsequent to the measurement date of the Town's net pension 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, 2017

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 the this plan.

Actuarial Assumption/Method Changes Since Prior Valuation

Effective June 5, 2016, in accordance with Ordinance 2016-22, the Town Commission provided a lump sum cash out option to active members and prior vested participants who were due a deferred monthly benefit. This benefit applies to general employees, firefighters, and police officers. The mortality assumption was also changed to that mandated by the provisions of Chapter 2015-157, Laws of Florida.

Employee membership data as of September 30, 2017, follows:

	General Employees'	Police Officers'	Fire Fighters'	Total
Number of participants:				
Active	19	6	7	32
Retirees and terminated employees with vested benefits	57	21	39	117
Total	<u>76</u>	<u>27</u>	<u>46</u>	<u>149</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, 2017

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, 2017

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, 2017, the annual money-weighted rate of return on the Town's pension plan investments, net of pension plan investment expense, was 11.15%. 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, 2017, 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		\$ 5,132,316	\$ 786,783	\$ 3,162,386	\$ 1,183,147	\$ -
Corporate obligations		BBB+	726,732	-	391,900	334,832	-
Corporate obligations		BBB	724,297	-	180,681	543,616	-
Corporate obligations		AAA	131,182	-	131,182	-	-
Corporate obligations		AA+	139,734	-	-	139,734	-
Corporate obligations		AA-	379,364	-	130,900	248,464	-
Corporate obligations		A+	361,750	-	361,750	-	-
Corporate obligations		A-	979,719	-	464,560	515,159	-
Corporate obligations		A	843,984	-	376,344	467,640	-
Corporate obligations		AA	103,566	-	-	103,566	-
			9,522,644	<u>\$ 786,783</u>	<u>\$ 5,199,703</u>	<u>\$ 3,536,158</u>	<u>\$ -</u>
Equity investments	Not rated		24,792,304				
Commingled real estate	Not rated		642,450				
Total investments			<u>\$ 34,957,398</u>				

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017:

Investment	Fair Value Hierarchy			
	Fair Value	Level 1	Level 2	Level 3
Fixed income securities:				
U.S. Gov't and agency securities	\$ 5,132,316	\$ -	\$ 5,132,316	\$ -
Corporate Bonds	4,390,328	-	4,390,328	-
Total fixed income securities	9,522,644	-	9,522,644	-
Commingled real estate funds	642,450	-	-	642,450
Equity investments:				
Common stock - domestic	7,030,832	6,929,224	-	101,608
Common stock - foreign	5,030,862	5,030,862	-	-
Mutual funds	12,730,610	12,730,610	-	-
Total equity investments	24,792,304	24,690,696	-	101,608
Total investments at fair value level	<u>\$ 34,957,398</u>	<u>\$ 24,690,696</u>	<u>\$ 9,522,644</u>	<u>\$ 744,058</u>

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). The real estate funds classified in Level 3 are valued using discounted cash flow techniques.

Deferred Retirement Option Program (DROP) - The Town has a DROP for the Police members of the plan. A participant may join when he/she has satisfied normal retirement requirements. New drop participants are not permitted after February 1, 2014. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include: (a) actual net rate of investment return credited for each fiscal quarter, or (b) a fixed rate money market account. The DROP balance as of September 30, 2017, is \$0.

The Town has a DROP for the Fire Fighter members of the plan. A participant may join when he/she has satisfied normal retirement requirements. New DROP participants are not permitted after September 30, 2013. Participation in the DROP cannot exceed 36 months. DROP benefits at the participant's election include: (a) actual net rate of investment return credited for each fiscal quarter, or (b) a fixed rate money market account. The DROP balance as of September 30, 2017, is \$0.

The Town has a DROP for the General Employee members of the plan. A participant may join within 12 months following satisfaction of normal retirement requirements. New DROP participants are not allowed after September 30, 2013. Participation in the DROP cannot exceed 60 months. DROP benefits at the participant's election (may change once during the DROP period) include: (a) actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), or (b) 6.5% fixed rate. Earnings are credited each fiscal quarter. The DROP balance as of September 30, 2017, is \$419,265.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability of the Town – Continued

The Town's net pension liability for the plan was measured as of September 30, 2016. The components of the net pension liability of the Town at September 30, 2017, were as follows:

	General Employees'	Police Officers'	Fire Fighters'	Total
Total pension liability	\$ 15,117,159	\$ 12,035,458	\$ 30,617,283	\$ 57,769,900
Plan fiduciary net position	(10,241,392)	(6,636,440)	(15,852,517)	(32,730,349)
Town's net pension liability	<u>\$ 4,875,767</u>	<u>\$ 5,399,018</u>	<u>\$ 14,764,766</u>	<u>\$ 25,039,551</u>
Plan fiduciary net position as a percentage of Total pension liability	67.75%	55.14%	51.78%	56.66%

For the year ended September 30, 2017, the Town recognized pension expense of \$4,092,961 for the plan. At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows related to its pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,102,509	\$ -
Experience differences	76,931	-
Net difference between projected and actual earnings on investments	1,381,930	-
Town pension plan contributions subsequent to the measurement date	3,012,062	-
Total	<u>\$ 5,573,432</u>	<u>\$ -</u>

The deferred outflows of resources related to the Pension Plan, totaling \$3,012,062 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, 2018. 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,	
2018	\$ 1,626,104
2019	446,663
2020	573,755
2021	(85,152)
2022	-
Total	<u>\$ 2,561,370</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, 2017

NOTE 2 – DEFINED BENEFIT PENSION PLANS – CONTINUED

Net Pension Liability of the Town

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2015, with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0%
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, 2017, are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic equity	6.45%
International equity	5.90%
Fixed income	2.15%
Real estate	2.90%
Master limited partnerships	5.10%

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

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEFINED BENEFIT PENSION PLANS – 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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at 9/30/16	\$ 57,642,811	\$ 32,749,715	\$ 24,893,096
Changes for the year:			
Service cost	22,567	-	22,567
Interest on total pension liability	3,790,450	-	3,790,450
Changes of benefit terms	(686,452)	-	(686,452)
Differences between expected and actual experience	(206,405)	-	(206,405)
Change in assumptions	2,859,004	-	2,859,004
Benefit payments, including refunds of employee contributions	(5,652,075)	(5,652,075)	-
Contributions - employer	-	3,119,832	(3,119,832)
Net investment income	-	2,625,672	(2,625,672)
Administrative expenses	-	(112,795)	112,795
Net change	<u>127,089</u>	<u>(19,366)</u>	<u>146,455</u>
Balances at 9/30/17	<u><u>\$ 57,769,900</u></u>	<u><u>\$ 32,730,349</u></u>	<u><u>\$ 25,039,551</u></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, 2016, 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:	\$ 5,882,120	\$ 4,875,767	\$ 3,671,171
Police Officers:	6,646,850	5,399,018	4,255,998
Fire Fighters:	18,215,380	14,764,766	9,173,946
Consolidated Total:	<u><u>\$ 30,744,350</u></u>	<u><u>\$ 25,039,551</u></u>	<u><u>\$ 17,101,115</u></u>

The following presents the net pension liabilities of the Town using the measurement date of September 30, 2017:

	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><u>\$ 30,594,462</u></u>	<u><u>\$ 23,544,798</u></u>	<u><u>\$ 17,714,230</u></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, 2017, and the current sharing pattern of costs between employer and employee.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 – DEFINED BENEFIT PENSION PLANS - CONTINUED

The assumptions used in the October 1, 2015, actuarial valuation are as follows.

Valuation date	10/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage - closed
Remaining amortization period	27 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.

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, 2017

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 three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. 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, 2017

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, 2016 through June 30, 2017, and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular–7.52% and 7.92%; Special Risk Administrative Support–28.06% and 34.63%; Special Risk–22.57% and 23.27%; Senior Management Service–21.77% and 22.71%; Elected Officers’–42.47% and 45.50%; and DROP participants–12.99% and 13.26%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2016 through September 30, 2017.

The Town’s contributions, including employee contributions, to the Pension Plan totaled \$454,831 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2017, the Town reported a liability of \$5,168,012 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Town’s proportionate share of the net pension liability was based on the Town’s 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the Town’s proportionate share was 0.01747%, which was a small decrease from its proportionate share measured as of June 30, 2016 (0.01764%).

For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$1,312,433. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 474,299	\$ 28,628
Change of assumptions	1,736,817	-
Net difference between projected and actual earnings on Pension Plan investments	-	127,634
Changes in proportion and differences between Town Pension Plan contributions and proportionate share of contributions	1,287,513	22,074
Town Pension Plan contributions subsequent to the measurement date	105,466	-
Total	<u>\$ 3,604,095</u>	<u>\$ 178,336</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED

The deferred outflows of resources related to the Pension Plan, totaling \$105,466 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Florida Retirement System – Pension Plan (Continued):

Fiscal Year Ending September 30:	Amount
2018	\$ 433,383
2019	1,151,902
2020	805,411
2021	164,564
2022	556,592
Thereafter	208,441

Actuarial Assumptions – The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 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 ⁽¹⁾	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.70%
Fixed income	18.00%	4.70%	4.60%	4.60%
Global equity	53.00%	8.10%	6.80%	17.20%
Real estate	10.00%	6.40%	5.80%	12.00%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	11.10%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

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

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 7.10%. The Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town’s Proportionate Share of the Net Position 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 7.10%, 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 (6.10%) or one percentage point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Town's proportionate share of the net pension liability	\$ 9,353,789	\$ 5,168,012	\$ 1,692,858

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

Payables to the Pension Plan – At September 30, 2017, the Town reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

HIS Plan

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

Benefits Provided – For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution for the period October 1, 2016 through June 30, 2017, and from July 1, 2017 through September 30, 2017, was 1.66%, respectively. 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, 2017

NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED

Florida Retirement System – HIS Plan (Continued):

The Town’s contributions to the HIS Plan totaled \$82,622 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2017, the Town reported a liability of \$796,158 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Town’s proportionate share of the net pension liability was based on the Town’s 2016-17 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2017, the Town’s proportionate share was 0.00744%, which was a small increase from its proportionate share (0.00742) measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the Town recognized pension expense of \$152,260. In addition the Town reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,658
Change of assumptions	111,912	68,845
Net difference between projected and actual earnings on HIS Plan investments	-	-
Changes in proportion and differences between Town HIS Plan contributions and proportionate share of contributions	340,762	-
Town HIS Plan contributions subsequent to the measurement date	8,761	-
Total	<u>\$ 461,435</u>	<u>\$ 70,503</u>

The deferred outflows of resources related to the HIS Plan, totaling \$8,761 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30:	Amount
2018	\$ 119,138
2019	118,375
2020	118,009
2021	88,473
2022	34,890
Thereafter	(96,714)

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – OTHER EMPLOYEES’ PENSION PLANS – CONTINUED

Florida Retirement System – HIS Plan (Continued):

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

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.58%

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

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

Discount Rate – The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Position 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 3.58%, 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 (2.58%) or one percentage point higher (4.58%) than the current rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Town's proportionate share of the net pension liability	\$ 908,521	\$ 796,158	\$ 702,565

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, 2017, 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, 2017.

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, 2017

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 during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the 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	\$ 25,039,551	\$ 5,168,012	\$ 796,158	\$ 31,003,721
Deferred outflows of resources	5,573,432	3,604,095	461,435	9,638,962
Deferred inflows of resources	-	178,336	70,503	248,839
Pension expense/expenditure	4,092,961	1,312,433	152,260	5,557,654

TOWN OF LONGBOAT KEY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 4 – CAPITAL ASSETS

	Balance October 1	Increases	Decreases	Transfers	Balance September 30
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 25,288,974	\$ 2,213,413	\$ -	\$ -	\$ 27,502,387
Construction in progress	5,580,528	7,846,030	(82,431)	(10,816,250)	2,527,877
Total capital assets, not being depreciated	30,869,502	10,059,443	(82,431)	(10,816,250)	30,030,264
Capital assets, being depreciated					
Buildings	9,640,574	78,894	-	-	9,719,468
Streets and roadways	6,720,399	-	-	-	6,720,399
Improvements other than buildings	65,913,989	443,278	(20,797,363)	10,233,255	55,793,159
Vehicles and other equipment	6,465,649	401,581	(18,505)	582,995	7,431,720
Total capital assets, being depreciated	88,740,611	923,753	(20,815,868)	10,816,250	79,664,746
Less accumulated depreciation for					
Buildings	(4,819,305)	(286,482)	-	-	(5,105,787)
Streets and roadways	(5,100,637)	(183,153)	-	-	(5,283,790)
Improvements other than buildings	(44,948,429)	(4,213,135)	19,561,716	-	(29,599,848)
Vehicles and other equipment	(4,158,577)	(607,440)	18,505	-	(4,747,512)
Total accumulated depreciation	(59,026,948)	(5,290,210)	19,580,221	-	(44,736,937)
Total capital assets, being depreciated, net	29,713,663	(4,366,457)	(1,235,647)	10,816,250	34,927,809
Governmental activities capital assets, net	\$ 60,583,165	\$ 5,692,986	\$ (1,318,078)	\$ -	\$ 64,958,073
	Balance October 1	Increases	Decreases	Transfers	Balance September 30
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 1,794,235	\$ -	\$ -	\$ -	\$ 1,794,235
Construction in progress	579,923	391,850	-	(246,435)	725,338
Total capital assets, not being depreciated	2,374,158	391,850	-	(246,435)	2,519,573
Capital assets, being depreciated					
Buildings	1,983,464	10,024	-	18,160	2,011,648
Improvements other than buildings	38,768,679	551,925	-	-	39,320,604
Vehicles and other equipment	3,068,729	124,459	(52,915)	228,275	3,368,548
Total capital assets, being depreciated	43,820,872	686,408	(52,915)	246,435	44,700,800
Less accumulated depreciation for					
Buildings	(1,817,714)	(23,409)	-	-	(1,841,123)
Improvements other than buildings	(15,247,994)	(1,475,991)	-	-	(16,723,985)
Vehicles and other equipment	(1,219,425)	(273,996)	52,915	-	(1,440,506)
Total accumulated depreciation	(18,285,133)	(1,773,396)	52,915	-	(20,005,614)
Total capital assets, being depreciated, net	25,535,739	(1,086,988)	-	246,435	24,695,186
Business-type activities capital assets, net	\$ 27,909,897	\$ (695,138)	\$ -	\$ -	\$ 27,214,759

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 – CAPITAL ASSETS – CONTINUED

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

Governmental Activities

General government	\$ 220,154
Public safety	615,469
Transportation	231,068
Culture and recreation	4,223,519
Total depreciation expense, governmental activities	<u>\$ 5,290,210</u>

Business-type activities

Water and sewer	\$ 1,759,151
Building department	14,245
Total depreciation expense, business-type activities	<u>\$ 1,773,396</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, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 11,810,908	\$ -	\$ (2,877,893)	\$ 8,933,015	\$ 2,924,866
Net OPEB obligation	351,521	135,707	(87,801)	399,427	-
Compensated absences	626,590	646,321	(448,562)	824,349	618,262
Net pension liability	28,985,361	8,627,039	(7,080,427)	30,531,973	-
Total governmental activities	<u>\$ 41,774,380</u>	<u>\$ 9,409,067</u>	<u>\$ (10,494,683)</u>	<u>\$ 40,688,764</u>	<u>\$ 3,543,128</u>
Business-type activities					
General obligation notes	\$ 7,488,264	\$ -	\$ (395,248)	\$ 7,093,016	\$ 415,280
Notes payable	3,615,830	-	(205,013)	3,410,817	210,837
Compensated absences	47,361	86,445	(80,331)	53,475	53,475
Net pension liability	1,226,837	149,862	(904,951)	471,748	-
Total business-type activities	<u>\$ 12,378,292</u>	<u>\$ 236,307</u>	<u>\$ (1,585,543)</u>	<u>\$ 11,029,056</u>	<u>\$ 679,592</u>

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

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 – LONG TERM DEBT – CONTINUED

Long-term debt payable as of September 30, 2017, 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. \$ 825,000

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. 2,453,300

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. 4,639,716

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. 8,108,015
Total bonds payable \$ 16,026,031

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. \$ 3,410,817
Total notes payable \$ 3,410,817

The annual debt service payments required on outstanding debt at September 30, 2017, are as follows:

Fiscal Year	General Obligation - 2010 Bank Loan			General Obligation - Series 2009		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 270,000	\$ 14,973	\$ 284,973	\$ 394,200	\$ 117,322	\$ 511,522
2019	275,000	9,059	284,059	414,700	96,291	510,991
2020	280,000	3,038	283,038	436,300	74,165	510,465
2021	-	-	-	459,000	50,887	509,887
2022	-	-	-	482,900	26,398	509,298
2023-2027	-	-	-	266,200	6,921	273,121
2028-2031	-	-	-	-	-	-
	<u><u>\$ 825,000</u></u>	<u><u>\$ 27,070</u></u>	<u><u>\$ 852,070</u></u>	<u><u>\$ 2,453,300</u></u>	<u><u>\$ 371,984</u></u>	<u><u>\$ 2,825,284</u></u>

TOWN OF LONGBOAT KEY, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 5 – LONG TERM DEBT – CONTINUED

The annual debt service payments required on outstanding debt at September 30, 2017, are as follows (continued):

Fiscal Year	General Obligation - Series 2014			General Obligation - 2016 Bank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 21,080	\$ 143,042	\$ 164,122	\$ 2,654,866	\$ 145,133	\$ 2,799,999
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	-	-	-
2023-2027	2,589,719	521,625	3,111,344	-	-	-
2028-2031	1,937,878	91,037	2,028,915	-	-	-
	<u>\$ 4,639,716</u>	<u>\$ 1,321,048</u>	<u>\$ 5,960,764</u>	<u>\$ 8,108,015</u>	<u>\$ 291,983</u>	<u>\$ 8,399,998</u>

Fiscal Year	State Revolving Fund Loans			Total		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 210,837	\$ 94,709	\$ 305,546	\$ 3,550,983	\$ 515,179	\$ 4,066,162
2019	216,824	88,722	305,546	3,630,644	434,063	4,064,707
2020	222,982	82,564	305,546	3,712,446	350,704	4,063,150
2021	229,314	76,232	305,546	711,409	268,114	979,523
2022	235,826	69,719	305,545	742,535	236,388	978,923
2023-2027	1,283,475	244,253	1,527,728	4,139,394	772,799	4,912,193
2028-2031	1,011,559	57,851	1,069,410	2,949,437	148,888	3,098,325
	<u>\$ 3,410,817</u>	<u>\$ 714,050</u>	<u>\$ 4,124,867</u>	<u>\$ 19,436,848</u>	<u>\$ 2,726,135</u>	<u>\$ 22,162,983</u>

Authorized but Unissued Debt

The total of authorized but unissued bonds at September 30, 2017, is \$62,230,426.

Project	Bonding Authorization	Previously Bonded	Authorized But Unissued
Water and Wastewater Improvement Projects	\$ 27,000,000	\$ 13,869,574	\$ 13,130,426
GMD Utility Undergrounding	25,250,000	-	25,250,000
Neighborhood Utility Undergrounding	23,850,000	-	23,850,000
			<u>\$ 62,230,426</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. 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.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 – RESTRICTIONS ON NET POSITION/FUND BALANCES

The net position of the Water and Sewer Fund is restricted in the amount of \$601,674 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 \$1,359,561 representing the balance of water and sewer connection fees and related investment earnings collected for further capital additions or payments on bonds related to the water and sewer system. Management of the Town has chosen to reflect these as restrictions of net position, as appropriate for the fund types involved. Governmental fund balances are classified as follows:

General Fund		
Nonspendable:	Inventory	\$ 5,380
	Prepaid items	8,102
Assigned:	Offset future pension costs	1,310,075
	2018 budget	338,178
	Encumbrances	304,894
Unassigned		5,302,772
Total General Fund fund balance		<u>\$ 7,269,401</u>
GMD Assessments Fund		
Restricted:	Undergrounding special assessments costs	<u>\$ 100,427</u>
G.O. Beach Bonds Fund		
Restricted:	Debt service	<u>\$ 169,601</u>
Beach Nourishment Capital Project Fund		
Restricted:	Beach nourishment and projects	\$ 4,094,926
Assigned:	Encumbrances	572,400
Total Beach Nourishment Capital Project Fund fund balance		<u>\$ 4,667,326</u>
GMD Undergrounding Capital Project Fund		
Nonspendable:	Prepaid items	\$ 2,817
Restricted:	Undergrounding capital projects	16,788
Total GMD Undergrounding Capital Project Fund		<u>\$ 19,605</u>
Parks and Recreation Capital Project Fund		
Assigned:	Parks and Recreation capital projects	<u>\$ 396,512</u>
Nonmajor Governmental Funds		
Nonspendable:	Inventory	\$ 68,837
Restricted:	Infrastructure Surtax	699,505
	Tourist Development Tax	744,989
	Highway maintenance and road improvements	1,185,595
	Tree Replacement	46,988
	Police Training	40,007
	Law Enforcement	185,117
	General Obligation Facility Bonds	292,982
	Streets Capital Projects	631,913
	Land Acquisition Fees	646,271
	Canal Dredging	442,463
Assigned:	Infrastructure Surtax - encumbrances	378,052
	Streets Capital Projects - encumbrances	108,995
	Canal Dredging - encumbrances	45,717
Unassigned:	Tennis Center	(2,905)
	Neighborhoods Undergrounding	(1,138,425)
Total Nonmajor Governmental Funds fund balance		<u>\$ 4,376,101</u>
Total governmental funds fund balance		<u>\$ 16,998,973</u>

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

The Town has interfund balances classified as due to/from other funds between the Town's General Fund and the Tourist Development Tax Fund (\$19,052) and Neighborhoods Undergrounding Fund (\$836,690). These balances are anticipated to be repaid fully during 2018.

The composition of interfund transfers for the year ended September 30, 2017, is as follows:

	Transfers In				
	General Fund	Beach Nourishment	Parks and Recreation	Non Major Governmental	Total Transfers
Transfers Out					
(1) Water and Sewer Fund	\$ 930,000	\$ -	\$ -	\$ -	\$ 930,000
(2) Building Department Fund	420,500	-	-	-	420,500
(3) G.O. Beach Bonds Fund	-	2,911,304	-	-	2,911,304
Beach Nourishment	-	-	350,000 ⁽⁶⁾	-	350,000
Non Major Governmental Funds	600,000 ⁽⁴⁾	582,424 ⁽⁵⁾	300,000 ⁽⁶⁾	450,000 ⁽⁴⁾	1,932,424
Total Transfers	<u>\$ 1,950,500</u>	<u>\$ 3,493,728</u>	<u>\$ 650,000</u>	<u>\$ 450,000</u>	<u>\$ 6,544,228</u>

(1) Administration fees transferred to General Fund from Water and Sewer Enterprise Fund.

(2) Administration fees transferred to General Fund from Building Enterprise Fund.

(3) Transfer property taxes from GO Beach Bond Fund for beach renourishment.

(4) Transfer of gas tax funds to the General Fund and Streets Capital Project Fund for street related capital projects.

(5) Transfer of Tourist Development Taxes to fund Beach Renounishment Projects.

(6) Transfer of \$350,000 of Infrastructure Surtax and funds from Beach Nourishment to Parks and Recreation for the Bayfront Park development costs.

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 \$3.1 million of which \$2.0 million is for governmental activities and \$1.1 million is for business-type activities.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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

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

Membership in the plan consisted of the following at September 30, 2017:

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 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, 2017

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.

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

Funding Interest Rate:	4.5%
Health Care Inflation:	Pre-Medicare and Post-Medicare: 6.0% in fiscal 2016; (grading down to 0.5% per year to 4.5% in fiscal 2019)
Payroll Growth	2.0%
Inflation Assumption	3.0%
Amortization of UAAL	Level Percentage of Payroll (Closed Amortization over 30 Years)

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

Employee Contribution Information

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

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

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

Valuation Date	10/1/2013	10/1/2016
Applicable for Fiscal Year Ending	9/30/2016	9/30/2017
Annual required contribution (ARC)	\$ 154,515	\$ 138,737
Interest on the Net OPEB Obligation	13,593	14,060
Adjustment to the ARC	(15,364)	(17,090)
Total Annual OPEB Cost	152,744	135,707
Estimated Employer Contributions	(103,290)	(87,801)
Increase in the Net OPEB Obligation	49,454	47,906
Net OPEB Obligation (beginning of year)	302,067	351,521
Net OPEB Obligation (end of year)	<u>\$ 351,521</u>	<u>\$ 399,427</u>
Funded status as of:	10/1/2013	10/1/2016
Actuarial Accrued Liability (AAL)	\$ 1,523,000	\$ 1,316,401
Actuarial Value of Assets (AVA)	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,523,000</u>	<u>\$ 1,316,401</u>
Funded ratio	0.0%	0.0%
Covered Payroll	\$ 6,356,552	\$ 6,964,293
Ratio of UAAL to Covered Payroll	<u>24.0%</u>	<u>18.9%</u>

Three Year Trend Information

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2017	\$ 135,707	64.7%	\$ 399,427
9/30/2016	152,744	67.6%	351,521
9/30/2015	145,529	66.7%	302,067

As of the most recent valuation date, October 1, 2016, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2016	\$ -	\$ 1,316,401	\$ 1,316,401	0.00%	\$ 6,964,293	18.9%

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Calculations are based on the substantive plan in effect as of October 1, 2016.

NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Town had no significant amounts of expenditures in excess of appropriations as of September 30, 2017.

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, 2017 and 2016, were \$638,449 and \$616,430, respectively.

TOWN OF LONGBOAT KEY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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 (5) 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 2017.

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 – SUBSEQUENT EVENTS

On November 6, 2017, the Town Commission approved Ordinance 2017-18, authorizing the issuance of General Obligation Bonds, not to exceed \$5,895,000, maturing not beyond 25 years, to finance the renovation of the North Fire Station and rebuild a new South Fire Station. The Ordinance also called for a bond referendum of all qualified electors, to be held on March 20, 2018.

On December 4, 2017, the Town Commission adopted Resolution 2017-20, the Final Assessment Resolution for the Neighborhood Undergrounding Project. The Resolution ratifies the Initial Assessment Resolution adopted on November 13, 2017, proposing the construction and funding of the Neighborhood Undergrounding improvements, the Feeder Facilities Improvements, the Fiber Optics Improvements and the On Site improvements comprising the neighborhood project, estimated at \$23,850,000. The Resolution describes the method of assessing the cost of such improvements against real property that will be specifically benefited by the project and approves the assessment roll, which shall constitute a lien against the assessed property. Following a bond validation, the Town will proceed to file a formal Notice of Assessment and begin construction.

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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, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes				
Ad Valorem Taxes/Sarasota County	\$ 7,957,891	\$ 7,957,891	\$ 7,988,905	\$ 31,014
Ad Valorem Taxes/Manatee County	3,181,202	3,181,202	3,192,108	10,906
	<u>11,139,093</u>	<u>11,139,093</u>	<u>11,181,013</u>	<u>41,920</u>
Other Taxes				
Local Business Tax	152,000	152,000	157,626	5,626
	<u>152,000</u>	<u>152,000</u>	<u>157,626</u>	<u>5,626</u>
Licenses and Permits				
Mobile Home Licenses	600	600	1,021	421
Fire Prevention Inspection Fees	9,000	9,000	2,597	(6,403)
Alcoholic Beverage Licenses	10,000	10,000	9,341	(659)
Boat Registration/Sarasota Cnty	3,600	3,600	3,790	190
Permits/Sign	8,000	8,000	4,515	(3,485)
Permits/Special Events	-	-	1,800	1,800
Permits/Misc	1,700	1,700	1,689	(11)
	<u>32,900</u>	<u>32,900</u>	<u>24,753</u>	<u>(8,147)</u>
Intergovernmental				
St Rev Sharing/Sales Tax	134,000	134,000	141,335	7,335
St Rev Sharing/Comm Tax	562,000	562,000	619,668	57,668
Local Govt 1/2 Cent Sales Tax	560,000	560,000	588,662	28,662
	<u>1,256,000</u>	<u>1,256,000</u>	<u>1,349,665</u>	<u>93,665</u>
Charges for services				
Firefighters Supplemental Comp	17,980	17,980	15,116	(2,864)
Staff Review Fees	-	-	1,925	1,925
Zoning Fees/Petitions	18,000	18,000	29,607	11,607
Lien search fees	17,000	17,000	16,135	(865)
Union administration fee	150	150	-	(150)
Fire Inspection Fees	24,000	24,000	12,525	(11,475)
Fire Prevention Inspection Fees	-	-	10,851	10,851
Emergency Medical Service Fees	230,000	230,000	262,795	32,795
Rec Ctr/Registrations/Fees	10,000	10,000	7,671	(2,329)
Rec Ctr/Memberships	3,200	3,200	2,229	(971)
	<u>320,330</u>	<u>320,330</u>	<u>358,854</u>	<u>38,524</u>
Franchise fees				
Franchise Fees/Electricity	880,000	880,000	900,983	20,983
Franchise Fees/Gas	50,000	50,000	51,819	1,819
Franchise Fees/Solid Waste	14,000	14,000	15,355	1,355
	<u>944,000</u>	<u>944,000</u>	<u>968,157</u>	<u>24,157</u>
Fines and forfeitures				
Court Fines/Sarasota County	1,500	1,500	1,420	(80)
Court Fines/Manatee County	1,800	1,800	2,340	540
Violations/Fire Alarm Ordinance	2,000	2,000	1,050	(950)
Violations/Handicap Fines	250	250	-	(250)
Violations/Local Ordinances Misc	1,000	1,000	38,000	37,000
Other Fines/Police Parking Fines	4,000	4,000	16,430	12,430
	<u>10,550</u>	<u>10,550</u>	<u>59,240</u>	<u>48,690</u>

(Continued)

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, 2017**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues (continued)				
Grant revenues				
Fed Grants/FEMA	\$ -	\$ -	\$ 9,859	\$ 9,859
State Grants/FEMA	-	-	1,347	1,347
Other Grants/WCIND Police Patrol	80,000	80,000	71,300	(8,700)
Other Grants/WCIND - Fire Equipment	11,738	11,738	11,146	(592)
Other Grants/Public Safety	-	-	708	708
State Grants/Florida Fish and Wildlife	-	-	3,900	3,900
	<u>91,738</u>	<u>91,738</u>	<u>98,260</u>	<u>6,522</u>
Investment earnings				
Interest On Investments	25,000	25,000	54,603	29,603
Interest/Sarasota Tax Collector	500	500	588	88
Interest/Manatee Tax Collector	-	-	239	239
	<u>25,500</u>	<u>25,500</u>	<u>55,430</u>	<u>29,930</u>
Miscellaneous revenues				
Copies/Maps/Ordinances/Etc	700	700	2,649	1,949
Refund Of Prior Year Expenditures	200	200	-	(200)
Misc Rev/Workers Comp Reimburse	-	-	524	524
Misc Rev/Police Dept	400	400	265	(135)
Misc Rev/Other	5,000	5,000	1,909	(3,091)
Misc Rev/Rec Ctr/Vending Machine	350	350	159	(191)
Misc Rev/Rec Ctr Rental	2,000	2,000	575	(1,425)
Misc Rev/P-Card Rebate	15,000	15,000	14,475	(525)
Misc Rev/Recycling Rebate	5,500	5,500	7,984	2,484
	<u>29,150</u>	<u>29,150</u>	<u>28,540</u>	<u>(610)</u>
Other financing sources				
Transfer from Road and Bridge Fund	600,000	600,000	600,000	-
Transfer from Water & Sewer Fund	930,000	930,000	930,000	-
Transfer from Building Department Fund	420,500	420,500	420,500	-
Sale of Fixed Assets	35,000	35,000	4,845	(30,155)
Sale of Surplus Minor Equipment	1,500	1,500	4,759	3,259
Prior Year Surplus	-	638,913	-	(638,913)
	<u>1,987,000</u>	<u>2,625,913</u>	<u>1,960,104</u>	<u>(665,809)</u>
Total revenues	<u>\$ 15,988,261</u>	<u>\$ 16,627,174</u>	<u>\$ 16,241,642</u>	<u>\$ (385,532)</u>
Expenditures:				
Current				
General government				
Legislative				
Town Commission				
Travel/Conference/Training	\$ 6,466	\$ 8,466	\$ 7,620	\$ 846
Communications	5,644	5,644	5,578	66
Postage and Freight	737	737	498	239
Rental/Building	579	579	462	117
Printing and Forms	424	116	-	116
Duplication Costs	2,000	-	-	-
Miscellaneous	3,403	3,711	3,710	1
Office Supplies	2,869	2,869	1,706	1,163
Bks/Publications/Subscrip/Memb Dues	1,400	1,400	1,271	129
Total Town Commission	<u>23,522</u>	<u>23,522</u>	<u>20,845</u>	<u>2,677</u>

(Continued)

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, 2017

Expenditures (continued):	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Executive				
Town Manager				
Wages/Executive	\$ 295,006	\$ 281,359	\$ 281,359	\$ -
Wages/Regular	95,627	85,029	83,533	1,496
Wages/Severance	-	26,540	26,539	1
Wages/Temporary	1,250	1,250	-	1,250
Fica Taxes	25,241	26,854	26,853	1
Pension	8,191	8,193	8,193	-
Town Contrib Salary Savings/401K	2,506	2,506	2,506	-
Town Contrib Def Comp/ICMA 401-A	63,806	61,511	61,511	-
Insurance/Medical	36,584	36,584	34,671	1,913
Insurance/Disability	2,309	2,309	2,092	217
Insurance/Life	3,389	3,986	3,986	-
Workers Compensation	722	731	730	1
Travel/Conference/Training	6,513	3,913	3,856	57
Communications	3,200	3,641	3,641	-
Cell phone allowance	900	935	935	-
Postage and Freight	85	104	103	1
Rental/Building	206	236	236	-
Printing and Forms	247	247	-	247
Miscellaneous	53	326	325	1
Office Supplies	1,105	1,105	744	361
Fuel and Oil	509	509	-	509
Minor Equipment	-	444	443	1
Bks/Publications/Subscrip/Memb Dues	5,200	4,337	2,473	1,864
Total Town Manager	552,649	552,649	544,729	7,920
Town Clerk				
Wages/Executive	96,705	97,515	97,515	-
Wages/Regular	104,328	96,728	96,692	36
Wages/Temporary	3,000	7,473	6,306	1,167
Wages/Pollworkers	9,000	9,000	6,102	2,898
Wages/Overtime	750	750	426	324
Fica Taxes	16,354	16,354	15,224	1,130
Pension	29,503	29,504	29,503	1
Town Contrib Salary Savings/401-K	4,759	4,759	4,712	47
Town Contrib Def Comp/ICMA 401-A	20,296	20,961	20,961	-
Insurance/Medical	14,588	14,667	14,667	-
Insurance/ Disability	932	932	868	64
Insurance/Life	705	793	792	1
Workers Compensation	396	401	400	1
Professional Services/Other	20,000	20,000	16,707	3,293
Travel/Conference/Training	3,817	3,738	2,748	990
Communications	2,286	2,286	1,926	360
Postage and Freight	2,490	2,490	1,602	888
Rental/Building	650	650	-	650
Repair and maintenance - Other Equipment	548	548	340	208
Printing and Forms	7,000	3,540	891	2,649
Duplication Costs	550	550	-	550
Advertising	38,540	43,021	43,021	-
Misc Operating Supplies	755	755	604	151
Small Tools and Minor Equipment	500	500	-	500
Bks/Pubs/Subscrip/Memb Dues	675	1,212	1,212	-
Total Town Clerk	379,127	379,127	363,219	15,908

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Financial and administrative				
Finance Department				
Wages/Executive	\$ 104,505	\$ 104,609	\$ 104,609	\$ -
Wages/Regular	320,522	310,052	310,023	29
Fica Taxes	32,515	32,515	30,872	1,643
Pension	96,126	96,126	96,124	2
Town Contrib Salary Savings/401-K	6,560	6,560	3,555	3,005
Town Contrib Def Comp/ICMA 401-A	44,642	44,642	44,622	20
Insurance/Medical	62,801	62,801	58,375	4,426
Insurance/Disability	2,548	2,548	2,233	315
Insurance/Life	1,933	2,037	2,037	-
Workers Compensation	794	803	803	-
Professional Services/Other	500	523	523	-
Travel/Conference/Training	4,500	5,200	4,060	1,140
Communications	2,000	2,000	1,666	334
Cell phone allowance	2,100	2,366	2,366	-
Insurance opt out allowance	1,000	1,039	1,038	1
Postage and Freight	1,500	1,500	1,132	368
Rental/Building	1,126	1,126	612	514
Printing and Forms	546	546	428	118
Miscellaneous	69	69	32	37
Advertising	900	295	-	295
Office Supplies	1,000	1,000	986	14
Small Tools and Minor Equipment	-	2,060	2,060	-
Bks/Publications/Subscrip/Memb Dues	1,046	1,046	771	275
Total Finance Department	689,233	681,463	668,927	12,536
Human Resources				
Wages/Regular	78,208	78,357	78,356	1
Fica Taxes	5,983	5,960	5,748	212
Pension	15,603	15,606	15,605	1
Town Contrib Salary Savings/401-K	2,346	2,347	2,346	1
Town Contrib Def Comp/ICMA 401-A	12,513	12,514	12,513	1
Insurance/Medical	17,154	17,177	17,177	-
Insurance/Disability	477	477	438	39
Insurance/Life	362	402	402	-
Workers Compensation	149	151	151	-
Prof Service/Other	26,500	25,804	16,446	9,358
Travel/Conference/Training	531	2,231	2,230	1
Car Allowance	554	554	-	554
Communications	2,047	2,047	1,019	1,028
Postage and Freight	241	241	151	90
Rental/Building	242	242	-	242
Printing and Forms	132	132	-	132
Miscellaneous	322	322	220	102
Advertising	1,794	1,794	1,693	101
Office Supplies	766	766	439	327
Bks/Publications/Subscrip/Memb Dues	350	350	199	151
Total Human Resources	166,274	167,474	155,133	12,341

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Public Works				
Wages/Executive	\$ 121,256	\$ 123,261	\$ 123,260	\$ 1
Wages/Regular	230,104	234,229	234,229	-
Wages/Overtime	-	213	212	1
Fica Taxes	26,708	27,205	27,205	-
Pension	59,451	59,451	59,448	3
Town Contrib Salary Savings/401-K	10,541	8,152	8,151	1
Town Contrib Def Comp/ICMA 401-A	38,478	39,636	39,635	1
Insurance/Medical	41,703	41,291	41,291	-
Insurance/Disability	2,058	1,886	1,886	-
Insurance/Life	1,553	1,723	1,722	1
Insurance Opt Out Allowance	-	77	77	-
Workers Compensation	4,052	4,098	4,097	1
Professional Services/Other	20,000	24,948	24,947	1
Travel/Conference/Training	2,136	183	162	21
Communications	1,076	1,830	1,829	1
Cell phone allowance	3,000	3,059	3,058	1
Postage and Freight	4,754	778	778	-
Rental/Building	415	415	349	66
Rental/Equipment	2,962	2,754	2,715	39
Repair and maintenance - Automotive Equipment	2,578	528	527	1
Repair and maintenance - Other Equipment	450	450	402	48
Printing and Forms	169	169	80	89
Duplication Costs	1,639	1,244	1,244	-
Miscellaneous	200	524	524	-
Advertising	250	968	967	1
Office Supplies	737	1,019	1,019	-
Uniforms	-	132	131	1
Fuel and Oil	3,966	1,766	1,764	2
Bks/Publications/Subscrip/Memb Dues	1,070	823	823	-
Total Public Works	<u>581,306</u>	<u>582,812</u>	<u>582,532</u>	<u>280</u>
Legal counsel				
Town Attorney				
Contractual Services/Legal	250,000	250,000	229,507	20,493
Prof Services/Purchasing	36,000	36,000	1,826	34,174
Other Attorneys	70,000	70,000	48,466	21,534
Town Attorney/Litigation	61,000	61,000	53,258	7,742
Total Town Attorney	<u>417,000</u>	<u>417,000</u>	<u>333,057</u>	<u>83,943</u>
Comprehensive planning				
Planning & Zoning				
Wages/Executive	93,954	95,761	95,760	1
Wages/Regular	191,398	195,598	195,598	-
Wages/Temporary	1,000	-	-	-
Fica Taxes	21,906	21,906	21,373	533
Pension	54,758	54,758	54,757	1
Town Contrib Salary Savings/401-K	6,165	5,050	5,050	-
Town Contrib Def Comp/ICMA 401-A	33,665	33,665	33,104	561
Insurance/Medical	46,637	56,009	56,009	-
Insurance/Disability	1,836	1,836	1,689	147
Insurance/Life	1,383	1,553	1,552	1
Workers Compensation	574	581	580	1

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Professional Services/Other	\$ 100,000	\$ 184,289	\$ 111,691	\$ 72,598
Travel/Conference/Training	6,936	4,742	4,742	-
Communications	3,235	4,715	4,714	1
Cell phone allowance	1,500	1,558	1,558	-
Postage and Freight	1,254	1,254	1,055	199
Rental/Building	648	648	-	648
Rental/Equipment	2,275	41	41	-
Repair and maintenance - Automotive Equipment	1,500	767	712	55
Repair and maintenance - Other Equipment	-	1,095	1,095	-
Printing and Forms	804	159	159	-
Duplication Costs	80	80	-	80
Miscellaneous	1,500	1,587	1,587	-
Advertising	7,305	9,897	9,896	1
Office Supplies	1,221	1,622	1,622	-
Fuel and Oil	840	840	407	433
Misc Operating Supplies	346	346	50	296
Small Tools and Minor Equipment	1,700	7,211	7,211	-
Bks/Publications/Subscrip/Memb Dues	4,325	2,640	2,640	-
Total Planning & Zoning	<u>588,745</u>	<u>690,208</u>	<u>614,652</u>	<u>75,556</u>
Other general government				
Information Technology				
Wages/Executive	105,750	107,750	107,741	9
Wages/Regular	118,165	118,165	118,165	-
Wages/Temporary	-	1,400	1,400	-
Wages/Overtime	3,500	1,500	1,298	202
Fica Taxes	17,397	17,397	16,710	687
Pension	41,217	41,217	41,214	3
Town Contrib Salary Savings/401-K	2,181	2,181	2,119	62
Town Contrib Def Comp/ICMA 401-A	27,235	27,671	27,671	-
Insurance/Medical	48,271	48,375	48,375	-
Insurance/Disability	1,354	1,354	1,235	119
Insurance/Life	1,021	1,128	1,128	-
Workers Compensation	428	433	433	-
Professional Services/Other	110,000	158,985	99,648	59,337
Travel/Conference/Training	13,994	13,670	13,008	662
Car Allowance	708	1,024	1,023	1
Communications	17,536	24,538	24,537	1
Cell Phone Allowance	600	624	623	1
Postage and Freight	42	42	31	11
Rental/Building	5,526	5,526	1,038	4,488
Repair and maintenance - Other Equipment	24,970	23,004	22,124	880
Printing and Forms	775	775	-	775
Miscellaneous	100	783	782	1
Office Supplies	107	1,600	1,599	1
Misc Operating Supplies	1,348	1,348	1,172	176
Small Tools and Minor Equipment	32,000	49,018	45,570	3,448
Computer Software	35,216	28,420	9,293	19,127
Other Equipment	32,500	32,500	-	32,500
Bks/Publications/Subscrip/Memb Dues	250	1,461	1,461	-
Total Information Technology	<u>642,191</u>	<u>711,889</u>	<u>589,398</u>	<u>122,491</u>

(Continued)

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, 2017**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures (continued)				
Municipal Buildings				
Pension	\$ 5,496	\$ 5,498	\$ 5,498	\$ -
Electricity	26,811	28,621	28,621	-
Water	7,089	15,772	15,771	1
Repair and maintenance - Buildings	45,199	44,861	44,261	600
Repair and maintenance - Grounds	6,460	3,682	3,681	1
Repair and maintenance - Other Equipment	10,659	10,177	10,177	-
Cleaning and Sannitation Supplies	-	290	290	-
Misc Operating Supplies	-	55	55	-
Miscellaneous	43	-	-	-
Small Tools and Minor Equipment	-	3,271	3,271	-
Total Municipal Buildings	<u>101,757</u>	<u>112,227</u>	<u>111,625</u>	<u>602</u>
General Services				
Wages/Regular	12,002	12,002	11,078	924
Fica Taxes	918	918	300	618
Insurance/Medical	2,404	2,404	1,670	734
Insurance/Disability	73	73	17	56
Wellness	3,000	5,999	3,859	2,140
Insurance/Life	58	58	49	9
Workers Compensation	23	23	8	15
Unemployment	5,000	5,000	211	4,789
Prof Service/Fin and Adm	89,000	89,000	21,243	67,757
Prof Service/Investment expense	600	4,100	3,457	643
Accounting and Auditing	24,750	26,750	26,750	-
Travel/Conference/Training	1,500	1,500	(27)	1,527
Rental/Equipment	4,468	4,468	3,430	1,038
Repair and maintenance - Other Equipment	-	95	95	-
Credit Card Fees	4,153	4,153	1,666	2,487
Office Supplies	1,801	1,801	550	1,251
Bks/Publications/Subscrip/Membersh	10,120	10,120	8,790	1,330
Communications	33	66	66	-
Television Media	15,000	16,977	16,976	1
Insurance/Property	194,679	185,922	178,212	7,710
Printing and Forms	-	127	127	-
Duplication Costs	16,375	16,375	3,193	13,182
Miscellaneous	5,218	5,218	3,924	1,294
Misc Operating Supplies/Vend Mach	677	677	530	147
Small Tools and Minor Equipment	-	327	327	-
Sarasota Bay Estuary Program	15,000	15,000	15,000	-
Contingencies	250,000	98,831	-	98,831
Prof Service/Red Tide Cleaning	50,000	50,000	5,560	44,440
Economic Development Council	8,818	8,818	7,967	851
Total general services	<u>715,670</u>	<u>566,802</u>	<u>315,028</u>	<u>251,774</u>
Total general government	<u>4,857,474</u>	<u>4,885,173</u>	<u>4,299,145</u>	<u>586,028</u>
Public safety				
Law enforcement				
Police Department				
Wages/Executive	98,093	98,356	98,355	1
Incentive Pay/Executive	1,560	1,565	1,564	1

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Wages/Regular	\$ 1,449,558	\$ 1,443,373	\$ 1,318,676	\$ 124,697
Laundry And Clothing Allowance	15,875	15,875	15,395	480
Incentive Pay/Regular	16,760	16,760	16,407	353
Wages/Holiday	66,911	66,911	63,584	3,327
Shift Differential	32,469	32,469	30,823	1,646
Wages/Temporary	-	4,885	4,884	1
Wages/Overtime	27,000	27,000	25,172	1,828
Fica Taxes	134,515	134,515	116,506	18,009
Pension	665,898	665,898	665,898	-
Town Contribution/401-K	11,702	11,702	6,081	5,621
Town Contrib Def Comp/Icma 401-A	186,167	186,167	181,913	4,254
Insurance/Medical	336,761	317,261	292,288	24,973
Insurance/Disability	9,201	9,201	8,213	988
Insurance/Life	6,980	7,511	7,511	-
Insurance Opt Out Allowance	2,000	2,654	2,654	-
Workers Compensation	37,608	38,028	38,028	-
Prof Services/Other	9,000	9,000	1,344	7,656
Derelict Vessel Removal	10,000	10,000	5,200	4,800
Travel/Conference	5,000	5,000	4,361	639
Mileage Reimbursement (Non-Conference)	-	177	177	-
Communications	39,855	39,855	37,128	2,727
Postage and Freight	771	771	577	194
Electricity	12,000	12,000	11,077	923
Water	1,089	1,089	904	185
Rental/Building	1,541	2,273	2,272	1
Rental/Equipment	4,139	4,139	2,001	2,138
R/M Buildings	20,650	20,650	15,898	4,752
R/M Grounds	150	150	-	150
R/M Automotive Equipment	30,000	30,000	25,639	4,361
R/M Other Equipment	12,560	15,250	15,250	-
Printing and Forms	2,943	2,943	2,093	850
Duplication Costs	407	407	123	284
Licenses and Taxes	25	435	434	1
Miscellaneous	814	1,719	1,719	-
Advertising	650	650	241	409
Code Enforcement Board Actions	3,000	3,000	-	3,000
Office Supplies	5,339	5,339	4,139	1,200
Cleaning and Sanitation Supplies	173	173	-	173
Uniforms	11,342	12,432	12,432	-
Fuel and Oil	55,679	55,679	54,831	848
Misc Operating Supplies	2,684	2,684	1,362	1,322
Minor Equipment	7,725	7,725	4,788	2,937
Property and Evidence Supplies	2,000	4,923	4,923	-
Minor Equipment - WCIND Funded	37,000	37,000	5,586	31,414
Subscriptions and Memberships	3,583	3,583	1,917	1,666
Grants - Crime Stoppers	-	10,000	10,000	-
Total Police Department	<u>3,379,177</u>	<u>3,379,177</u>	<u>3,120,368</u>	<u>258,809</u>
Fire control/rescue service				
Fire Department				
Wages/Executive	101,150	103,366	103,365	1
Incentive Pay/Executive	3,501	3,511	3,510	1
Wages/Regular	2,239,407	2,229,907	2,225,084	4,823

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Laundry and Clothing Allowance	\$ 17,435	\$ 18,066	\$ 18,065	\$ 1
Incentive Pay/Regular	62,915	67,354	67,354	-
Wages/Holiday	90,677	93,291	93,290	1
Wages/Temporary	1,500	3,586	3,586	-
Wages/Overtime	125,841	125,841	123,489	2,352
State Incentive	21,001	21,001	20,168	833
Fica Taxes	202,418	192,918	190,451	2,467
Pension	1,740,994	1,740,997	1,740,996	1
Frs Town Contribution	535,731	537,454	537,453	1
Town Contribution/401-K	11,485	11,485	7,798	3,687
Town Contrib Def Comp/Icma 401-A	25,348	26,230	26,229	1
Insurance/Medical	463,657	473,656	474,809	(1,153)
Insurance/Disability	13,744	13,744	13,360	384
Insurance/Life	10,401	12,134	12,133	1
Insurance Opt Out Allowance	-	1,039	1,038	1
Workers Compensation	85,139	86,090	86,089	1
Prof Services/Other	56,437	56,437	48,565	7,872
Prof Svcs/Ems Billing	12,500	13,872	13,872	-
Travel/Conference/Training	33,692	22,302	21,624	678
Mileage Reimbursement (Non-Conference)	18	18	14	4
Communications	17,998	21,090	21,089	1
Cell Phone Allowance	600	624	623	1
Postage and Freight	1,479	1,479	617	862
Electricity	23,028	23,028	22,457	571
Water	2,820	10,620	10,619	1
Rental/Building	347	347	100	247
Rental/Equipment	3,017	3,017	1,356	1,661
R/M Buildings	31,704	14,058	9,655	4,403
R/M Grounds	1,338	1,338	904	434
R/M Automotive Equipment	75,049	88,144	88,144	-
R/M Other Equipment	42,622	20,198	20,198	-
Printing and Forms	2,231	2,231	1,966	265
Duplication Costs	508	508	434	74
Licenses and Taxes	5,237	5,237	3,678	1,559
Miscellaneous	1,519	1,519	1,488	31
Advertising	600	600	225	375
Office Supplies	2,389	2,389	1,945	444
Chemicals	3,878	3,878	1,373	2,505
Cleaning And Sanitation Supplies	3,919	3,919	3,460	459
Uniforms	21,651	21,651	21,043	608
Fuel And Oil	28,509	28,509	25,751	2,758
Rescue Supplies	44,791	42,264	34,048	8,216
Misc Operating Supplies	2,725	2,725	848	1,877
Minor Equipment	22,900	36,660	36,660	-
Uniforms - Bunker Gear	10,332	10,332	7,140	3,192
Pharmaceuticals	12,923	12,923	11,961	962
Minor Equipment - Wcind Funded	26,000	26,000	22,292	3,708
Subscriptions and Memberships	4,200	4,200	2,445	1,755
Total Fire Department	<u>6,249,305</u>	<u>6,243,787</u>	<u>6,184,861</u>	<u>58,926</u>

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Emergency and disaster relief services				
Wages/Regular	\$ -	\$ 7,600	\$ 7,517	\$ 83
Wages/Overtime	-	30,100	30,080	20
Fica Taxes	-	2,721	2,721	-
Prof Services/Other	-	1,655	1,655	-
Travel/Conference	-	2,846	2,846	-
Communications	8,882	8,787	8,758	29
Postage and Freight	2,105	2,200	2,200	-
Rental/Building	5,310	-	-	-
Rental/Equipment	-	166	166	-
R/M Other Equipment	-	1,300	1,300	-
Debris Removal	-	102,000	101,978	22
Printing And Forms	2,200	2,200	2,160	40
Miscellaneous	80	2,419	2,419	-
Fuel And Oil	-	1,214	1,214	-
Misc Operating Supplies	-	4,538	4,538	-
Total Emergency and disaster relief services	<u>18,577</u>	<u>169,746</u>	<u>169,552</u>	<u>194</u>
Total public safety	<u>9,647,059</u>	<u>9,792,710</u>	<u>9,474,781</u>	<u>317,929</u>
Transportation				
Street Department				
Wages/Regular	260,851	254,351	254,335	16
Laundry and Clothing Allowance	1,650	1,713	1,712	1
Wages/Overtime	4,000	4,000	2,111	1,889
Fica Taxes	20,261	20,261	19,265	996
Pension	69,381	69,381	69,381	-
Town Contrib Salary Savings/401-K	6,718	4,455	4,454	1
Town Contrib Def Comp/ICMA 401-A	22,816	23,264	23,263	1
Insurance/Medical	56,455	56,780	56,780	-
Insurance/Disability	1,546	1,546	1,433	113
Insurance/Life	1,172	1,315	1,315	-
Workers Compensation	9,742	9,851	9,851	-
Travel/Conference/Training	7,365	7,040	2,212	4,828
Communications	618	711	710	1
Cell phone allowance	2,100	2,782	2,781	1
Postage and Freight	97	141	140	1
Electricity	43,865	48,957	48,957	-
Water	170	173	173	-
Rental/Equipment	893	893	187	706
Repair and maintenance - Buildings	320	320	(2,129)	2,449
Repair and maintenance - Grounds	2,088	2,088	1,342	746
Repair and maintenance - Automotive Equipment	11,058	11,058	10,680	378
Repair and maintenance - Other Equipment	11,253	11,253	11,198	55
Repair and maintenance - Beach Accesses	125	476	476	-
Repair and maintenance - Right Of Way	42,707	47,274	47,274	-
Repair and maintenance - Storm	1,284	1,632	1,631	1
Repair and maintenance - Street Lights	3,334	3,334	651	2,683
Repair and maintenance - Traffic Signals	4,235	4,235	1,575	2,660
Licenses and Taxes	175	248	247	1
Miscellaneous	100	100	-	100
Office Supplies	178	178	26	152
Chemicals	722	1,258	1,257	1
Uniforms	2,866	2,866	2,752	114
Fuel and Oil	18,528	18,528	15,189	3,339

(Continued)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Small Tools and Minor Equipment	\$ 4,000	\$ 4,445	\$ 4,445	\$ -
Repair and maintenance - Streets	3,900	8,006	8,006	-
Repair and maintenance - Drainage and Culverts	16,602	10,202	10,111	91
Repair and maintenance - Signs	7,009	4,910	1,679	3,231
Bks/Publications/Subscrip/Memb Dues	160	319	319	-
Total Street Department and Transportation	<u>640,344</u>	<u>640,344</u>	<u>615,789</u>	<u>24,555</u>
Culture and recreation				
Parks Division				
Wages/Regular	48,970	48,970	36,981	11,989
Laundry and Clothing Allowance	550	571	571	-
Wages/Overtime	1,500	1,500	151	1,349
Fica Taxes	6,538	6,538	2,914	3,624
Pension	33,077	33,077	33,076	1
Town Contrib Salary Savings/401-K	1,997	1,997	-	1,997
Town Contrib Def Comp/ICMA 401-A	7,557	7,557	3,475	4,082
Insurance/Medical	20,934	12,148	6,584	5,564
Insurance/Disability	512	512	193	319
Insurance/Life	389	389	223	166
Workers Compensation	2,436	2,436	470	1,966
Peafowl Removal	25,000	38,000	-	38,000
Travel/Conference/Training	3,641	3,641	168	3,473
Communications	898	959	959	-
Cell phone allowance	392	1,039	1,039	-
Electricity	3,599	3,909	3,909	-
Water	1,044	1,044	1,028	16
Repair and maintenance - Buildings	844	844	(2,075)	2,919
Repair and maintenance - Grounds	27,061	27,061	22,657	4,404
Repair and maintenance - Automotive Equipment	983	983	184	799
Repair and maintenance - Other Equipment	6,005	6,005	1,028	4,977
Repair and maintenance - Beach Accesses	9,556	10,613	10,613	-
Repair and maintenance - Storm	511	511	139	372
Repair and maintenance - Channel Markers	-	975	975	-
Repair and maintenance - Canal Clearance/Trim	301	301	-	301
Printing and Forms	-	2,999	2,999	-
Miscellaneous	892	892	23	869
Advertising	266	266	-	266
Chemicals	528	1,258	1,258	-
Cleaning and Sanitation Supplies	-	473	473	-
Uniforms	331	536	536	-
Fuel and Oil	1,805	1,811	1,811	-
Misc Operating Supplies	327	327	-	327
Small Tools and Minor Equipment	2,000	2,000	1,520	480
Repair and maintenance - Signs	110	200	200	-
Total Parks Division	<u>210,554</u>	<u>222,342</u>	<u>134,082</u>	<u>88,260</u>
Recreation Center				
Pension	1,684	1,686	1,686	-
Communications	861	918	918	-
Postage and Freight	1	1	1	-
Electricity	4,030	3,960	3,960	-
Water	1,056	3,480	3,480	-
Repair and maintenance - Buildings	8,625	10,761	10,640	121

(Continued)

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Repair and maintenance - Grounds	\$ 6,332	\$ 4,682	\$ 4,682	\$ -
Repair and maintenance - Other Equipment	371	78	78	-
Office Supplies	72	62	62	-
Cleaning and Sanitation Supplies	57	-	-	-
Misc Operating Supplies	393	172	172	-
Small Tools and Minor Equipment	2,000	1,054	1,054	-
Bks/Publications/Subscrip/Memb Dues	160	-	-	-
Total Recreation Center	25,642	26,854	26,733	121
Total culture and recreation	236,196	249,196	160,815	88,381
Capital Outlay				
I.T. - Computer Software	29,500	49,978	20,528	29,450
General - Office Equipment and Furniture	5,000	14,698	14,698	-
General - Software	-	201,890	192,771	9,119
Police - Computer Software	75,000	75,000	-	75,000
Police - Other Equipment	57,000	67,750	61,777	5,973
Police - Water Craft	78,000	78,000	43,975	34,025
Fire - Improvements To Buildings	-	110,750	10,150	100,600
Fire - Automotive Equipment	40,000	43,628	43,628	-
Fire - Other Equipment	97,000	152,050	100,547	51,503
Fire - Computer Software	-	40,319	30,540	9,779
Total Capital Outlay	381,500	834,063	518,614	315,449
Total expenditures	15,762,573	16,401,486	15,069,144	1,332,342
Change in fund balance	\$ 225,688	\$ 225,688	\$ 1,172,498	\$ 946,810

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GMD ASSESSMENTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings				
Interest on Investments	2,000	2,000	9,282	7,282
Interest on assessments - Sarasota County	-	-	82	82
	<u>2,000</u>	<u>2,000</u>	<u>9,364</u>	<u>7,364</u>
Miscellaneous revenues				
Assessments - Sarasota County	1,031,893	1,031,893	76,547	(955,346)
Assessments - Manatee County	615,609	615,609	47,135	(568,474)
Prepaid assessments - Sarasota County	-	-	10,635	10,635
Prepaid assessments - Manatee County	-	5,000	4,940	(60)
	<u>1,647,502</u>	<u>1,652,502</u>	<u>139,257</u>	<u>(1,513,245)</u>
Total Revenues	<u>1,649,502</u>	<u>1,654,502</u>	<u>148,621</u>	<u>(1,505,881)</u>
Expenditures				
Current				
General government				
Prof Services/Investment expense	500	500	375	125
Prof Services/County management fee	44,112	49,112	47,819	1,293
Total expenditures	<u>44,612</u>	<u>49,612</u>	<u>48,194</u>	<u>1,418</u>
Change in fund balance	1,604,890	1,604,890	100,427	(1,504,463)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 1,604,890</u>	<u>\$ 1,604,890</u>	<u>\$ 100,427</u>	<u>\$ (1,504,463)</u>

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

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	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
Total pension liability					
Service cost	\$ 19,241	\$ 14,674	\$ 28,625	\$ 6,496	\$ 6,043
Interest on total pension liability	814,693	797,181	812,505	823,074	835,384
Change of benefit terms	-	(9,211)	-	-	-
Differences between expected and actual experience	176,585	(337,539)	(4,365)	-	-
Changes in assumptions	-	653,987	570,366	-	-
Benefit payments, including refunds of employee contributions	(825,266)	(940,156)	(717,957)	(1,267,283)	(744,769)
Net change in total pension liability	<u>185,253</u>	<u>178,936</u>	<u>689,174</u>	<u>(437,713)</u>	<u>96,658</u>
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<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>
Plan fiduciary net position					
Contributions - employer	\$ 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	715,583	519,859	(246,652)	658,894	785,731
Benefit payments, including refunds of member contributions	(825,266)	(940,156)	(717,957)	(1,267,283)	(744,769)
Administrative expenses	(27,649)	(39,247)	(41,553)	(35,945)	(28,794)
Net change in plan fiduciary net position	<u>456,784</u>	<u>163,475</u>	<u>(384,241)</u>	<u>24,857</u>	<u>1,014,922</u>
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (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>
Town's net pension liability - ending (a) - (b)	<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>
Plan fiduciary net position as a percentage of the total pension liability	58.04%	55.14%	54.59%	61.40%	58.87%
Covered-employee payroll		\$ 429,341	\$ 603,217	\$ 900,553	\$ 1,005,469
Town's net pension liability as a percentage of covered-employee payroll		1257.51%	892.47%	478.61%	474.68%

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	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
Total pension liability					
Service cost	\$ 12,384	\$ 7,140	\$ 16,994	\$ 17,183	\$ 15,910
Interest on total pension liability	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	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	(1,915,362)	(3,620,803)	(1,616,182)	(1,806,573)	(1,426,754)
Net change in total pension liability	740,787	(181,842)	2,146,343	1,739,083	635,606
Total pension liability - beginning	30,617,283	30,799,125	28,652,782	26,913,699	26,278,093
Total pension liability - ending (a)	\$ 31,358,070	\$ 30,617,283	\$ 30,799,125	\$ 28,652,782	\$ 26,913,699
Plan fiduciary net position					
Contributions - employer	\$ 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)	1,720,301	1,308,231	(507,247)	1,384,374	1,401,812
Benefit payments, including refunds of member contributions	(1,915,362)	(3,620,803)	(1,616,182)	(1,806,573)	(1,426,754)
Administrative expenses	(66,029)	(35,696)	(45,679)	(60,620)	(54,124)
Net change in plan fiduciary net position	1,444,425	(590,131)	737,441	1,041,807	1,992,415
Plan fiduciary net position - beginning	15,852,517	16,442,648	15,705,207	14,663,400	12,670,985
Plan fiduciary net position - ending (b)	\$ 17,296,942	\$ 15,852,517	\$ 16,442,648	\$ 15,705,207	\$ 14,663,400
Town's net pension liability - ending (a) - (b)	\$ 14,061,128	\$ 14,764,766	\$ 14,356,477	\$ 12,947,575	\$ 12,250,299
Plan fiduciary net position as a percentage of the total pension liability	55.16%	51.78%	53.39%	54.81%	54.48%
Covered-employee payroll		\$ 893,374	\$ 1,491,476	\$ 849,832	\$ 2,590,971
Town's net pension liability as a percentage of covered-employee payroll		1652.70%	962.57%	1523.55%	472.81%

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

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

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

Notes to the Schedule:

Valuation Date: October 1, 2015
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: 27 years (as of 10/1/2015).
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.
Interest Rate: 7.0% per year, compounded annually, net of investment-related expenses.

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.

TOWN OF LONGBOAT KEY, FLORIDA

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

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

Notes to the Schedule:

Valuation Date: October 1, 2015

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: 27 years (as of 10/1/2015).

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 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	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.

TOWN OF LONGBOAT KEY, FLORIDA

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

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

Notes to the Schedule:

Valuation Date: October 1, 2015
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: 27 years (as of 10/1/2015).

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 demeritis 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.

TOWN OF LONGBOAT KEY, FLORIDA

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

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Town's proportion of the FRS net pension liability	0.017471701%	0.017640516%	0.014810957%	0.010429691%
Town's proportionate share of the FRS net pension liability	\$ 5,168,012	\$ 4,454,244	\$ 1,913,034	\$ 636,365
Town's covered employee payroll	\$ 2,396,497	\$ 2,257,018	\$ 2,701,101	\$ 2,746,629
Town's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	215.65%	197.35%	70.82%	23.17%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN**

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

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Reporting Period Ending Measurement Date	9/30/2017 6/30/2017	9/30/2016 6/30/2016	9/30/2015 6/30/2015	9/30/2014 6/30/2014
Town's proportion of the HIS net pension liability	0.007445968%	0.007420762%	0.006613455%	0.004598732%
Town's proportionate share of the HIS net pension liability	\$ 796,158	\$ 864,858	\$ 674,468	\$ 429,993
Town's covered employee payroll	\$ 2,396,497	\$ 2,257,018	\$ 2,701,101	\$ 2,746,629
Town's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	33.22%	38.32%	24.97%	15.66%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	1.64%	0.97%	0.50%	0.99%

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

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

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

Notes to the Schedule:

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

TOWN OF LONGBOAT KEY, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OPEB PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2016	\$ -	\$ 1,316,401	\$ 1,316,401	0.00%	\$ 6,964,293	18.9%
10/1/2015	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2014	N/A	N/A	N/A	N/A	N/A	N/A
10/1/2013	\$ -	\$ 1,523,000	\$ 1,523,000	0.00%	\$ 6,356,552	24.0%

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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 Fund

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.

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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.

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.

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, 2017**

	Special Revenue Funds						
	Sarasota Infrastructure Surtax	Manatee Infrastructure Surtax	Tourist Development Tax	Tree Replacement	Police Training	Law Enforcement Trust	Miscellaneous Grants
Assets							
Cash and cash equivalents	\$ 251,289	\$ 24,878	\$ -	\$ -	\$ -	\$ -	\$ 1,299
Investments	755,164	74,762	-	46,868	39,844	183,337	-
Due from other governments	42,369	11,102	760,200	-	26	-	-
Inventory	-	-	-	-	-	-	-
Accrued income on investments	3,753	59	3,841	120	140	481	-
Total assets	<u>\$ 1,052,575</u>	<u>\$ 110,801</u>	<u>\$ 764,041</u>	<u>\$ 46,988</u>	<u>\$ 40,010</u>	<u>\$ 183,818</u>	<u>\$ 1,299</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 85,819	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Due to other funds	-	-	19,052	-	-	-	-
Total liabilities	<u>85,819</u>	<u>-</u>	<u>19,052</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	588,704	110,801	744,989	46,988	40,007	183,818	1,299
Assigned	378,052	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 1,052,575</u>	<u>\$ 110,801</u>	<u>\$ 764,041</u>	<u>\$ 46,988</u>	<u>\$ 40,010</u>	<u>\$ 183,818</u>	<u>\$ 1,299</u>

		<u>Debt Service</u>		<u>Capital Project Funds</u>			<u>Total Governmental Funds</u>
<u>Road and Bridge Fund</u>	<u>Tennis Center</u>	<u>General Obligation Facilities Bonds</u>	<u>Street Capital Projects</u>	<u>Land Acquisition Fees</u>	<u>Canal Dredging</u>	<u>Neighborhoods Undergrounding</u>	
\$ 304,417	\$ 28,170	\$ 72,749	\$ 184,875	\$ 159,430	\$ 124,028	\$ -	\$ 1,151,135
914,821	-	218,621	555,578	479,112	372,723	-	3,640,830
23,211	-	1,075	-	-	-	-	837,983
-	68,837	-	-	-	-	-	68,837
8,146	-	537	1,764	7,729	1,721	-	28,291
<u>\$ 1,250,595</u>	<u>\$ 97,007</u>	<u>\$ 292,982</u>	<u>\$ 742,217</u>	<u>\$ 646,271</u>	<u>\$ 498,472</u>	<u>\$ -</u>	<u>\$ 5,727,076</u>
\$ -	\$ 15,510	\$ -	\$ 1,309	\$ -	\$ 10,292	\$ 301,735	\$ 414,668
-	15,565	-	-	-	-	-	15,565
65,000	-	-	-	-	-	-	65,000
-	-	-	-	-	-	836,690	855,742
<u>65,000</u>	<u>31,075</u>	<u>-</u>	<u>1,309</u>	<u>-</u>	<u>10,292</u>	<u>1,138,425</u>	<u>1,350,975</u>
-	68,837	-	-	-	-	-	68,837
1,185,595	-	292,982	631,913	646,271	442,463	-	4,915,830
-	-	-	108,995	-	45,717	-	532,764
-	(2,905)	-	-	-	-	(1,138,425)	(1,141,330)
<u>1,185,595</u>	<u>65,932</u>	<u>292,982</u>	<u>740,908</u>	<u>646,271</u>	<u>488,180</u>	<u>(1,138,425)</u>	<u>4,376,101</u>
<u>\$ 1,250,595</u>	<u>\$ 97,007</u>	<u>\$ 292,982</u>	<u>\$ 742,217</u>	<u>\$ 646,271</u>	<u>\$ 498,472</u>	<u>\$ -</u>	<u>\$ 5,727,076</u>

TOWN OF LONGBOAT KEY, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds						
	Sarasota Infrastructure Surtax	Manatee Infrastructure Surtax	Tourist Development Tax	Tree Replacement	Police Training	Law Enforcement Trust	Miscellaneous Grants
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	653,046	110,551	760,200	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and miscellaneous	-	-	-	2,770	415	-	5,000
Income on investments	5,749	250	185	236	216	874	2
Total revenues	658,795	110,801	760,385	3,006	631	874	5,002
Expenditures							
Current							
General government	389	-	97	19	-	-	-
Public safety	-	-	-	-	6,898	64	3,703
Transportation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service							
Principal retirement	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay							
General government	64,196	-	-	-	-	-	-
Public safety	143,660	-	-	-	-	-	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Culture and recreation	37,000	-	-	-	-	-	-
Total expenditures	245,245	-	97	19	6,898	64	3,703
Excess (deficiency) of revenues over (under) expenditures	413,550	110,801	760,288	2,987	(6,267)	810	1,299
Other Financing Sources (Uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	(300,000)	-	(582,424)	-	-	-	-
Total other financing sources (uses)	(300,000)	-	(582,424)	-	-	-	-
Net change in fund balance	113,550	110,801	177,864	2,987	(6,267)	810	1,299
Fund balances, beginning	853,206	-	567,125	44,001	46,274	183,008	-
Fund balances, ending	\$ 966,756	\$ 110,801	\$ 744,989	\$ 46,988	\$ 40,007	\$ 183,818	\$ 1,299

Road and Bridge Fund	Tennis Center	Debt Service	Capital Project Funds				Total Governmental Funds
		General Obligation Facilities Bonds	Street Capital Projects	Land Acquisition Fees	Canal Dredging	Neighborhoods Undergrounding	
\$ -	\$ -	\$ 289,245	\$ -	\$ -	\$ -	\$ -	\$ 289,245
325,140	-	-	-	142,171	-	-	1,991,108
91,972	-	-	-	-	-	-	91,972
66,810	580,292	-	-	-	-	-	647,102
-	-	-	-	-	-	-	8,185
7,705	-	2,765	3,794	2,136	2,365	-	26,277
491,627	580,292	292,010	3,794	144,307	2,365	-	3,053,889
-	-	466	218	471	51,235	-	52,895
-	-	-	-	-	-	-	10,665
7,504	-	-	-	-	-	-	7,504
-	581,203	-	-	-	-	-	581,203
-	-	265,000	-	-	-	-	265,000
-	-	20,778	-	-	-	-	20,778
-	-	-	-	2,238,489	-	-	2,302,685
-	-	-	-	-	-	-	143,660
-	-	-	-	-	-	753,093	753,093
48,409	-	-	133,668	-	-	-	182,077
-	-	-	-	-	-	-	37,000
55,913	581,203	286,244	133,886	2,238,960	51,235	753,093	4,356,560
435,714	(911)	5,766	(130,092)	(2,094,653)	(48,870)	(753,093)	(1,302,671)
-	-	-	450,000	-	-	-	450,000
(1,050,000)	-	-	-	-	-	-	(1,932,424)
(1,050,000)	-	-	450,000	-	-	-	(1,482,424)
(614,286)	(911)	5,766	319,908	(2,094,653)	(48,870)	(753,093)	(2,785,095)
1,799,881	66,843	287,216	421,000	2,740,924	537,050	(385,332)	7,161,196
\$ 1,185,595	\$ 65,932	\$ 292,982	\$ 740,908	\$ 646,271	\$ 488,180	\$ (1,138,425)	\$ 4,376,101

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - SARASOTA INFRASTRUCTURE SURTAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Infrastructure Surtax/Sarasota	\$ 616,818	\$ 616,818	\$ 653,046	\$ 36,228
	616,818	616,818	653,046	36,228
Investment earnings				
Interest on Investments	7,410	7,410	5,749	(1,661)
	7,410	7,410	5,749	(1,661)
Total Revenues	624,228	624,228	658,795	34,567
Expenditures				
Current				
Public safety				
Prof services/investment expense	2,500	2,500	389	2,111
Capital Outlay				
Buildings - roof replacement	-	150,000	-	150,000
Buildings - HVAC public facilities	80,000	80,000	64,196	15,804
Buildings - flooring	-	7,300	-	7,300
Fire Station So Front Ramp	10,000	-	-	-
Police dept structural strengthening	-	20,000	-	20,000
Police dept roof replacement	35,000	35,000	-	35,000
Ambulance	-	315,000	21,624	293,376
Police patrol cars	415,000	100,000	99,983	17
Fire equipment	25,000	-	-	-
Police radios	-	30,000	22,053	7,947
Tennis court resurfacing - clay	30,000	29,734	29,734	-
Fencing at tennis center	7,000	7,266	7,266	-
Total expenditures	604,500	776,800	245,245	531,555
Excess (deficiency) of revenues over (under) expenditures	19,728	(152,572)	413,550	566,122
Other financing uses				
Transfers out - Parks/Rec Capital Projects	(300,000)	(300,000)	(300,000)	-
Total other financing uses	(300,000)	(300,000)	(300,000)	-
Change in fund balance	(280,272)	(452,572)	113,550	566,122
Fund balance, beginning of year	853,206	853,206	853,206	-
Fund balance, end of year	\$ 572,934	\$ 400,634	\$ 966,756	\$ 566,122

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - TOURIST DEVELOPMENT TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Tourist Development Tax/Sarasota	\$ 335,000	\$ 335,000	\$ 412,120	\$ 77,120
Tourist Development Tax/Manatee	280,000	280,000	265,656	(14,344)
Tourist Development Tax Maintenance/Sarasota	70,000	82,425	82,424	(1)
	<u>685,000</u>	<u>697,425</u>	<u>760,200</u>	<u>62,775</u>
Investment earnings				
Interest on Investments	600	600	185	(415)
	<u>600</u>	<u>600</u>	<u>185</u>	<u>(415)</u>
Total revenues	<u>685,600</u>	<u>698,025</u>	<u>760,385</u>	<u>62,360</u>
Expenditures				
Current				
General government				
Prof Services/Investment expense	200	200	97	103
Total expenditures	<u>200</u>	<u>200</u>	<u>97</u>	<u>103</u>
Excess of revenues over expenditures	<u>685,400</u>	<u>697,825</u>	<u>760,288</u>	<u>62,463</u>
Other financing uses				
Transfers out - Beach Capital Projects Fund	(570,000)	(582,425)	(582,424)	1
Total other financing uses	<u>(570,000)</u>	<u>(582,425)</u>	<u>(582,424)</u>	<u>1</u>
Change in fund balance	115,400	115,400	177,864	62,464
Fund balance, beginning of year	<u>567,125</u>	<u>567,125</u>	<u>567,125</u>	<u>-</u>
Fund balance, end of year	<u>\$ 682,525</u>	<u>\$ 682,525</u>	<u>\$ 744,989</u>	<u>\$ 62,464</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - TREE REPLACEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Miscellaneous revenue				
Tree replacement	\$ 2,000	\$ 2,000	\$ 2,770	\$ 770
Investment earnings				
Interest on Investments	300	300	236	(64)
	<u>300</u>	<u>300</u>	<u>236</u>	<u>(64)</u>
Total revenues	<u>2,300</u>	<u>2,300</u>	<u>3,006</u>	<u>706</u>
Expenditures				
Current				
General government				
Prof services/investment expense	50	50	19	31
R/M grounds/tree replacement	5,000	5,000	-	(5,000)
Total expenditures	<u>5,050</u>	<u>5,050</u>	<u>19</u>	<u>(4,969)</u>
Change in fund balance	(2,750)	(2,750)	2,987	(4,263)
Fund balance, beginning of year	<u>44,001</u>	<u>44,001</u>	<u>44,001</u>	<u>-</u>
Fund balance, end of year	<u>\$ 41,251</u>	<u>\$ 41,251</u>	<u>\$ 46,988</u>	<u>\$ (4,263)</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - POLICE TRAINING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Fines and forfeitures				
Police education fines/Sarasota	\$ 500	\$ 500	\$ 235	\$ (265)
Police education fines/Manatee	150	150	180	30
	<u>650</u>	<u>650</u>	<u>415</u>	<u>(235)</u>
Investment earnings				
Interest on investments	300	300	216	(84)
	<u>300</u>	<u>300</u>	<u>216</u>	<u>(84)</u>
Total revenues	<u>950</u>	<u>950</u>	<u>631</u>	<u>(319)</u>
Expenditures				
Current				
Public safety				
Prof services/investment expense	100	100	23	77
Travel/conferences/training	15,000	15,000	6,875	8,125
Total expenditures	<u>15,100</u>	<u>15,100</u>	<u>6,898</u>	<u>8,202</u>
Change in fund balance	(14,150)	(14,150)	(6,267)	7,883
Fund balance, beginning of year	<u>46,274</u>	<u>46,274</u>	<u>46,274</u>	<u>-</u>
Fund balance, end of year	<u>\$ 32,124</u>	<u>\$ 32,124</u>	<u>\$ 40,007</u>	<u>\$ 7,883</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - LAW ENFORCEMENT TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment earnings				
Interest on investments	\$ 1,000	\$ 1,000	\$ 874	\$ (126)
	1,000	1,000	874	(126)
Total revenues	1,000	1,000	874	(126)
Expenditures				
Current				
Public safety				
Prof services/investment expense	385	385	64	321
Total expenditures	385	385	64	321
Change in fund balance	615	615	810	195
Fund balance, beginning of year	183,008	183,008	183,008	-
Fund balance, end of year	<u>\$ 183,623</u>	<u>\$ 183,623</u>	<u>\$ 183,818</u>	<u>\$ 195</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Local Option Gas Tax/Sarasota	\$ 72,000	\$ 72,000	\$ 67,991	\$ (4,009)
Local Option Gas Tax/Manatee	44,000	44,000	51,164	7,164
Local Option Gas Tax/Sarasota 5 Cents	81,000	81,000	91,173	10,173
Local Option Gas Tax/Manatee 5 Cents	45,000	45,000	55,999	10,999
2 Cent Gas Tax/Sarasota	36,000	36,000	33,995	(2,005)
2 Cent Gas Tax/Manatee	36,000	36,000	24,818	(11,182)
	<u>314,000</u>	<u>314,000</u>	<u>325,140</u>	<u>11,140</u>
Intergovernmental revenue				
8th cent Motor Fuel Tax	46,000	46,000	46,052	52
Rebate on Municipal Vehicles	5,200	5,200	6,582	1,382
9th Cent Gas Tax/Sarasota	15,000	15,000	24,889	9,889
9th Cent Gas Tax/Manatee	13,000	13,000	14,449	1,449
	<u>79,200</u>	<u>79,200</u>	<u>91,972</u>	<u>12,772</u>
Charges for service				
Maintenance GMD Right of Way	9,000	9,000	9,538	538
Maintenance Traffic Signals	39,000	39,000	57,272	18,272
	<u>48,000</u>	<u>48,000</u>	<u>66,810</u>	<u>18,810</u>
Investment earnings				
Interest on Investments	10,500	10,500	7,705	(2,795)
	<u>10,500</u>	<u>10,500</u>	<u>7,705</u>	<u>(2,795)</u>
Total revenues	<u>451,700</u>	<u>451,700</u>	<u>491,627</u>	<u>39,927</u>
Expenditures				
Current				
Transportation				
Prof Services/Investment expense	2,900	2,046	650	1,396
Stormwater Monitor/Regulation	6,000	6,854	6,854	-
Capital outlay				
Transportation				
Automotive equipment	30,000	30,000	25,164	4,836
Other equipment	24,000	24,000	23,245	755
Total expenditures	<u>62,900</u>	<u>62,900</u>	<u>55,913</u>	<u>6,987</u>
Excess of revenues over expenditures	<u>388,800</u>	<u>388,800</u>	<u>435,714</u>	<u>46,914</u>
Other financing uses				
Transfers out - General Fund	(600,000)	(600,000)	(600,000)	-
Transfers out - Streets Capital Projects Fund	(450,000)	(450,000)	(450,000)	-
Total other financing uses	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>-</u>
Change in fund balance	<u>(661,200)</u>	<u>(661,200)</u>	<u>(614,286)</u>	<u>46,914</u>
Fund balance, beginning of year	<u>1,799,881</u>	<u>1,799,881</u>	<u>1,799,881</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,138,681</u>	<u>\$ 1,138,681</u>	<u>\$ 1,185,595</u>	<u>\$ 46,914</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - TENNIS CENTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services				
Tennis membership - family	\$ 60,000	\$ 54,651	\$ 54,651	\$ -
Tennis membership - single	116,530	118,903	118,903	-
Script Card	36,000	25,998	25,998	-
Walk-on Play	26,000	24,819	24,819	-
Tennis Lessons	159,264	181,464	181,464	-
Clinics/Special Events	15,000	13,992	13,992	-
Rental of Courts	-	2,232	2,232	-
Misc Revenue - Tennis Vending	4,000	4,459	4,459	-
Misc Revenue - Merchandise Sales	144,799	153,464	153,464	-
Misc Revenue - Miscellaneous Tennis	300	310	310	-
	<u>561,893</u>	<u>580,292</u>	<u>580,292</u>	<u>-</u>
Other financing sources				
Prior Year Surplus	-	3,692	-	(3,692)
	<u>-</u>	<u>3,692</u>	<u>-</u>	<u>(3,692)</u>
Total Revenues	<u>561,893</u>	<u>583,984</u>	<u>580,292</u>	<u>(3,692)</u>
Expenditures				
Current				
Culture and recreation				
Wages/Regular	182,782	169,545	169,545	-
Wages/Holiday	4,019	4,140	4,140	-
Wages/Lessons	111,487	129,155	129,155	-
Wages/Overtime	-	377	377	-
FICA Taxes	22,819	22,852	22,852	-
Pension	26,807	26,809	26,809	-
Town Contribution Salary Savings/401-K	5,603	5,369	5,369	-
Town Contribution Deferred Comp/ICMA 401-A	16,005	16,221	16,221	-
Insurance/Medical	20,934	24,533	24,533	-
Insurance/Disability	554	524	524	-
Insurance/Life	421	473	473	-
Workers Compensation	6,043	6,110	6,110	-
Travel/Conference	-	207	207	-
Communications	1,900	1,796	1,796	-
Postage and Freight	208	151	151	-
Electricity	3,248	2,787	2,787	-
Water	13,000	11,412	11,412	-
Natural Gas	335	364	364	-
Insurance/Property	2,000	2,551	2,551	-
Repair and Maintenance/Buildings	10,000	10,297	10,213	84
Repair and Maintenance/Ground	10,000	10,305	10,305	-
Repair and Maintenance/Other Equipment	1,000	2,158	2,158	-
Printing and Forms	830	1,308	1,308	-
Costs/Promotional	1,749	1,133	1,133	-
Licenses and Taxes	400	602	602	-
Credit Card Fees	18,000	17,096	17,096	-
Costs/Vending	3,041	1,971	1,971	-
Costs/Merchandise	86,879	103,933	101,935	1,998
Costs/Special Events	6,168	5,042	5,042	-
Costs/Contractor Lessons	-	1,453	1,453	-
Office Supplies	637	363	363	-

(Continued)

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - TENNIS CENTER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures (continued)				
Current (continued)				
Culture and recreation (continued)				
Cleaning and Sanitation Supplies	\$ 107	\$ 21	\$ 21	\$ -
Misc Operating Supplies	517	382	382	-
Small Tools and Minor Equipment	3,100	1,210	1,210	-
Subscriptions and Memberships	600	635	635	-
Total expenditures	<u>561,193</u>	<u>583,285</u>	<u>581,203</u>	<u>2,082</u>
Change in fund balance	700	699	(911)	(1,610)
Fund balance, beginning of year	<u>66,843</u>	<u>66,843</u>	<u>66,843</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 67,543</u></u>	<u><u>\$ 67,542</u></u>	<u><u>\$ 65,932</u></u>	<u><u>\$ (1,610)</u></u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION FACILITIES BONDS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes				
Ad Valorem Taxes/Sarasota County	\$ 205,183	\$ 206,040	\$ 206,885	\$ 845
Ad Valorem Taxes / Manatee County	82,720	82,720	82,360	(360)
	<u>287,903</u>	<u>288,760</u>	<u>289,245</u>	<u>485</u>
Investment earnings				
Interest on Investments	1,307	1,307	1,727	420
Interest/Sarasota Tax Collector	-	-	15	15
Interest/Manatee Tax Collector	-	-	1,023	1,023
	<u>1,307</u>	<u>1,307</u>	<u>2,765</u>	<u>1,458</u>
Total Revenues	<u>289,210</u>	<u>290,067</u>	<u>292,010</u>	<u>1,943</u>
Expenditures				
Current				
General government				
Prof Services/Investment expense	410	462	466	(4)
Debt service				
Principal retirement	270,000	265,000	265,000	-
Interest	14,973	20,778	20,778	-
Total expenditures	<u>285,383</u>	<u>286,240</u>	<u>286,244</u>	<u>(4)</u>
Change in fund balance	3,827	3,827	5,766	1,939
Fund balance, beginning of year	<u>287,216</u>	<u>287,216</u>	<u>287,216</u>	<u>-</u>
Fund balance, end of year	<u>\$ 291,043</u>	<u>\$ 291,043</u>	<u>\$ 292,982</u>	<u>\$ 1,939</u>

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL OBLIGATION BEACH BONDS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property taxes				
Ad Valorem Taxes/Sarasota County District A	\$ 1,739,627	\$ 1,739,627	\$ 1,753,306	\$ 13,679
Ad Valorem Taxes/Manatee County District A	648,800	648,800	659,658	10,858
Ad Valorem Taxes/Sarasota County District B	285,705	285,705	288,638	2,933
Ad Valorem Taxes/Manatee County District B	125,868	125,868	128,455	2,587
	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,830,057</u>	<u>30,057</u>
Investment earnings				
Interest on Investments	15,000	15,000	16,247	1,247
Interest/Sarasota Tax Collector - District A	-	-	128	128
Interest/Sarasota Tax Collector - District B	-	-	22	22
	<u>15,000</u>	<u>15,000</u>	<u>16,397</u>	<u>1,397</u>
Other financing sources				
Prior Year Surplus	-	24,230	-	(24,230)
Total Revenues	<u>2,815,000</u>	<u>2,839,230</u>	<u>2,846,454</u>	<u>7,224</u>
Expenditures				
Current				
General government				
Prof Services/Investment expense	3,600	3,600	726	2,874
Miscellaneous	350	350	350	-
Debt service				
Principal retirement	2,612,893	2,612,893	2,612,893	-
Interest	187,107	187,107	187,107	-
Total expenditures	<u>2,803,950</u>	<u>2,803,950</u>	<u>2,801,076</u>	<u>2,874</u>
Excess of revenues over expenditures	<u>11,050</u>	<u>35,280</u>	<u>45,378</u>	<u>10,098</u>
Other financing uses				
Transfers out - Beach Capital Projects Fund	(2,887,075)	(2,911,305)	(2,911,304)	1
Total other financing sources	<u>(2,887,075)</u>	<u>(2,911,305)</u>	<u>(2,911,304)</u>	<u>1</u>
Change in fund balance	<u>(2,876,025)</u>	<u>(2,876,025)</u>	<u>(2,865,926)</u>	<u>10,099</u>
Fund balance, beginning of year	<u>3,035,527</u>	<u>3,035,527</u>	<u>3,035,527</u>	<u>-</u>
Fund balance, end of year	<u>\$ 159,502</u>	<u>\$ 159,502</u>	<u>\$ 169,601</u>	<u>\$ 10,099</u>

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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.

Solid Waste Fund

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

Police 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, 2017**

	<u>Code Enforcement</u>	<u>Solid Waste</u>	<u>Police Donations</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 135,125	\$ -	\$ 18,038	\$ 153,163
Total assets	<u>\$ 135,125</u>	<u>\$ -</u>	<u>\$ 18,038</u>	<u>\$ 153,163</u>
Liabilities				
Amounts held as agent for others	\$ 135,125	\$ -	\$ 18,038	\$ 153,163
Total liabilities	<u>\$ 135,125</u>	<u>\$ -</u>	<u>\$ 18,038</u>	<u>\$ 153,163</u>

TOWN OF LONGBOAT KEY, FLORIDA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Balance 10/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2017</u>
<u>Code Enforcement Fund</u>				
Assets				
Cash and cash equivalents	\$ 185,125	\$ -	\$ 50,000	\$ 135,125
Total assets	<u>\$ 185,125</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 135,125</u>
Liabilities				
Amounts held as agent for others	\$ 185,125	\$ -	\$ 50,000	\$ 135,125
Total liabilities	<u>\$ 185,125</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 135,125</u>
<u>Solid Waste Fund</u>				
Assets				
Cash and cash equivalents	\$ 42,319	\$ 251,652	\$ 293,971	\$ -
Other assets	42,398	-	42,398	-
Total assets	<u>\$ 84,717</u>	<u>\$ 251,652</u>	<u>\$ 336,369</u>	<u>\$ -</u>
Liabilities				
Amounts held as agent for others	\$ 84,717	\$ 251,652	\$ 336,369	\$ -
Total liabilities	<u>\$ 84,717</u>	<u>\$ 251,652</u>	<u>\$ 336,369</u>	<u>\$ -</u>
<u>Police Donations Fund</u>				
Assets				
Cash and cash equivalents	\$ 18,423	\$ 2,735	\$ 3,120	\$ 18,038
Total assets	<u>\$ 18,423</u>	<u>\$ 2,735</u>	<u>\$ 3,120</u>	<u>\$ 18,038</u>
Liabilities				
Amounts held as agent for others	\$ 18,423	\$ 2,735	\$ 3,120	\$ 18,038
Total liabilities	<u>\$ 18,423</u>	<u>\$ 2,735</u>	<u>\$ 3,120</u>	<u>\$ 18,038</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 245,867	\$ 602,124	\$ 694,828	\$ 153,163
Other assets	42,398	576,306	618,704	-
Total assets	<u>\$ 288,265</u>	<u>\$ 1,178,430</u>	<u>\$ 1,313,532</u>	<u>\$ 153,163</u>
Liabilities				
Amounts held as agent for others	\$ 288,265	\$ 1,178,430	\$ 1,313,532	\$ 153,163
Total liabilities	<u>\$ 288,265</u>	<u>\$ 1,178,430</u>	<u>\$ 1,313,532</u>	<u>\$ 153,163</u>

Statistical Section

This part of the Town of Longboat Key's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents

Financial Trends (Pages 110 – 114) (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 115 – 118) (Tables 5 – 8)

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

Debt Capacity (Pages 119 – 122) (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 123 and 124) (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 125 – 127) (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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 42,894,752	\$ 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
Restricted										
Capital projects	-	-	-	-	-	13,087,478	11,402,376	11,241,249	8,944,542	8,120,414
Debt service	-	-	-	-	-	45,276	6,440	3,208,276	3,322,743	462,583
Unrestricted	25,995,939	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)
Total governmental activities net position	<u>\$ 68,890,691</u>	<u>\$ 69,521,068</u>	<u>\$ 70,468,474</u>	<u>\$ 68,777,831</u>	<u>\$ 67,611,933</u>	<u>\$ 63,788,941</u>	<u>\$62,222,481</u>	<u>\$ 49,006,476</u>	<u>\$ 57,331,122</u>	<u>\$ 56,229,786</u>
Business-type activities										
Net investment in capital assets	\$ 12,873,521	\$ 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
Restricted										
Debt Service	439,625	439,625	439,625	439,625	439,625	1,067,550	1,067,543	982,210	981,794	601,674
Renewal and Replacement	597,497	9,933,478	10,078,892	5,735,449	3,672,943	-	-	-	-	-
Connection fees	2,962,633	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
Water and sewer revenue reserve	108,500	108,138	-	-	-	-	-	-	-	-
Unrestricted	8,522,334	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
Total business-type activities net position	<u>\$ 25,504,110</u>	<u>\$ 28,207,419</u>	<u>\$ 30,051,994</u>	<u>\$ 31,646,504</u>	<u>\$ 32,195,088</u>	<u>\$ 32,388,076</u>	<u>\$33,060,355</u>	<u>\$ 33,091,647</u>	<u>\$ 33,457,553</u>	<u>\$ 34,590,601</u>
Primary government										
Net investment in capital assets	\$ 55,768,273	\$ 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
Restricted										
Capital projects	-	-	-	-	-	13,087,478	11,402,376	11,241,249	8,944,542	8,120,414
Debt Service	439,625	439,625	439,625	439,625	439,625	1,112,826	1,073,983	4,190,486	4,304,537	1,064,257
Renewal and Replacement	597,497	9,933,478	10,078,892	5,735,449	3,672,943	-	-	-	-	-
Connection fees	2,962,633	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
Water and sewer revenue reserve	108,500	108,138	-	-	-	-	-	-	-	-
Unrestricted	34,518,273	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
Total primary government net position	<u>\$ 94,394,801</u>	<u>\$ 97,728,487</u>	<u>\$ 100,520,468</u>	<u>\$ 100,424,335</u>	<u>\$ 99,807,021</u>	<u>\$ 96,177,017</u>	<u>\$95,282,836</u>	<u>\$ 82,098,123</u>	<u>\$ 90,788,675</u>	<u>\$ 90,820,387</u>

TOWN OF LONGBOAT KEY, FLORIDA

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 5,994,425	\$ 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
Public safety	7,077,431	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
Transportation	800,339	735,368	779,937	507,134	735,024	837,858	882,169	885,495	889,340	883,892
Economic Environment	-	27,477	27,381	69,300	8,990	10,262	4,069,126	4,118,326	4,109,675	6,804,311
Culture & recreation	3,724,306	2,923,280	2,970,085	3,146,845	3,861,447	3,960,972	-	-	-	-
Interest on long-term debt	477,593	377,878	281,042	92,512	70,462	40,145	34,829	29,295	51,509	201,343
Total governmental activities expenses	18,074,094	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
Business-type activities:										
Water and sewer	4,650,462	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
Building Department	897,275	694,992	482,307	533,565	522,213	578,350	719,762	642,798	789,776	345,853
Total business-type activities expenses	5,547,737	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
Total primary government expenses	\$ 23,621,831	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 104,807	\$ 67,916	\$ 133,174	\$ 62,779	\$ 132,563	\$ 194,057	\$ 53,176	\$ 70,588	\$ 46,183	\$ 66,033
Public safety	298,350	314,869	320,239	322,745	243,276	232,970	352,312	947,282	858,151	371,309
Transportation	45,393	80,525	40,491	44,385	14,050	74,253	39,975	48,422	52,996	66,810
Culture & recreation	340,423	415,772	420,025	469,975	493,120	442,788	557,692	22,326	594,545	593,982
Physical environment	-	-	-	-	-	-	-	-	528,514	924,329
Operating grants and contributions	-	153,441	146,878	130,882	342,084	199,421	506,453	2,273,534	122,371	240,431
Capital grants and contributions	177,248	462,453	424,792	571,183	1,837,074	8,236	49,418	727,425	7,498,538	2,805,928
Total governmental activities program revenues	966,221	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
Business type activities										
Charges for services:										
Water and sewer	8,114,443	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
Building Department	980,050	821,342	975,460	933,697	1,083,741	866,011	1,518,265	1,689,287	985,797	1,122,628
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	613,668	-	31,022	-	-	-	-
Total business-type activities program revenues	9,094,493	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
Total primary government program revenues	\$ 10,060,714	\$ 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
Net (Expense)/Revenue										
Governmental activities	\$ (17,107,873)	\$ (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)
Business-type activities	3,546,756	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
Total primary government net expense	\$ (13,561,117)	\$ (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)

TOWN OF LONGBOAT KEY, FLORIDA

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes										
In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 11,856,511	\$ 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
Gasoline taxes	507,807	489,367	490,026	487,002	515,847	389,503	411,864	423,578	425,861	417,112
Sales taxes	1,256,289	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
State revenue sharing	603,664	680,595	602,486	591,914	612,738	570,126	587,946	576,628	550,938	619,668
Business Tax	175,361	198,083	158,263	166,731	503,673	502,206	958,116	989,043	958,713	968,157
Tourist tax	599,800	635,662	614,800	542,761	496,733	509,370	294,611	152,704	156,420	157,626
Franchise tax	1,088,276	1,118,650	1,020,208	980,723	896,715	812,026	575,583	661,694	675,353	760,200
Licenses and Permits	39,785	-	-	-	-	-	-	-	-	-
Income on Investments	838,643	133,952	550,321	181,250	134,982	51,128	121,010	150,753	200,368	129,841
Gain on disposal of capital assets	-	-	-	-	-	-	-	43,753	10,924	-
Miscellaneous	43,189	75,191	106,746	413,975	101,035	162,869	272,137	1,257,455	277,220	167,797
Net Transfers	990,748	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
Total governmental activities	18,000,073	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
Business-type activities:										
Income on Investments	259,163	153,267	180,310	114,539	49,546	35,522	(14,541)	83,412	122,741	80,205
Gain on disposal of capital assets	-	(115,305)	-	-	-	-	-	-	-	-
Miscellaneous	-	5,870	-	-	-	13,644	-	-	-	-
Net Transfers	(990,748)	(924,470)	(1,284,605)	(1,262,605)	(1,264,805)	(1,262,605)	(1,383,855)	(1,383,855)	(1,255,500)	(1,350,500)
Total business-type activities	(731,585)	(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)
Total primary government	17,268,488	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
Change in Net Position										
Governmental activities	\$ 892,200	\$ 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)
Business-type activities	2,815,171	2,703,309	1,844,575	1,594,510	548,584	192,989	583,013	1,105,613	365,906	1,133,048
Total primary government	\$ 3,707,371	\$ 3,333,686	\$ 2,791,981	\$ (107,545)	\$ (605,902)	\$ (3,950,703)	\$ (996,497)	\$ 7,222,000	\$ 8,690,552	\$ 31,712

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 166,392	\$ 335,340	\$ 1,381,392							
Building Division	-	-	-							
Unreserved	5,098,242	5,166,748	3,986,168							
Total general fund	<u>\$ 5,264,634</u>	<u>\$ 5,502,088</u>	<u>\$ 5,367,560</u>							
 All Other Governmental Funds										
Reserved	\$ 257,877	\$ 2,118,714	\$ 461,414							
Unreserved, reported in:										
Special revenue funds	9,378,505	8,888,713	7,847,267							
Debt service funds	24,391	32,534	41,372							
Capital projects funds	11,496,487	9,481,773	10,012,269							
Total all other governmental funds	<u>\$ 21,157,260</u>	<u>\$ 20,521,734</u>	<u>\$ 18,362,322</u>							
 General Fund										
Nonspendable				\$ 154,260	\$ 116,818	\$ 159,043	\$ 10,412	\$ 6,204	\$ 367,620	\$ 13,482
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
Unassigned				3,369,650	2,953,482	1,313,072	2,398,106	3,240,217	3,750,286	5,302,772
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>
 All Other Governmental Funds										
Nonspendable, reported in:										
Special Revenue Funds				\$ -	\$ -	\$ -	\$ 56,032	\$ 67,805	\$ 71,950	\$ 68,837
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
Debt Service Funds				65,718	80,656	45,276	6,440	3,208,276	3,322,743	462,583
Capital Projects Funds				6,061,009	7,380,539	7,591,668	5,816,734	7,805,512	5,687,859	5,832,361
Assigned				560,440	197,275	238,102	331,346	357,455	4,432,756	1,501,676
Unassigned				-	-	-	(3,469)	(7,448)	(390,439)	(1,141,330)
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>

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	\$ 11,856,511	\$ 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
Other taxes	1,185,498	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
Licenses and permits	181,301	26,683	25,324	23,795	31,971	27,758	36,586	43,949	36,601	24,753
Intergovernmental	1,865,298	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
Charges for services	705,915	814,835	863,614	869,432	817,473	865,228	878,995	1,020,296	1,499,066	1,930,285
Franchise	1,088,276	1,118,650	1,020,128	980,723	896,715	812,026	958,116	989,043	958,713	968,157
Fines/miscellaneous/interest	1,092,743	613,151	657,380	585,654	236,017	224,106	406,188	1,483,311	1,030,587	1,866,527
Grants	-	615,894	571,670	702,065	2,179,158	198,123	151,075	792,122	2,180,989	1,402,724
Total revenues	17,975,542	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
Expenditures										
General government	5,687,372	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
Public safety	6,866,816	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
Transportation	555,889	477,998	507,587	507,134	507,735	609,835	629,488	679,846	623,326	623,293
Economic Environment	-	27,477	27,381	69,300	8,990	8,987	-	-	-	-
Culture and recreation	762,602	722,927	702,745	765,943	688,400	755,428	807,203	787,632	778,052	2,571,524
Debt service										
Principal retirement	3,055,000	3,059,454	2,920,000	5,425,000	220,000	245,000	255,000	-	260,000	2,877,893
Interest	467,621	142,993	276,233	89,916	70,462	40,145	34,829	14,648	26,474	207,885
Fiscal charges	9,972	431	4,809	2,596	-	-	-	-	-	-
Capital outlay	1,354,858	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
Total expenditures	18,760,130	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
Excess of revenues over (under) expenditures	(784,588)	(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)
Other Financing Sources (uses)										
Proceeds from the sale of capital assets	-	-	-	-	-	-	-	-	-	9,604
Bond proceeds	-	-	-	2,355,000	-	-	-	-	10,720,908	-
Payment to escrow agent	-	-	-	(13,654)	-	-	-	-	-	-
Transfers in	4,627,985	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
Transfers out	(3,637,237)	(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)
Total other financing sources (uses)	990,748	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
Net change in fund balances	\$ 206,160	\$ (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)
Debt service as a percentage of noncapital expenditures	20%	11%	19%	20%	2%	2%	2%	0%	2%	15%

TOWN OF LONGBOAT KEY, FLORIDA

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

Fiscal Year	Real and Personal Property Sarasota County	Real and Personal Property Manatee County	Total Assessed Value	Estimated Actual Value ⁽¹⁾	Total Direct Tax Rate	Ratio Of Total Assessed To Total Estimated Actual Value
2008	\$ 4,732,518,406	\$ 1,874,290,960	\$ 6,606,809,366	\$ 6,606,809,366	1.5098	100%
2009	4,236,364,578	1,718,513,521	5,954,878,099	5,954,878,099	1.5583	100%
2010	3,809,613,188	1,540,780,217	5,350,393,405	5,350,393,405	1.5554	100%
2011	3,503,704,475	1,364,896,458	4,868,600,933	4,868,600,933	1.9588	100%
2012	3,346,299,628	1,301,371,164	4,647,670,792	4,647,670,792	1.9549	100%
2013	3,301,413,064	1,276,173,127	4,577,586,191	4,577,586,191	1.9436	100%
2014	3,400,203,897	1,297,409,359	4,697,613,256	4,697,613,256	2.1320	100%
2015	3,579,862,920	1,376,559,392	4,956,422,312	4,956,422,312	2.2368	100%
2016	3,719,166,269	1,471,187,971	5,190,354,240	5,190,354,240	2.1876	100%
2017	3,908,416,388	1,557,771,796	5,466,188,184	5,466,188,184	2.1691	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 2017 Sarasota County valuation of \$3,908,416,388 represents valuations as of January 1, 2016. Taxes were collected during 2016/2017.

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Fiscal Year	Town Direct Rates			Overlapping Rates			
	Operating Millage	General Obligation Debt Service	Total Direct Rate	⁽¹⁾ Beach Erosion Control District A	District B	Manatee County	Sarasota County
2008	1.4062	0.1036	1.5098	0.5011	0.1253	14.7309	11.9768
2009	1.5000	0.0583	1.5583	0.5520	0.1380	14.4501	11.8988
2010	1.4903	0.0651	1.5554	0.6146	0.1536	14.6371	12.4261
2011	1.8872	0.0716	1.9588	-	-	14.7045	12.8905
2012	1.8872	0.0677	1.9549	-	-	14.9504	12.4919
2013	1.8872	0.0564	1.9436	-	-	14.5824	12.7257
2014	2.0760	0.0560	2.1320	-	-	14.5544	12.8687
2015	2.1763	0.0605	2.2368	0.8500	0.2125	14.3360	12.6597
2016	2.1300	0.0576	2.1876	0.8328	0.2082	14.2100	12.5949
2017	2.1144	0.0547	2.1691	0.7699	0.1925	14.4300	12.2478

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, 2017 direct tax rate of 2.1691 applies to valuations as of January 1, 2017.

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

TOWN OF LONGBOAT KEY, FLORIDA

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Table 7)**

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Avenue of the Flowers, LLC (Publix)	\$ 25,393,200	1	0.46%			
LB 500, LLC (3000 Harbourside Dr)	16,832,000	2	0.31%			
OPROCK Longboat (Zota and Longboat Key Club)	13,987,600	3	0.26%	\$ 17,073,808	2	0.29%
Robert Hutcheson	12,923,648	4	0.24%			
P&W Charters, LLC	12,287,000	5	0.22%			
Pleasant Real Estate, LLC II	12,065,000	6	0.22%			
Veranda Beach Club	11,236,500	7	0.21%	12,985,970	3	0.22%
Mike McKee	10,931,724	8	0.20%			
Grand Mariner on Dream Island, LLC	10,470,000	9	0.19%			
Four Winds Beach Resort	7,930,300	10	0.15%	7,210,031	8	0.12%
Key Club Associates				17,364,100	1	0.29%
Villas Am Meer				12,204,300	4	0.20%
Mike and Michele McKee				11,934,400	5	0.20%
Key Club Associates				9,159,700	6	0.15%
Sun N Sea				7,259,299	7	0.12%
Bill D Johnson Family Trust				6,947,922	9	0.12%
Eva & Siegfried Schulte				6,837,600	10	0.11%
Total	<u>\$ 134,056,972</u>		<u>2.45%</u>	<u>\$ 108,977,130</u>		<u>1.82%</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	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years ⁽³⁾	Total Collections to Date	
		Amount	Percentage of Levy		Collections	Percentage of Levy
2008	\$ 12,278,622	N/A	N/A	N/A	\$ 11,856,511	96.6%
2009	11,584,041	N/A	N/A	N/A	11,204,310	96.7%
2010	10,644,758	\$ 10,257,437	96.4%	\$ 5,549	10,262,986	96.4%
2011	9,536,616	9,241,627	96.9%	4,684	9,246,311	97.0%
2012	9,085,731	8,771,883	96.5%	15	8,771,898	96.5%
2013	8,896,997	8,576,215	96.4%	-	8,576,215	93.6%
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	14,778,881	14,302,329	96.8%	255	14,302,584	96.8%

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

⁽¹⁾ Property taxes become due and payable on November 1 of each year and a 4% discount is allowed if the taxes are paid in November, with the discount declining by 1% each month thereafter. Therefore, taxes collected will never be 100% of the tax levy. Taxes become delinquent on April 1, of each year and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1 of each year. A small difference is also indicated by changes to original tax levy due to Board of Equalization adjustments which reduces assessed valuations and the percentage collected based on the original tax levy. Property taxes receivable and the corresponding reserve for uncollectable property taxes are not included in the financial statements as there are no material delinquent taxes as of September 30, 2017.

⁽²⁾ Tax levy includes millage for operating and debt service requirements.

⁽³⁾ Collection in subsequent years is reported for Manatee County only; Sarasota County does not provide.

TOWN OF LONGBOAT KEY, FLORIDA

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

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government ⁽¹⁾	Percentage of Personal Income ⁽¹⁾	Per Capita	Percentage of Actual Estimated Value of Property ⁽²⁾
	General Obligation Bonds	Loans Payable	General Obligation Bonds	Notes Payable				
2008	\$ 10,885,000	\$ -	\$ -	\$ 800,000	\$ 11,685,000	1.64%	\$ 1,518	0.18%
2009	8,060,000	-	9,250,000	410,000	17,720,000	2.49%	2,302	0.27%
2010	5,140,000	-	9,061,100	3,614,177	17,815,277	2.88%	2,332	0.37%
2011	2,070,000	-	8,789,018	4,412,945	15,271,963	2.47%	2,219	0.29%
2012	1,850,000	-	8,464,300	4,380,815	14,695,115	2.48%	2,137	0.30%
2013	1,605,000	-	8,142,400	4,197,523	13,944,923	2.10%	2,026	0.30%
2014	1,350,000	-	7,803,800	4,009,032	13,162,832	2.08%	1,929	0.28%
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%	2,803	0.36%

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

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

⁽²⁾ 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)**

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

NOTE:

⁽¹⁾ See Table 5 for property value data

⁽²⁾ See Table 13 for population data

TOWN OF LONGBOAT KEY, FLORIDA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017
(Table 11)**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to Longboat Key ⁽¹⁾	Amount Applicable to Longboat Key
Town of Longboat Key	\$ 8,933,015	100.00%	\$ 8,933,015
Overlapping Bonded Debt:			
Manatee County	1,235,000	5.52%	\$ 68,175
Total Overlapping Bonded Debt	1,235,000		68,175
Total net direct and net overlapping bonded debt	\$ 10,168,015		\$ 9,001,190

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

Sources: Sarasota and Manatee Counties Finance Division CAFRs

TOWN OF LONGBOAT KEY, FLORIDA

**PLEDGED - REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Table 12)**

Fiscal Year	General Obligation Bonds (Beach and Facilities)			
	Pledged Revenues ⁽¹⁾	Debt Service		Coverage
		Principal	Interest	
2008	\$ 3,769,016	\$ 3,055,000	\$ 458,708	1.1
2009	3,205,619	2,825,000	370,585	1.0
2010	3,203,221	2,920,000	276,233	1.0
2011	3,898,888	3,070,000	89,916	1.2
2012	703,869	220,000	70,462	2.4
2013	650,002	245,000	40,145	2.3
2014	655,041	255,000	34,828	2.3
2015	4,357,758	-	14,648	297.5
2016	4,516,401	260,000	26,475	15.8
2017	4,643,099	265,000	20,778	16.2

Fiscal Year	General Obligation Bonds (Water and Sewer)			
	Ad Valorem Taxes	Debt Service		Coverage
		Principal	Interest	
2008	\$ 323,109	\$ 310,000	\$ 8,913	1.0
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-

Fiscal Year	Water and Sewer Revenue Bonds ⁽²⁾ ; State Revolving Fund Loan ⁽³⁾ ; General Obligation Note ⁽⁴⁾⁽⁵⁾					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 8,373,607	\$ 3,891,214	\$ 4,482,393	\$ 375,000	\$ 59,469	10.3
2009	8,320,717	4,207,600	4,113,117	390,000	90,796	8.6
2010	7,664,838	3,800,857	3,863,981	598,900	595,742	3.2
2011	7,965,571	4,093,248	3,872,323	380,397	535,238	4.2
2012	7,164,921	4,229,121	2,935,800	486,487	636,543	2.6
2013	7,284,125	5,015,625	2,268,500	505,189	554,029	2.1
2014	7,417,037	4,280,748	3,136,289	527,095	540,455	2.9
2015	7,644,027	4,331,348	3,312,679	550,048	266,795	4.1
2016	7,886,444	4,585,149	3,301,295	600,262	381,531	3.4
2017	8,119,588	4,376,845	3,742,743	626,117	355,073	3.8

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

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

⁽²⁾ Revenue Bonds were defeased in 2010.

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

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

⁽⁵⁾ 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)

Year	Population ⁽¹⁾	Personal Income	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2008	7,697	\$ 711,853,644	\$ 92,485	6.6%
2009	7,699	623,334,137	80,963	11.7%
2010	7,641	618,638,283	80,963	11.6%
2011	6,882	591,812,892	81,573	10.9%
2012	6,878	654,015,264	95,088	8.9%
2013	6,884	665,056,356	96,609	6.5%
2014	6,825	632,056,425	92,609	5.4%
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%

Sources: ⁽¹⁾ 2017 population: Office of Economic & Demographic Research, April 1, 2016 (est.)
⁽²⁾ United States Census Bureau
⁽³⁾ U.S. Department of Labor, Bureau of Labor Statistics
(North Port - Sarasota - Bradenton, FL MSA), 2016

TOWN OF LONGBOAT KEY, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Table 14)

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment ⁽¹⁾	Employees	Rank	Percentage of Total Employment ⁽¹⁾
Resort at Longboat Key Club	500	1	16.70%	500	1	27.53%
Publix Supermarket	170	2	5.68%	150	4	8.26%
Town of Longboat Key	120	3	4.01%	136	3	7.49%
Zota Beach Resort	100	4	3.34%	79	5	4.35%
Michael Saunders and Company	70	5	2.34%	N/A	N/A	N/A
Euphemia Haye	48	6	1.60%	50	8	2.75%
Century 21 Beggins Enterprises	35	7	1.17%	N/A	N/A	N/A
RVA, Resort Vacations	35	8	1.17%	N/A	N/A	N/A
Dry Doc	25	9	0.84%	N/A	N/A	N/A
Wagner Realty	25	10	0.84%	N/A	N/A	N/A
Colony Beach & Tennis Resort				260	2	14.32%
Charthouse Restaurant				70	6	3.85%
Longboat Key Maintenance				65	7	3.58%
Moore's Stonecrab Restaurant				50	9	2.75%
Pattigeorge's Restaurant				23	10	1.27%
Total	<u>1,128</u>		<u>37.68%</u>	<u>1,383</u>		<u>76.16%</u>

⁽¹⁾ Total employment gathered from profiles.nationalrelocation.com

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

TOWN OF LONGBOAT KEY, FLORIDA

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

Function	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	34	29	32	32	25	25	26	26	31	36
Public safety	64	64	63	65	67	67	63	60	62	61
Transportation	7	7	6	6	6	6	6	6	6	6
Culture & recreation	6	5	6	5	5	5	7	7	7	5
Water and sewer	8	8	7	7	7	7	7	6	8	9
Total	119	113	114	115	110	110	109	105	114	117

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)

Function/Program	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fire										
Fire calls	483	382	390	423	412	401	444	403	466	485
Rescue calls	960	973	991	1,073	1,003	1,093	1,050	1,035	1,138	1,058
Inspections	1,582	376	388	804	805	559	1,119	317	622	352
Police										
Law Violations	846	567	353	354	200	683	436	545	623	1,079
Law Arrests	215	135	110	101	46	65	61	48	48	66
Water system										
Number of users or consumers	10,770	10,733	10,723	10,723	16,802	16,802	18,680	17,991	18,108	19,778
Daily average finished flow in gallons	1,828,416	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
Sewer system										
Daily average treatment in gallons	1,752,622	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

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	6	5	6	6	6	8
Marine Units	1	1	1	1	1	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
Highways and Streets										
Streets -paved (miles)	14	14	14	14	14	14	14	14	14	14
Streets -unpaved (miles)	-	-	-	-	-	-	-	-	-	-
Alleys	1	1	1	1	1	1	1	1	1	1
Sidewalks (miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	283	283	283	283	283	283	283	283	283	283
Traffic Signals	4	4	4	4	4	4	4	4	4	4
Culture and Recreation										
Parks acreage (in excess of)	140	140	140	141	141	141	141	141	141	141
Parks	5	5	5	5	5	5	5	5	5	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
Water										
Water Mains (miles)	56	56	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	209	212	212	212	212	212	400
Wastewater										
Sanitary Sewers (miles)	46	46	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**

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, 2017, 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 16, 2018.

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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida
March 16, 2018



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

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

Report on Compliance for Each Major State Project

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major state project 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 Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the 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 state project. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on The Major State Project

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 the major state project for the year ended September 30, 2017.

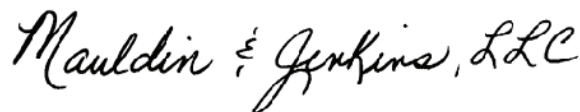
Report on Internal Control Over Compliance

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 the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida
March 16, 2018

TOWN OF LONGBOAT KEY, FLORIDA

**SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

State Agency, Pass-through Grantor/Program Title/State Project	CSFA Number	Contract Grant Number	Expenditures	Through to Subrecipients
State Financial Assistance				
Department of Environmental Protection Beach Management Funding Assistance Program	37.003	14ME2	\$ 1,139,330	\$ -
Total expenditures of State Financial Assistance			<u>\$ 1,139,330</u>	<u>\$ -</u>

NOTES:

This schedule includes the State grant activity of the Town of Longboat Key, Florida, for the fiscal year ended September 30, 2017, and is presented using the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of 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 ten percent de minimis cost rate for the year ended September 30, 2017.

The Town did not receive non-cash federal awards during the year ended September 30, 2017.

TOWN OF LONGBOAT KEY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

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

Internal Control over major state 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 state financial assistance projects:

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with Chapter 10.550,
Rules of the Auditor General?

___ yes X no

Identification of major state financial assistance projects:

CSFA Number

37.003

Name of State Project or Cluster

Beach Management Funding Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$300,000

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, 2017

None.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Town of Longboat Key, Florida (the "Town"), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 16, 2018.

Auditor's Responsibility

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

Other 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 State Project and on Internal Control over Compliance; 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 16, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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 identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 16, 2018



INDEPENDENT AUDITOR'S LETTER

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

We have examined the Town of Longboat Key, Florida's (the "Town") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 16, 2018

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APPENDIX C

Form of the Resolution

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APPENDIX C

FORM OF THE RESOLUTION

RESOLUTION NO. 2018-13

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$5,895,000 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF LONGBOAT KEY, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2018 WHICH WILL BE PAYABLE FROM AD VALOREM TAXATION, AND WHICH WILL BE ISSUED FOR THE PURPOSE OF FINANCING THE DESIGN, DEMOLITION, CONSTRUCTION, REPLACEMENT, RECONSTRUCTION, RENOVATION, IMPROVEMENT AND/OR EQUIPPING OF THE TOWN'S NORTH AND SOUTH FIRE STATIONS; PROVIDING FOR THE LEVY OF NECESSARY AD VALOREM TAXES; PROVIDING FOR OTHER COVENANTS WITH RESPECT TO THE BONDHOLDERS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE SEVERABILITY OF PARTS HEREOF IF DECLARED INVALID; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. AUTHORITY FOR THIS BOND RESOLUTION. This Bond Resolution is adopted pursuant to the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, Sections 100.201-100.351, Florida Statutes, the Charter of the Town of Longboat Key, Florida and other applicable provisions of law (hereinafter collectively referred to as the "Act"), and a majority vote of the electors of the Town of Longboat Key, Florida (the "Town") on March 20, 2018.

SECTION 2. FINDINGS. It is hereby found and determined:

(A) The design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping of north and south fire stations located within the Town (the "Project"), constitute capital projects authorized by law for which bonds payable from municipal ad valorem taxes may be issued pursuant to Article VII, Section 12 of the Constitution of the State of Florida so long as such bonds are approved by a majority vote of the electors who are owners of freeholds therein not wholly exempt from taxation.

(B) Pursuant to Ordinance 2017-18 enacted by the Town Commission of the Town on November 6, 2017, an election was held on March 20, 2018 to determine if the electors of the Town approved of the issuance of not exceeding \$5,895,000 of general obligation bonds of the Town for the purpose of financing the Project, payable from ad valorem taxes on all the taxable property within the Town (the "Bond Referendum"). The Bond Referendum was duly held and conducted in all respects according to law, and a majority of electors casting a ballot voted in favor of the issuance of such bonds for such purpose.

(C) Article VII, Section 12(a) of the Constitution of the State of Florida provides that upon approval by a majority vote of the electors municipalities may issue bonds payable from ad valorem taxation to finance capital projects authorized by law.

(D) The Town deems it a public purpose and deems it necessary, beneficial and in its best interest to provide for the financing of the Project.

(E) Ad valorem taxes levied by the Town in accordance with this Bond Resolution should be sufficient to pay all principal of and interest and redemption premium, if any, on the Town of Longboat Key, Florida General Obligation Bonds, Series 2018 (the "Series 2018 Bonds") to be issued hereunder, as the same become due, and to make all required deposits or payments required by this Bond Resolution.

(F) The estimated sum required to finance the Project will be derived from a portion of the proceeds from the sale of the Series 2018 Bonds and other legally available funds of the Town, if any.

(G) The full faith, credit and unlimited taxing power and the ad valorem taxes of the Town are expected to be sufficient to pay principal of and interest on the Series 2018 Bonds.

SECTION 3. DEFINITIONS. As used in this Bond Resolution:

"BOND COUNSEL" shall mean Bryant Miller Olive P.A., or any other attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the exclusion from gross income for federal income tax purposes of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"BOND REFERENDUM" shall have the same meaning as set forth above in Section 2.

"BOND REGISTRAR AND PAYING AGENT" shall mean any trust company or bank with trust powers appointed from time to time by supplemental resolution of the Town Commission to serve under this Bond Resolution.

"BOND RESOLUTION" shall mean this resolution, as may be amended and supplemented from time to time.

"BOND SERVICE PAYMENT DATE" shall mean the date in which any component of Debt Service Requirement becomes due.

"BOND YEAR" shall mean each twelve-month period ending on August 1st of each year.

"CLERK" shall mean the Town Clerk or assistant or deputy Town Clerk of the Town, or such other person as may be duly authorized by the Town Commission of the Town to act on his or her behalf.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"COST" when used in connection with the Project, shall mean (1) costs of design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping by or for the Town of such Project; (2) costs of any capitalized interest with respect to the Series 2018 Bonds, if any; and (3) any other costs properly attributable to such design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping, as determined by generally accepted accounting principles and may include reimbursement to the Town for any such items of Cost heretofore paid by the Town to the extent that such reimbursement does not adversely impact the tax-exempt status of the Series 2018 Bonds. Any supplemental resolution may provide for additional items to be included in the aforesaid Costs.

"DEBT SERVICE FUND" shall mean the "Town of Longboat Key, Florida General Obligation Bonds, Series 2018, Debt Service Fund" created pursuant to Section 17(A) hereof.

"DEBT SERVICE REQUIREMENT," for any Bond Year, shall mean the sum of the amount required to be deposited into the Debt Service Fund in such year.

"FEDERAL SECURITIES" shall mean direct obligations of the United States of America and obligations the principal of and interest on which are fully guaranteed by the United States of America, none of which permit redemption prior to maturity at the option of the obligor, or "FEDERAL SECURITIES" shall have a meaning as set forth by supplemental resolution of the Town Commission.

"FINANCE DIRECTOR" shall mean the Finance Director of the Town or any assistant or deputy thereof.

"HOLDER" or "HOLDER OF BONDS" or "BONDHOLDER" or "SERIES 2018 BONDHOLDER" or any similar term shall mean any person who shall be the registered owner of any outstanding Series 2018 Bonds.

"MAYOR" shall mean the Mayor of the Town, or his or her designee.

"PERMITTED INVESTMENTS" shall mean any investments authorized pursuant to the laws of the State and the Town's written investment policy.

"PROJECT" shall have the same meaning as set forth above in Section 2.

"PROJECT FUND" shall mean the "Town of Longboat Key, Florida General Obligation Bonds, Series 2018, Project Fund" created pursuant to Section 14(A) hereof.

"REBATE FUND" shall mean the "Town of Longboat Key, Florida General Obligation Bonds, Series 2018, Rebate Fund" created pursuant to Section 23(C) hereof.

"SERIES 2018 BONDS" shall mean the Town of Longboat Key, Florida General Obligation Bonds, Series 2018, to be issued pursuant to this Bond Resolution.

"TOWN" shall mean the Town of Longboat Key, Florida a municipal corporation of the State of Florida.

"TOWN ATTORNEY" shall mean the Town Attorney or his or her designee.

"TOWN CHARTER" or "CHARTER" shall mean the municipal charter of the Town.

"TOWN COMMISSION" shall mean the Town Commission of the Town.

"TOWN MANAGER" shall mean the Town Manager of the Town or any assistant or deputy thereof.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms, shall refer to herein; the term heretofore shall mean before the date of adoption of this Bond Resolution; and the term "hereafter" shall mean after the date of adoption of this Bond Resolution. Words importing the masculine gender include every other gender. Words importing the singular number include the plural number, and vice versa.

SECTION 4. AUTHORIZATION OF PROJECT AND AUTHORIZATION OF SERIES 2018 BONDS. There is hereby authorized the financing of the Project in the manner provided herein. For the purpose of financing the Project, subject and pursuant to the provisions hereof, there are hereby authorized to be issued and sold Town of Longboat Key, Florida General Obligation Bonds, Series 2018, in the aggregate principal amount (taking into account any gross premium) not to exceed \$5,895,000. If the Series 2018 Bonds are not delivered in calendar year 2018, the series designation may be changed by the Mayor to match the calendar year of delivery.

SECTION 5. BOND RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Series 2018 Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Bond Resolution shall be deemed to be and shall constitute a contract between the Town and such Holders. The covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the legal Holders of any and all of such Series 2018 Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Series 2018 Bonds over any other thereof, except as expressly provided therein and herein.

SECTION 6. DESCRIPTION OF SERIES 2018 BONDS. The Series 2018 Bonds shall be issued in fully registered form, shall be dated, shall be numbered consecutively from R-1 upward and shall be in the denomination of \$5,000 each, or integral multiples thereof, shall bear interest at a rate or rates not exceeding the maximum rate allowed by law, payable semiannually in each year on such dates, shall be serial bonds or term bonds, shall mature on such dates with a final maturity not later than twenty five (25) years following the date of their issuance, and may be subject to redemption prior to maturity, all as shall be fixed by supplemental resolution of the City Commission before the Series 2018 Bonds are delivered to the purchasers.

Each Series 2018 Bond shall bear interest from the Bond Service Payment Date next preceding the date on which it is authenticated, unless authenticated on a Bond Service Payment Date, in which case it shall bear interest from such Bond Service Payment Date, or, unless authenticated prior to the first Bond Service Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication, interest is in default, such Series 2018 Bond shall bear interest from the date to which interest shall have been paid.

The principal of and the interest on the Series 2018 Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of the Series 2018 Bonds shall be payable only to the registered Holder or his legal representative at the principal corporate trust office of the Bond Registrar and Paying Agent, and payment of the interest on the Series 2018 Bonds shall be made by the Bond Registrar and Paying Agent on each Bond Service Payment Date to the person appearing on the registration books of the Town hereinafter provided for as the registered Holder thereof, by wire transfer or check mailed to such registered Holder at his address as it appears on such registration books maintained by the Bond Registrar on the 15th day of the calendar month (whether or not a business day) preceding the interest payment date. Payment of the principal of all Series 2018 Bonds shall be made upon the presentation and surrender of such Series 2018 Bonds as the same shall become due and payable. Interest on the Series 2018 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 7. EXECUTION. The Series 2018 Bonds shall be executed in the name of the Town with the manual or facsimile signature of the Mayor and the official seal of the Town shall be imprinted thereon, attested with the manual or facsimile signature of the Clerk and approved as to form and legal correctness by the Town Attorney. In case any one or more of the officers who shall have signed or sealed any of the Series 2018 Bonds, or whose facsimile signature shall appear thereon shall cease to be such officer of the Town before the Series 2018 Bonds so signed and sealed have been actually sold and delivered, such Series 2018 Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2018 Bonds had not ceased to hold such office. Any Series 2018 Bond may be signed and sealed on behalf of the Town by such person who at the actual time of the execution of such Series 2018 Bond shall hold the proper office of the Town, although, at the date of such Series 2018 Bond, such person may not have held such office or may not have been so authorized. The Town may adopt and use for such purposes the facsimile signatures of any such persons who shall

have held such offices at any time after the date of the adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Series 2018 Bonds shall be actually sold and delivered.

SECTION 8. SIGNATURES; REGISTRATION. In the event that any officer whose signature, or a facsimile of whose signature, shall appear on any Series 2018 Bond shall cease to be such officer before the delivery of such Series 2018 Bonds, said signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. Any Series 2018 Bond may bear the facsimile signature of, or may be signed by, such person who, at the actual time of the execution of such Series 2018 Bonds, shall be the proper officer to sign such Series 2018 Bonds although, at the date of said Series 2018 Bonds, such person may not have been such an officer.

Only such of the Series 2018 Bonds as shall have been endorsed thereon, a certificate of authentication substantially in the form hereinbelow set forth, duly executed by the Bond Registrar and Paying Agent, as authenticating agent, shall be entitled to any benefit or security under this Bond Resolution. No Series 2018 Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly and manually executed by the Bond Registrar and Paying Agent, and such certificate of the Bond Registrar and Paying Agent upon any such Series 2018 Bond shall be conclusive evidence that such Series 2018 Bond has been duly authenticated and delivered under this Bond Resolution. The certificate of authentication on any Series 2018 Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar and Paying Agent, but it shall not be necessary that the same officer sign the certificate of authentication of all of the Series 2018 Bonds that may be issued hereunder at any one time.

Any Series 2018 Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar and Paying Agent, together with an assignment duly executed by the Series 2018 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent, may, at the option of the Series 2018 Bondholder, be exchanged for an aggregate principal amount of Series 2018 Bonds equal to the designated amount of the Series 2018 Bond or Series 2018 Bonds so surrendered.

The Bond Registrar and Paying Agent shall make provision for the exchange of Series 2018 Bonds at the principal corporate trust office of the Bond Registrar and Paying Agent.

SECTION 9. NEGOTIABILITY, REGISTRATION AND TRANSFER OF SERIES 2018 BONDS. The Bond Registrar and Paying Agent shall keep books for the registration of transfers of Series 2018 Bonds as provided in this Bond Resolution. The transfer of any Series 2018 Bonds may be registered only upon such books and only upon surrender thereof to the Bond Registrar and Paying Agent together with an assignment duly executed by the Series 2018 Bondholder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar and Paying Agent. Upon any such registration of transfer, the Town shall execute, and the Bond Registrar and Paying Agent shall authenticate and deliver in exchange for such Series

2018 Bond, a new Series 2018 Bond or Series 2018 Bonds registered in the name of the transferee, and in an aggregate principal amount equal to the principal amount of such Series 2018 Bond or Series 2018 Bonds so surrendered.

In all cases in which Series 2018 Bonds shall be exchanged, the Town shall execute, and the Bond Registrar and Paying Agent shall authenticate and deliver, at the earliest practicable time, Series 2018 Bonds in accordance with the provision of this Bond Resolution. All Series 2018 Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar and Paying Agent. The Town or the Bond Registrar and Paying Agent may make a charge for every such exchange or registration of transfer of Series 2018 Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any Series 2018 Bondholder for the privilege of exchanging or registering the transfer of Series 2018 Bonds under the provisions of this Bond Resolution. Neither the Town nor the Bond Registrar and Paying Agent shall be required to make any such exchange or registration of transfer of Series 2018 Bonds during fifteen (15) days immediately preceding any Bond Service Payment Date or, in the case of any proposed redemption of the Series 2018 Bonds then, for the Series 2018 Bonds called for redemption, during the fifteen (15) days preceding the date of the mailing of notice of such redemption and continuing until such redemption date.

The person in whose name any Series 2018 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such Series 2018 Bond, and the interest on any such Series 2018 Bonds, shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2018 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

SECTION 10. SERIES 2018 BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Series 2018 Bond shall become mutilated, or be destroyed, stolen or lost, the Town may, in its sole discretion, cause to be executed, and the Bond Registrar and Paying Agent shall authenticate and deliver, a new Series 2018 Bond of like date and tenor as the Series 2018 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Series 2018 Bond upon surrender and cancellation of such mutilated Series 2018 Bond or in lieu of and substitution for the Series 2018 Bond destroyed, stolen or lost, and upon the Holder furnishing the Town and the Bond Registrar and Paying Agent proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town and the Bond Registrar and Paying Agent may prescribe and paying such expenses as the Town and the Bond Registrar and Paying Agent may incur. All Series 2018 Bonds so surrendered shall be canceled by the Town. If any of the Series 2018 Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2018 Bond, the Town may pay the same, upon being indemnified as aforesaid, and if such Series 2018 Bond is lost, stolen or destroyed, without surrender thereof.

SECTION 11. REDEMPTION PROVISIONS. The terms of this Section 11 shall apply to redemption of the Series 2018 Bonds.

(A) Prior Redemption. The Series 2018 Bonds may be subject to redemption prior to their maturity as shall be fixed by supplemental resolution of the Town Commission before the Series 2018 Bonds are delivered to the purchasers.

(B) Selection of the Series 2018 Bonds to be Redeemed. The Series 2018 Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Town shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount of the Series 2018 Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Series 2018 Bonds of a single maturity, the particular Series 2018 Bonds or portions of the Series 2018 Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Bond Registrar from the outstanding Series 2018 Bonds of the maturity or maturities designated by the Town by such method as the Bond Registrar shall deem fair and appropriate and which may provide for the selection for redemption of the Series 2018 Bonds or portions of the Series 2018 Bonds in the principal amounts of \$5,000 and integral multiples thereof.

If less than all of the outstanding Series 2018 Bonds of a single maturity are to be redeemed, the Bond Registrar shall promptly notify the Town and Paying Agent (if the Bond Registrar is not the Paying Agent for such Series 2018 Bonds) in writing of the Series 2018 Bonds or portions of the Series 2018 Bonds selected for redemption and, in the case of any Series 2018 Bond selected for partial redemption, the principal amount thereof to be redeemed.

(C) Notice of Redemption. Notice of redemption shall be given by the deposit in the United States mail of a copy of the redemption notice, postage prepaid, at least thirty (30) and not more than sixty (60) days before the redemption date, to all registered owners of the Series 2018 Bonds or portions of the Series 2018 Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with this Section 11. Failure to mail any such notice or any defect therein shall not affect the validity of the proceedings for redemption of any Series 2018 Bond or portion thereof with respect to which no failure or defect occurred. Any notice mailed as provided in this Section 11 shall be conclusively presumed to have been duly given, whether or not the owner of such Series 2018 Bond receives such notice.

Notwithstanding any other provision of this Bond Resolution, if, on any day prior to the 5th business day preceding any date fixed for redemption of the Series 2018 Bonds pursuant to this Bond Resolution, the Town notifies the Bond Registrar and Paying Agent in writing that the Town has elected to revoke its election to redeem such Series 2018 Bonds because it has determined that the source of money for such redemption specified in the notice given by the Town pursuant to this Section 11 is not available, the Series 2018 Bonds shall not be redeemed on such date and any notice of redemption mailed to the Series 2018 Bondholders pursuant to this Section 11 shall be null and void. In such event, within five business days after the date on which the Town elects to revoke its election to redeem such Series 2018 Bonds, the Town shall cause a notice of such revocation to be mailed to all Series 2018 Bondholders owning such Series 2018 Bonds. The right of revocation of a notice of redemption shall not apply to

any notice of redemption which contains an express statement of the Town to the effect that such notice is irrevocable and given in compliance with this Bond Resolution.

So long as the Series 2018 Bonds are registered in the name of Cede & Co., as nominee of DTC (or in the name of any successor securities depository), notices of redemption and notices of revocation of redemption notices shall only be given on behalf of the Town to Cede & Co., or any such successor securities depository.

(D) Effect of Notice of Redemption; Payment. Notice having been given in the manner and under the conditions provided under this Section 11, subject to the right of revocation as heretofore described, the Series 2018 Bonds or portions of the Series 2018 Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Series 2018 Bonds or portions of the Series 2018 Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the registered owners of the Series 2018 Bonds or portions of the Series 2018 Bonds to be redeemed, interest on the Series 2018 Bonds or portions of the Series 2018 Bonds so called for redemption shall cease to accrue, such Series 2018 Bonds and portions of the Series 2018 Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and the registered owners of such Series 2018 Bonds or portions of the Series 2018 Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and to receive the Series 2018 Bonds for any unredeemed portions of such Series 2018 Bonds. All Series 2018 Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(E) Redemption of Portions of the Series 2018 Bonds. Any Series 2018 Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to, the Bond Registrar duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Town shall execute and the Bond Registrar shall authenticate and deliver to the Holder of such Series 2018 Bond, without service charge, a new Series 2018 Bond or Series 2018 Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by the Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2018 Bonds so surrendered.

SECTION 12. FORM OF SERIES 2018 BONDS. The Series 2018 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted in this Bond Resolution or in any supplemental resolution of the Town Commission adopted prior to the issuance thereof:

No. R _____

\$ _____

TOWN OF LONGBOAT KEY, FLORIDA
GENERAL OBLIGATION BOND, SERIES 2018

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
%	August 1, _____	_____, _____	_____

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the Town of Longboat Key, Florida, a municipality created and existing under and by virtue of the laws of the State of Florida (the "Town"), for value received hereby, hereby promises to pay to the Registered Holder shown above or registered assigns or legal representative on the Maturity Date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal office of ZB, National Association dba Zions Bank, in the City of Denver, Colorado (the "Bond Registrar" and "Paying Agent"), the Principal Amount shown above, and to pay to the Registered Holder hereof, by check or draft mailed to the Registered Holder at his address as it appears on the Bond registration books of the Town, or by wire transfer to the Registered Holder of at least \$1,000,000 aggregate Principal Amount of the Bonds (as hereinafter defined), interest on such Principal Amount from the date hereof or from the February 1 or the August 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is February 1 or August 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on February 1 and August 1 in each year, commencing _____ 1, 201____, at the Interest Rate per annum specified above, until payment of such Principal Amount.

This Bond is one of an authorized issue of Bonds, in the aggregate principal amount of \$_____ of like date, tenor and effect, except as to number, interest rate and maturity, issued to finance design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping of the fire stations located within the Town, under the authority of and in full compliance with the Constitution and laws of the State of Florida.

The Bonds are issued pursuant to the Constitution of the State of Florida, Chapter 166, Florida Statutes, Sections 100.201-100.351, Florida Statutes, the Charter of the Town, and other applicable provisions of law, a majority vote of the electors of the Town on March 20, 2018, and Resolution No. 2018-13 adopted by the Town Commission of the Town on July 9, 2018, as amended and supplemented from time to time (collectively, the "Bond Resolution"), and are subject to all the terms and conditions of said Bond Resolution. Capitalized undefined terms used herein shall have the meaning ascribed thereto in the Bond Resolution.

The Bonds are payable from ad valorem taxes on all the taxable property within the Town, as provided in the Bond Resolution and herein. The Bond Resolution requires that in each year while any of the Bonds are outstanding, there shall be levied and collected an ad valorem tax, without limitation as to rate or amount, on all taxable property within the Town (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law), in an amount which will be sufficient to pay the principal of and interest on the Bonds as they become due.

For the prompt payment of the principal of and interest on this Bond as the same shall become due, the full faith, credit and unlimited taxing power of the Town of Longboat, Florida is hereby irrevocably pledged.

It is hereby certified and recited that all acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond, have happened, exist and have been performed in due time, form and manner as required by the Constitution and the laws of the State of Florida applicable thereto; that the total indebtedness of said Town, including the issue of Bonds of which this Bond is one, does not exceed any constitutional or statutory limitation; and that provision has been made for the levy and collection of a direct annual ad valorem tax without limitation as to rate or amount upon all taxable property within the Town, sufficient to pay, together with other moneys available, if any, the principal of and interest on the Bonds as the same shall become due, which tax shall be levied, assessed and collected at the same time, and in the same manner as other ad valorem taxes are levied, assessed and collected.

This Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

[Insert Redemption Provisions]

Any such redemption, either in whole or in part, shall be made in the manner and upon the terms and conditions provided in the Bond Resolution. Notice of such redemption shall be given in the manner provided in the Bond Resolution.

This transfer of this Bond is registrable by the registered owner hereof or his duly authorized attorney or legal representative at the office of the Bond Registrar and Paying Agent, but only in the manner and subject to the conditions provided in the Bond Resolution and upon surrender and cancellation of this Bond.

The Bond Registrar shall not be required to exchange or register any transfer of this Bond after this Bond has been selected for redemption.

This bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the Town of Longboat Key, Florida has issued this bond and has caused the same to be executed by the manual signature of the Mayor, attested by the manual signature of its Town Clerk, approved as to form and legal correctness by the manual signature of the Town Attorney, and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the ____ day of _____, 20__.

TOWN OF LONGBOAT KEY, FLORIDA

(SEAL)

Mayor

ATTESTED:

Town Clerk

APPROVED AS TO FORM AND
LEGAL CORRECTNESS

Town Attorney

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

Bond Registrar

By: _____
Authorized Officer

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

[Insert Name, Address, Social Security or Other Identifying Number of Assignee]

the within bond and does hereby irrevocably constitute and appoint _____ as attorneys to register the transfer of the said bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

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SECTION 13. SALE OF SERIES 2018 BONDS. The Series 2018 Bonds shall be issued and sold after such procedure, in such manner and at public or private sale and at such price or prices consistent with the applicable statutes, all at one time or in installments from time to time, as shall be determined by supplemental resolution of the Town Commission.

SECTION 14. PROJECT FUND; APPLICATION OF SERIES 2018 BOND PROCEEDS.

(A) The Town covenants and agrees to establish a special fund to be designated "Town of Longboat Key General Obligation Bonds, Series 2018 Project Fund," which shall be used only for payment of the Costs of the Project. Moneys in the Project Fund, until applied in payment of any item of the Costs of the Project, in the manner hereinafter provided, shall be held in trust by the Town and shall be subject to a lien and charge in favor of the Holders of the Series 2018 Bonds and for the further security of such Holders.

(B) The proceeds, including accrued interest and net premium, if any, received from the sale of any or all of the Series 2018 Bonds, shall be applied by the Town simultaneously with the delivery of the Series 2018 Bonds to the purchaser thereof, as follows:

(1) Any accrued interest and interest to accrue on the Series 2018 Bonds from the dated date of the Series 2018 Bonds to the date of delivery shall be deposited in the Debt Service Fund (hereinafter created) and shall be used only for the purpose of paying interest becoming due on the Series 2018 Bonds.

(2) Proceeds shall be used pay all costs and expenses in connection with the preparation, issuance and sale of the Series 2018 Bonds.

(3) Any remaining proceeds from the Series 2018 Bonds shall be deposited in the Project Fund to be used as permitted in Section 14(A) hereof.

SECTION 15. SECURITY FOR SERIES 2018 BONDS. The Series 2018 Bonds are general obligations of the Town. The principal of and interest on the Series 2018 Bonds shall be secured by a pledge of the full faith, credit and taxing power of the Town without limitation in the manner and to the extent described herein.

SECTION 16. LEVY OF AD VALOREM TAXES. For so long as the Series 2018 Bonds are outstanding, the Town Commission shall, each year, levy an ad valorem tax, without limitation as to rate or amount, on all taxable property (excluding homestead exemptions and other exemptions as heretofore or hereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Town and shall be in addition to all other taxes authorized to be levied by the Town. The Town covenants that it will not accept payment of taxes levied for operating expenses of the Town unless there shall be paid at the same time the taxes required by this Bond Resolution.

All taxes levied pursuant to this Bond Resolution, as collected, shall immediately be deposited into the Debt Service Fund (hereinafter created) and held in trust for the payment of the principal of and interest on the Series 2018 Bonds as they severally become due and shall be expended for no other purpose.

SECTION 17. COVENANTS OF TOWN. For so long as any of the principal of and interest on any of the Series 2018 Bonds shall be outstanding and unpaid or until there shall have been set apart in the Debt Service Fund, a sum sufficient to pay when due, the entire principal of the Series 2018 Bonds remaining unpaid, together with interest accrued or to accrue thereon, the Town covenants with the Holders of each and all of the Series 2018 Bonds as follows:

(A) Debt Service Fund. The Town covenants and agrees to establish a special fund to be designated "Town of Longboat Key, Florida General Obligation Bonds, Series 2018, Debt Service Fund."

From the Debt Service Fund shall be paid each installment of interest on and principal of the Series 2018 Bonds as they become due. No further payments shall be required to be made into the Debt Service Fund when the aggregate amount of moneys in the Debt Service Fund is at least equal to the aggregate principal amount of the Series 2018 Bonds then outstanding, plus the amount of interest then due or thereafter to become due on such Series 2018 Bonds then outstanding. At such time as the Series 2018 Bonds are no longer outstanding, any moneys remaining in the Debt Service Fund may be transferred to the "general fund" of the Town, and shall be used for any lawful purpose.

(B) Special Funds; Investments. Each of the funds and accounts herein established and created shall constitute trust funds for the purposes provided herein for such funds and accounts, respectively. All such funds shall be continuously secured in the manner by which the deposit of Town funds are authorized to be secured by the laws of the State of Florida. Earnings on investments in funds and accounts created under this Bond Resolution shall be retained in the funds and accounts from which such earnings derive.

The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

The designation and establishment of the various funds and accounts in and by this Bond Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

In accordance with Article III, Section 4 and Article V, Section 1 of the Town Charter, the Town Commission of the Town hereby delegates to the Town Manager, based on the best interests of the Town and taking into consideration advice of the Town's Investment Advisor (the "Investment Advisor"), the authority to, at any time and from time to time, appoint one or more depositories to collect and hold, for the benefit of the Holder of the Bond, the funds and accounts established hereby. Such depository or depositories shall perform at the direction of the Town Manager and the Finance Director the duties of the Town in depositing, transferring and disbursing moneys to and from such funds and accounts as herein set forth, and all records of such depository in performing such duties shall be open at all reasonable times to inspection by the Town and its agent and employees. Any such depository selected by the Town Manager shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing. Investments in the funds and accounts created under this Bond Resolution shall only be made in Permitted Investments and for a duration no longer than when moneys in such funds and accounts are needed for the purposes stated herein, and earnings on investments in funds and accounts created under this Bond Resolution shall be retained in the funds and accounts from which such earnings derive.

(C) Books and Records. Books and records of the Town shall be kept in which complete and correct entries shall be made, in accordance with generally accepted accounting principles.

At least once a year, on or before April 30 of the year following the close of each fiscal year, the books, records and accounts of the Town shall be properly audited by an independent firm of certified public accountants. The results of such audit shall be mailed, upon request, and made available, at all reasonable times, to any Holder or Holders of Series 2018 Bonds or anyone acting for and on behalf of the Holders of such Series 2018 Bonds; provided, however, that any such costs shall be borne by such Holder or Holders as the case may be.

SECTION 18. DEFEASANCE. If, at any time, the Town shall have paid, or shall have made provision for payment of, the principal, interest, and redemption premiums, if any, with respect to any Series 2018 Bonds, then, and in that event, the pledge of and lien on the funds pledged in favor of the Holders of such Series 2018 Bonds shall be no longer in effect. For purposes of the preceding sentence, deposit of sufficient cash and/or Federal Securities in irrevocable trust with a banking institution or trust company, for the sole benefit of the Series 2018 Bondholders in respect to which such Federal Securities, the principal and interest received will be sufficient to make timely payment of the principal, interest and redemption premiums, if any, on the outstanding Series 2018 Bonds, shall be considered "provision for payment." Nothing herein shall be deemed to require the Town to call any of the outstanding Series 2018 Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, if applicable, or to impair the discretion of the Town in determining whether to exercise any such option for early redemption, if applicable.

SECTION 19. DEFAULTS; EVENTS OF DEFAULT AND REMEDIES. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default:"

(A) Default in the due and punctual payment of any interest on the Series 2018 Bonds;

(B) Default in the due and punctual payment of the principal of and premium, if any, on any Series 2018 Bond, at the stated maturity thereof, or upon proceedings for redemption thereof, if applicable;

(C) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Town contained in this Bond Resolution or in the Series 2018 Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Town given by the Holders of not less than twenty-five percent (25%) of aggregate principal amount of Series 2018 Bonds then outstanding (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the Town performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(D) Failure by the Town promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(E) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the Town under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

The term "default" shall mean default by the Town in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Bond Resolution, any supplemental resolution or in the Series 2018 Bonds, exclusive of any period of grace required to constitute a default or an "Event of Default" as hereinabove provided.

Any Holder of Series 2018 Bonds issued under the provisions hereof or any trustee acting for the Holders of such Series 2018 Bonds may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under state or federal law, or granted and contained herein, and may enforce and compel the performance of all duties required herein or by any applicable law to be performed by the Town or by any officer thereof.

The foregoing notwithstanding:

(i) No remedy conferred upon or reserved to the Series 2018 Bondholders is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy given to the Series 2018 Bondholders hereunder.

(ii) No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to

be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient.

(iii) No waiver of any default or Event of Default hereunder by the Series 2018 Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

(iv) Acceleration of the payment of principal of and interest on the Series 2018 Bonds shall not be a remedy hereunder in the case of an Event of Default.

Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Series 2018 Bondholders under this Bond Resolution, the Series 2018 Bondholders shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Town and the funds pending such proceedings, with such powers as the court making such appointment shall confer.

On the occurrence of an Event of Default, to the extent such rights may then lawfully be waived, neither the Town nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Bond Resolution, and the Town, for itself and all who may claim through or under it, hereby waives, to the extent it may lawfully do so, the benefit of all such laws and all right of redemption to which it may be entitled.

SECTION 20. MODIFICATION OR AMENDMENT. No material modification or amendment of this Bond Resolution or of any Bond Resolution or resolution amendatory thereof or supplemental thereto may be made without the consent in writing of the Holders of fifty-one percent (51%) or more in principal amount of the Series 2018 Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Series 2018 Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the Town to levy taxes, in the manner and to the extent provided herein, or to pay the principal of and interest on the Series 2018 Bonds, as the same shall become due, from the sources herein provided, or reduce such percentage of Holders of such Series 2018 Bonds required above for such modifications or amendments without the consent of all the Holders of the Series 2018 Bonds to be affected.

SECTION 21. DEPOSITORY ACCOUNTS FOR OTHER TOWN DEBT. In accordance with Article III, Section 4 and Article V, Section 1 of the Town Charter, the Town Commission of the Town hereby delegates to the Town Manager, based on the best interests of the Town and taking into consideration advice of the Investment Advisor, the authority to, at any time and from time to time, appoint one or more depositories to collect and hold, for the benefit of the applicable lender or creditor, the funds and accounts established by ordinances, resolutions, indentures, loan agreements, or other debt instruments. Such depository or depositories shall perform at the direction of the Town Manager and the Town's Finance Director the duties of the Town in depositing, transferring and disbursing moneys to and from such funds and accounts as therein set forth, and all records of such depository in performing such

duties shall be open at all reasonable times to inspection by the Town and its agents and employees. Any such depository selected by the Town Manager shall be a bank or trust company duly authorized to exercise corporate trust powers and subject to examination by federal or state authority, of good standing.

SECTION 22. ARBITRAGE. No use will be made of the proceeds of the Series 2018 Bonds which will cause the same to be "arbitrage bonds" within the meaning of the Code. The Town, at all times while the Series 2018 Bonds and the interest thereon are outstanding, will comply with the requirements of Section 103(c) of the Code and applicable rules and regulations of the Internal Revenue Service.

SECTION 23. TAX COVENANT. With respect to any Series 2018 Bonds for which the Town intends on the date of issuance thereof for the interest thereon to be excluded from gross income for purposes of federal income taxation:

(A) The Town shall not use or permit the use of any proceeds of the Series 2018 Bonds or any other funds of the Town, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Town with respect to the Series 2018 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Series 2018 Bonds to be a "private activity bond" within the meaning of Section 141 or an "arbitrage bond" within the meaning of Section 148, or "federally guaranteed" within the meaning of Section 149(b), of the Code, or otherwise cause interest on such Series 2018 Bonds to become subject to federal income taxation.

(B) The Town shall, at all times, do and perform all acts and things permitted by law and this Bond Resolution which are necessary or desirable in order to ensure that interest paid on such Series 2018 Bonds will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being so excluded.

(C) The Town shall pay or cause to be paid to the United States Government any amounts required by Section 148(f) of the Code and the regulations thereunder (the "Regulations"). In order to ensure compliance with the rebate provisions of Section 148(f) of the Code with respect to any Series 2018 Bonds for which the Town intends on the date of issuance thereof to be excluded from gross income for purposes of federal income taxation, the Town hereby creates the "Town of Longboat Key, Florida General Obligation Bonds, Series 2018, Rebate Fund" (the "Rebate Fund") to be held by the Town. The Rebate Fund need not be maintained so long as the Town timely satisfies its obligation to pay any rebatable earnings to the United States Treasury; however, the Town may, as an administrative convenience, maintain and deposit funds in the Rebate Fund from time to time. Moneys in the Rebate Fund (including earnings and deposits therein) shall be held for future payment to the United States Government as required by the Regulations and as set forth in instructions of Bond Counsel delivered to the Town upon issuance of such Series 2018 Bonds. Moneys on deposit in the Rebate Fund may be invested in Permitted Investments.

SECTION 24. BOOK-ENTRY ONLY SYSTEM. The person in whose name any Series 2018 Bond shall be registered shall be deemed and regarded as the absolute

owner thereof for all purposes, and payment of or on account of the principal or redemption price, if applicable, of any such Series 2018 Bond, and the interest on any such Series 2018 Bonds shall be made only to or upon the order of the registered owner thereto or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2018 Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

It is intended that the Series 2018 Bonds be registered so as to participate in a global book-entry system with The Depository Trust Company ("DTC") as set forth herein and in a Blanket Issuer Letter of Representation dated October 21, 1999 on file with DTC (the "Letter of Representation"). The Series 2018 Bonds shall be initially issued in the form of a single fully registered Series 2018 Bond of each maturity. Upon initial issuance, the ownership of such Series 2018 Bonds shall be registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee for DTC. With respect to Series 2018 Bonds registered by the Bond Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, the Town and the Bond Registrar and Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Series 2018 Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in the Series 2018 Bonds (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Town and the Bond Registrar and Paying Agent shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to the ownership interest in the Series 2018 Bonds, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a Series 2018 Bond as shown in the Series 2018 Bond register, of any notice with respect to the Series 2018 Bonds, including any notice of redemption, if applicable, or (c) the payment to any Depository Participant or Indirect Participant or any other person, other than a registered owner of a Series 2018 Bond as shown in the Series 2018 Bond register, of any amount with respect to principal of, premium, if any, or interest on, the Series 2018 Bonds. No person other than a registered owner of a Series 2018 Bond as shown in the Series 2018 Bond register shall receive a Series 2018 Bond certificate with respect to any Series 2018 Bond. Upon delivery by DTC to the Bond Registrar and Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions hereof with respect to the payment of interest by the mailing of checks or drafts to the registered owners of Series 2018 Bonds appearing as registered owners in the registration books maintained by the Bond Registrar and Paying Agent at the close of business on a regular record date, the name "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

In the event that (a) the Town determines that DTC is incapable of discharging its responsibilities described herein and in the Letter of Representation, (b) the agreement among the Town, the Bond Registrar and Paying Agent and DTC evidenced by the Letter of Representation shall be terminated for any reason or (c) the Town determines that it is in the best interests of the beneficial owners of the Series 2018 Bonds that they be able to obtain certificated Series 2018 Bonds, the Town shall notify DTC of the availability through DTC of Series 2018 Bond certificates and the Series 2018 Bonds

shall no longer be restricted to being registered in the Series 2018 Bond register in the name of Cede & Co., as nominee of DTC. At that time, the Town may determine that the Series 2018 Bonds shall be registered in the name of and deposited with a successor depository operating a universal book-entry system, as may be acceptable to the Town, or such depository's agent or designee, and if the Town does not select such alternate universal book-entry system, then the Series 2018 Bonds may be registered in whatever name or names registered owners of Series 2018 Bonds transferring or changing Series 2018 Bonds designate, in accordance with the provisions hereof. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2018 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2018 Bond and all notices with respect to such Series 2018 Bond shall be made and given, respectively, in the manner provided in the Letter of Representation.

As long as any Series 2018 Bonds are outstanding in book-entry form, the provisions of this Bond Resolution inconsistent with such system of book-entry registration shall not be applicable to such Series 2018 Bonds, and the Town covenants to cause adequate records to be kept with respect to the ownership of the Series 2018 Bonds issued in book-entry form or the beneficial ownership of Series 2018 Bonds issued in the name of a nominee.

SECTION 25. PRELIMINARY OFFICIAL STATEMENT. The preparation and distribution of a Preliminary Official Statement relating to the Series 2018 Bonds is hereby approved and authorized, as is the use thereof in connection with the sale of the Series 2018 Bonds. The form of such Preliminary Official Statement will be approved by supplemental resolution of the Town Commission. The distribution of the final Official Statement relating to the Series 2018 Bonds (as it may be amended and supplemented from time to time, the "Official Statement") is hereby authorized, and the execution of such Official Statement by the Town Manager and the Finance Director is hereby authorized. The Finance Director of the Town is hereby authorized to execute and deliver a certificate of the Town which deems such Preliminary Official Statement "final" within the contemplation of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

SECTION 26. CONTINUING DISCLOSURE. The Town hereby covenants and agrees that, in order to assist the original purchaser in complying with the continuing disclosure requirements of the Rule with respect to the Series 2018 Bonds, it will comply with and carry out all of the provisions of a continuing disclosure certificate to be executed by the Town prior to the time the Town delivers the Series 2018 Bonds to the underwriters, as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). The form of such agreement will be approved by supplemental resolution of the Town Commission. Notwithstanding any other provision of this Bond Resolution, failure of the Town to comply with such agreement shall not be considered an Event of Default hereunder. However, the agreement shall be enforceable by the Series 2018 Bondholders in the event that the Town fails to cure a breach thereunder within a reasonable time after written notice from a Series 2018 Bondholder to the Town that a breach exists. Any rights of the Series 2018 Bondholders to enforce the provisions of the covenant shall be on behalf of all

Series 2018 Bondholders and shall be limited to a right to obtain specific performance of the Town's obligations thereunder.

SECTION 27. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. The Bond Registrar and Paying Agent will be appointed by supplemental resolution of the Town Commission. The form of an agreement between the Bond Registrar and Paying Agent and the Town will be approved by supplemental resolution of the Town Commission.

SECTION 28. AUTHORIZATIONS. The Mayor and any member of the Town Commission, the Town Manager, the Town Attorney, the Clerk, the Finance Director and such other officials and employees of the Town as may be designated by the Town Manager are each hereby authorized to perform all acts and things required of them by this Bond Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2018 Bonds and this Bond Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the initial purchasers of the Series 2018 Bonds to effectuate the sale of the Series 2018 Bonds to said initial purchasers.

SECTION 29. NO THIRD PARTY BENEFICIARIES. Except as may be expressly described herein or in a supplemental resolution of the Town Commission, nothing in this Bond Resolution, or in the Series 2018 Bonds, expressed or implied, is intended or shall be construed to confer upon anyone of another entity other than the Town and the Holders any right, remedy or claim, legal or equitable, under and by reason of this Bond Resolution or any provision hereof, or of the Series 2018 Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Town and the Holders from time to time.

SECTION 30. NO PERSONAL LIABILITY. Neither the members of the Town Commission of the Town, any employees of the Town, nor any person executing the Series 2018 Bonds shall be personally liable therefor or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 31. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Bond Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Bond Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2018 Bonds issued hereunder.

SECTION 32. OPEN MEETING FINDINGS. It is hereby found and determined that all official acts by the Town Commission concerning and relating to the adoption of this Bond Resolution and all prior resolutions affecting the Town Commission's ability to issue the Series 2018 Bonds were taken in an open meeting of the Town Commission and that all deliberations of the Town Commission or any of its committees that resulted

in such official acts were in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

SECTION 33. REPEALER. All resolutions or portions thereof in conflict herewith are hereby repealed.

SECTION 34. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption on July 9, 2018 by the Town Commission of the Town of Longboat Key, Florida.

Passed by the Town Commission of the Town of Longboat Key, Florida this 9th day of July, 2018.

(SEAL)

TOWN OF LONGBOAT KEY, FLORIDA

George Spoll, Mayor

ATTEST:

Trish Shinkle, Town Clerk

RESOLUTION NO. 2018-14

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA SUPPLEMENTING A RESOLUTION ADOPTED ON THE DATE HEREOF WHICH AUTHORIZED THE ISSUANCE OF THE TOWN OF LONGBOAT KEY, FLORIDA GENERAL OBLIGATION BONDS, SERIES 2018 IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,895,000; FIXING CERTAIN DETAILS OF SAID BONDS; APPROVING THE FORMS OF THE SUMMARY NOTICE OF SALE AND OFFICIAL NOTICE OF SALE WITH RESPECT TO SUCH BONDS; DELEGATING TO THE FINANCE DIRECTOR THE AUTHORITY TO DETERMINE THE PRINCIPAL AMOUNTS OF SUCH BONDS TO BE ISSUED AND THE BID DATE WITH RESPECT TO SUCH BONDS, TO AWARD THE SALE THEREOF TO THE LOWEST CONFORMING BIDDER BASED ON BIDS SUBMITTED AT PUBLIC SALE, AND TO DETERMINE THE TERMS OF SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING THE BOND REGISTRAR AND PAYING AGENT; APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT PERTAINING TO THE BONDS; AUTHORIZING CERTAIN OFFICIALS OF THE TOWN TO EXECUTE ANY DOCUMENT OR TO TAKE ANY ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE SEVERABILITY OF PARTS HEREOF IF DECLARED INVALID; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Longboat Key, Florida (the "Town") has, by a resolution adopted by the Town Commission of the Town (the "Town Commission") on even date herewith (the "Bond Resolution"), authorized the issuance of not to exceed \$5,895,000 Town of Longboat Key, Florida General Obligation Bonds, Series 2018 (the "Series 2018 Bonds") (i) to finance the design, demolition, construction, replacement, reconstruction, renovation, improvement and/or equipping of north and south fire stations located within the Town, and (ii) to pay certain costs and expenses relating to the issuance of the Series 2018 Bonds; and

WHEREAS, the Town Commission has now determined to supplement the Bond Resolution hereby; and

WHEREAS, relating to the Series 2018 Bonds, the Town wishes to approve the forms of the Summary Notice of Sale attached hereto as Exhibit A and the Official Notice of Sale attached hereto as Exhibit B, each by reference made a part hereof; and

WHEREAS, the Official Notice of Sale is to be provided to all parties expressing an interest in the offering of the Series 2018 Bonds; and

WHEREAS, the Town wishes to delegate to the Finance Director the authority to determine the bid date with respect to the Series 2018 Bonds, to award the sale thereof to the lowest conforming bidder (the "Purchaser") in the aggregate principal amount of not exceeding \$5,895,000 for the purposes described in the Bond Resolution, and to determine the terms of such sale, all in accordance with the Official Notice of Sale; and

WHEREAS, prior to the award and sale of the Series 2018 Bonds, the Town will be provided all applicable disclosure information required by Section 218.385, Florida Statutes, a copy of which will be attached to or otherwise included as part of the Official Notice of Sale; and

WHEREAS, the Town Commission desires to approve the form of and authorize the distribution of a Preliminary Official Statement, a form of which is attached hereto as Exhibit C (the "Preliminary Official Statement") in connection with the marketing and sale of the Series 2018 Bonds, to authorize the execution and delivery of a final Official Statement incorporating the final details of the Series 2018 Bonds; and

WHEREAS, the Town Commission desires to approve the form of and authorize the execution of a Continuing Disclosure Certificate, a form of which is attached hereto as Exhibit D (the "Continuing Disclosure Certificate"); and

WHEREAS, this resolution shall constitute a supplemental resolution under the terms of the Bond Resolution and all capitalized undefined terms shall have the meaning set forth in the Bond Resolution.

BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LONGBOAT KEY, FLORIDA, THAT:

SECTION 1. It is hereby ascertained, determined and declared that it is in the best interest of the Town to provide for the sale by competitive bid of the Series 2018 Bonds.

SECTION 2. (A) The forms of the Summary Notice of Sale and the Official Notice of Sale attached hereto as Exhibits A and B, respectively, are hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved and made in such form by the Finance Director in a manner consistent with the terms of this resolution. The Finance Director is hereby authorized to accept the offer of the

purchaser to purchase the Series 2018 Bonds in the aggregate principal amount (taking into account any gross premium) of not exceeding \$5,895,000 in accordance with the terms of the Official Notice of Sale; provided, however, that the aggregate principal amount (taking into account any gross premium) of the Series 2018 Bonds shall not exceed \$5,895,000, the true interest cost rate of the Series 2018 Bonds shall not exceed 5.0%, and the final maturity date for the Series 2018 Bonds shall not be later than August 1, 2043, which date shall not be in excess of 25 years from the issuance date. The Finance Director is hereby authorized to award the sale of the Series 2018 Bonds to the Purchaser for and on behalf of the Town pursuant to the terms hereof and of the Official Notice of Sale. The Town hereby authorizes the publication of the Summary Notice of Sale pursuant to the requirements of law.

(B) Prior to the delivery of the Series 2018 Bonds, the Purchaser will provide the Town with a disclosure statement containing the information required by Section 218.38(1)(b)2., Florida Statutes and a Truth in Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 3. The Town hereby ratifies and approves the form of the Preliminary Official Statement relating to the Series 2018 Bonds which is attached hereto as Exhibit C. The Town hereby ratifies and approves the use of such Preliminary Official Statement as part of the competitive sale of the Series 2018 Bonds. The Town hereby authorizes execution and delivery of a final Official Statement (with such changes as are necessary to describe the final terms of the Series 2018 Bonds) by the Town Manager and the Finance Director, which execution and delivery shall constitute complete evidence of the approval of such final Official Statement by the Town.

SECTION 4. The Town hereby approves the form of the Continuing Disclosure Certificate attached hereto as Exhibit D. Subject to satisfaction of the conditions in Section 2(A) hereof, the Continuing Disclosure Certificate shall be executed in the name of the Town with the manual signature of the Mayor and the official seal of the Town shall be imprinted thereon, attested with the manual signature of the Clerk and approved as to form and legal correctness by the Town Attorney.. The execution and delivery thereof in the manner described in the preceding sentence shall constitute complete approval of such Continuing Disclosure Certificate by the Town, including any changes to the form being approved, and shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

SECTION 5. ZB, National Association dba Zions Bank is hereby appointed Bond Registrar and Paying Agent relating to the Series 2018 Bonds. The Town and the Bond Registrar and Paying Agent will enter into a Bond Registrar and Paying Agent Agreement relating to the Series 2018 Bonds, in a form to be approved by the Town Attorney and Bond Counsel. Subject to satisfaction of the conditions in Section 2(A) hereof, the Bond Registrar and Paying Agent shall be executed in the name of the Town with the manual signature of the Mayor and the official seal of the Town shall be imprinted thereon, attested with the manual signature of the Clerk and approved as to form and legal correctness by the Town Attorney. The execution and delivery thereof in the manner described in the preceding

sentence shall constitute complete approval of such Bond Registrar and Paying Agent Agreement by the Town.

SECTION 6. All prior resolutions of the Town inconsistent with the provisions of this resolution are hereby supplemented to conform with the provisions herein contained, and, except as otherwise supplemented hereby, shall remain in full force and effect.

SECTION 7. If any one or more of the covenants, agreements or provisions of this resolution should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this resolution or of the Series 2018 Bonds issued hereunder.

SECTION 8. It is hereby found and determined that all official acts by the Town Commission concerning and relating to the adoption of this supplemental resolution and all prior resolutions affecting the Town Commission's ability to issue the Series 2018 Bonds were taken in an open meeting of the Town Commission and that all deliberations of the Town Commission or any of its committees that resulted in such official acts were in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

SECTION 9. All resolutions or portions thereof in conflict herewith are hereby repealed.

SECTION 10. This resolution shall take effect immediately upon its adoption on July 9, 2018 by the Town Commission of the Town of Longboat Key, Florida.

Passed by the Town Commission of the Town of Longboat Key, Florida this 9th day of July, 2018.

(SEAL)

TOWN OF LONGBOAT KEY, FLORIDA

George Spoll, Mayor

ATTEST:

Trish Shinkle, Town Clerk

EXHIBITS INTENTIONALLY OMITTED

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APPENDIX D

Form of Bond Counsel Opinion

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APPENDIX D

FORM OF BOND COUNSEL OPINION

_____, 2018

Town Commission
Town of Longboat Key, Florida

Re: \$_____ Town of Longboat Key, Florida
 General Obligation Bonds, Series 2018

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Longboat Key, Florida (the "Issuer") in connection with the issuance by the Issuer of its \$_____ General Obligation Bonds, Series 2018 (the "2018 Bonds") pursuant to and under the authority of the Constitution and laws of the State of Florida, including Chapter 166, Florida Statutes, Sections 100.201-100.351, Florida Statutes, the Charter of the Issuer, Ordinance 2017-18 enacted by the Town Commission of the Issuer on November 6, 2017, and other applicable provisions of law, and Resolution No. 2018-13 adopted by the Town Commission of the Issuer on July 9, 2018, as supplemented by Resolution No. 2018-14 adopted by the Town Commission of the Issuer on July 9, 2018 (collectively, the "Bond Resolution"). In such capacity, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. Any capitalized undefined terms used herein shall have the meanings set forth in the Bond Resolution.

The issuance of the 2018 Bonds by the Issuer was approved by a majority of electors at a referendum election held on March 20, 2018, in satisfaction of the requirements of Article VII, Section 12 of the Florida Constitution.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Bond Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of Persson & Cohen, P.A., Issuer's Counsel, as to the due creation and valid existence

of the Issuer, the due adoption of the Bond Resolution, the due execution and delivery of the 2018 Bonds and the compliance by the Issuer with all conditions contained in ordinances and resolutions of the Issuer precedent to the issuance of the 2018 Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion, that, under existing law:

1. The Bond Resolution constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

2. The 2018 Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding general obligations of the Issuer, and the 2018 Bonds are secured by a pledge of the full faith, credit and taxing power of the Issuer, without limitation, in the manner and to the extent described in the Bond Resolution. So long as the 2018 Bonds are outstanding, the Issuer is obligated, each year, to levy an ad valorem tax, without limitation as to the rate or amount, on all taxable property within the Issuer (excluding homestead exemptions and other exemptions as theretofore or thereafter provided by applicable law) at least equal to the Debt Service Requirement for the ensuing Bond Year. Such tax shall be levied, assessed and collected at the same time and in the same manner as ad valorem taxes for the operating expenses of the Issuer and shall be in addition to all other taxes authorized to be levied by the Issuer.

3. Interest on the 2018 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. However, interest on the 2018 Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations for taxable years that began prior to January 1, 2018. The alternative minimum tax on corporations was repealed for taxable years beginning on and after January 1, 2018. The opinion set forth in the preceding sentences is subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2018 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Resolution to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the 2018 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2018 Bonds.

It is to be understood that the rights of the owners of the 2018 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the 2018 Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2018 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2018 Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the 2018 Bonds or regarding the perfection or priority of the pledge of certain funds described in the Bond Resolution. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the 2018 Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

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APPENDIX E

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") dated _____, 2018 is executed and delivered by the Town of Longboat Key, Florida (the "Issuer") in connection with the issuance of its \$_____ General Obligation Bonds, Series 2018 (the "Bonds"). The Bonds are being issued pursuant to Resolution No. 2018-13 adopted by the Town Commission (the "Commission") of the Issuer on July 9, 2018, as supplemented by Resolution No. 2018-14 adopted by the Commission of the Issuer on July 9, 2018 (the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners (defined below) of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of the Rule (defined below).

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access web portal of the MSRB, located at <http://www.emma.msrb.org>.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to

support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity or credit facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the MSRB, which currently accepts continuing disclosure submissions through EMMA.

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, by not later than April 30th following the end of the Issuer's previous fiscal year, commencing with the report for the fiscal year ended September 30, 2018, provide to any Repository in electronic format as prescribed by such Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) If on the fifteenth (15th) day prior to the annual filing date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Issuer shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Report no later than two (2) business days prior to the annual filing date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Agreement, state the date by which the Annual Report for such year will be provided and instruct the Dissemination Agent that a failure to file has occurred and to immediately send a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated _____, 2018 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement in the tables entitled:

- Assessed and Estimated Actual Value of Taxable Property;
- Property Tax Levies and Collections;
- Property Tax Rates - Direct and Overlapping Governments; and
- Principal Property Taxpayers.

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
15. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operation data;
- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;

- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, so long as there is no remaining liability of the Issuer, or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;
- (b) The undertaking, as amended, or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should

present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2018

TOWN OF LONGBOAT KEY, FLORIDA

[SEAL]

By: _____
Mayor

ATTESTED:

Town Clerk

APPROVED AS TO FORM
AND LEGAL CORRECTNESS:

Town Attorney

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Town of Longboat Key, Florida

Name of Bond Issue: \$_____ General Obligation Bonds, Series 2018

Date of Issuance: _____, 2018

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4(b) of the Continuing Disclosure Certificate dated as of _____, 2018. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

TOWN OF LONGBOAT KEY, FLORIDA

By: _____

Name: _____

Title: _____

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