MARGO DEAL ANDERSON

CITY MANAGER
MICHAEL E. WHITE

ATTORNEY
ADAM ALBRITTON



COMMISSIONERS
ANTONIUS G. BARNES
JUDY TINDER
DAN RUSSELL
RODNEY FRIEND

February 26, 2019

Via mail / e-mail

The Honorable Mr. Don Gaetz Chairman Florida Triumph Gulf Coast, Inc. PO Box 12007 Tallahassee, FL 32317

RE: Triumph Gulf Coast Application - City of Lynn Haven Commerce Park Expansion, project #169

Dear Mr. Gaetz:

Please find enclosed the City of Lynn Haven Commerce Park Expansion (#169) project application.

As always, we appreciate your support and consideration and if you have any questions, please give me a call at 850.265.2121.

Sincerely,

Michael E. White City Manager

City of Lynn Haven

Cc (via email): Lynn Haven City Commission

Florida Triumph Gulf Coast Board Members Ms. Sue Skelton, Florida Triumph Gulf Coast, Inc. Ms. Cori Henderson, Florida Triumph Gulf Coast, Inc.

Triumph Gulf Coast, Inc. Trust Fund Application for Funds

Proposal Instructions: The Triumph Gulf Coast, Inc. Trust Fund Grant Application (this document) must be completed by the entity applying for the grant and signed, as applicable, by either the individual applying for funds, an individual authorized to bind the entity applying for funds, a chief elected official, the administrator for the governmental entity or their designee. Please read the Application carefully as some questions may require a separate narrative to be completed. In addition, please complete all Addendums that may be applicable to the proposed project or program.

Triumph Gulf Coast, Inc. will make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. Triumph Gulf Coast, Inc. may make awards for:

- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education; encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

Pursuant to Florida Law, Triumph Gulf Coast, Inc. will provide priority consideration to Applications for projects or programs that:

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.
- Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.

Additionally, the Board of Triumph Gulf Coast, Inc. may provide discretionary priority to consideration of Applications for projects and programs that:

- Are considered transformational for the future of the Northwest Florida region.
- May be consummated quickly and efficiently.
- Promote net-new jobs in the private sector with an income above regional average household income.
- Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation.
- Create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.
- Promote industry cluster impact for unique targeted industries.
- Create net-new jobs with wages above national average wage (e.g., similar to EFI QTI program, measured on graduated scale).
- Are located in Rural Area of Opportunity as defined by the State of Florida (DEO).
- Provide a wider regional impact versus solely local impact.
- Align with other similar programs across the regions for greater regional impact, and not be duplicative of other existing projects or programs.
- Enhance research and innovative technologies in the region.
- Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida.
- Create a unique asset in the region that can be leveraged for regional growth of targeted industries.
- Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.
- Leverage funding from other government and private entity sources.

- Provide local investment and spending.
- Are supported by more than one governmental entity and/or private sector companies, in particular proposed projects or programs supported by more than one county in the region.
- Provide clear performance metrics over duration of project or program.
- Include deliverables-based payment system dependent upon achievement of interim performance metrics.
- Provide capacity building support for regional economic growth.
- Are environmentally conscious and business focused.
- Include Applicant and selected partners/vendors located in Northwest Florida.

Applications will be evaluated and scored based on compliance with the statutory requirements of the Triumph Gulf Coast legislation, including but not limited to the priorities identified therein and the geographic region served by the proposed project or program.

Applicant Information

Name of Individual (if applying in individual capacity): N/A

Name of Entity/Organization: City of Lynn Haven

Background of Applicant Individual/Entity/Organization:

(If additional space is needed, please attach a Word document with your entire answer.)

Federal Employer Identification Number: 59-60000364

Contact Information:

Primary Contact Information: Michael E. White

Title: City Manager

Mailing Address: 825 Ohio Ave., Lynn Haven, FL 32444

Phone: 850-265-2121

Email: citymanager@cityoflynnhaven.com

Website: www.cityoflynnhaven.com

Identify any co-applicants, partners, or other entities or organizations that will have a role in the proposed project or program and such partners proposed roles.

(If additional space is needed, please attach a Word document with your entire answer.)

Total amount of funding requested from Triumph Gulf Coast: \$15,634,290

Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?

Yes X No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made;
- the source to which the request/application for funding was made,
- the results of the request/application for funding, and
- projected or realized results and/or outcomes from prior funding.

(If additional space is needed, please attach a Word document with your entire answer.)

Describe the financial status of the applicant and any co-applicants or partners:

The City of Lynn Haven is an independent local government which operates as a stand-alone entity. As of September 30, 2017, total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$63,998,521 (net position). Of this amount, \$5,002,307 is unrestricted net position of the governmental activities and \$10,865,363 is unrestricted net position of the business type activities, while \$3,453,343 is restricted net position of the governmental activities and \$2,927,792 is restricted net position of the business-type activities. Total net position includes \$19,031,837 net investment in capital assets of the governmental activities and \$22,717,879 of the business-type activities.

(If additional space is needed, please attach a Word document with your entire answer.)

In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

Please see attachment A for a copy of the City Financial Statement for the Fiscal Year 2016/2017.

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

Yes	X No			
If yes, please iden	tify the entity or	individual that field for	r bankruptcy and the	date of filing.

(If additional space is needed, please attach a Word document with your entire answer.)

Eligibility

Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. See, Section 288.08012.

- 1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):
- Ad valorem tax rate reduction within disproportionately affected counties;
- Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- X Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;
- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.

2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Explain how the proposed project or program is considered transformational and how it will effect the disproportionately affected counties in the next ten (10) years.

See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Describe data or information available to demonstrate the viability of the proposed project or program.

See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

5. Describe how the impacts to the disproportionately affected counties will be measured long term. See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)

The City of Lynn Haven will continue to maintain the logistics center as part of its ongoing operations.

(If additional space is needed, please attach a Word document with your entire answer.)

7. Describe how the deliverables for the proposed project or program will be measured. See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

Priorities

- 1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):
- X Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long-term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- X Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- X Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- X Benefit the environment, in addition to the economy.
- X Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties.
- 2. Please explain how the proposed project meets the priorities identified above.

See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.

See Attachment.

(If additional space is needed, please attach a Word document with your entire answer.)

4. In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)

Escambia Santa Rosa Okaloosa Walton (Bay) Gulf Franklin Wakulla

5.	Was this proposed project or program on a list of proposed projects and programs submitted to
	Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a
	project and program located within its county?

Yes X No

If yes, list all Counties that apply:

6. Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph?

Yes X No

**Please attach proof of recommendation(s) from each County identified.

Approvals and Authority

- 1. If the Applicant is awarded grant funds based on this proposal, what approvals must be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?

 Any agreement or contract must be approved by the City of Lynn Haven City Commission.

 (If additional space is needed, please attach a Word document with your entire answer.)
- 2. If approval of a board, commission, council or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:
- A. Provide the schedule of upcoming meetings for the group for a period of at least six months. The City Commission typically meets every second and fourth Tuesday of the month.
- B. State whether that group can hold special meetings, and if so, upon how many days' notice. Special meetings can be called with 48 hour notice. (If additional space is needed, please attach a Word document with your entire answer.)
- 3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.

The City is proposing the following timeline for this project: Planning and Land Acquisition

Project Design & Permitting

Project Construction

Apr 2019 – Jul 2019

Apr 2019 – Sept 2019

Sept 2019 – Sept 2020

(If additional space is needed, please attach a Word document with your entire answer.)

4. Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.

Please see Attachment.

Funding and Budget:

Pursuant to Section 288.8017, awards may not be used to finance 100 percent of any project or program. An awardee may not receive all of the funds available in any given year.

1. Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time period over which funding is requested.

The City is requesting \$15,7634,290 with 50% available by Jul 2019 and 50% available by January 2020. (If additional space is needed, please attach a Word document with your entire answer.)

2. What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent?

Eighty-three (83%)

(Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)

(If additional space is needed, please attach a Word document with your entire answer.)

3. Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.

The Lynn Haven Commerce Park Logistics Center is expected to enable adjacent companies to add 130 direct jobs.

(If additional space is needed, please attach a Word document with your entire answer.)

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

Yes X No

(If additional space is needed, please attach a Word document with your entire answer.)

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

1	1	0
Design, Engineering, Permitting		\$3,612,354
Construction		\$14,763,287
Land Acquisition		\$548,000
Contingency (10%)		\$1,391,935
Total Project Costs:		\$18,923,642

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding

Sources.)

Total Amount:	\$18,923,642
Triumph Gulf Coast (requested)	\$15,634,290
FDOT / Bay County	\$2,991,352
Trane Company	\$160,000
Jensen USA	\$138,000

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.

C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information. (If additional space is needed, please attach a Word document with your entire answer.) see attached

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information or the awardee is not meeting the performance requirements of the award.

X Yes No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

X Yes No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

X Yes No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

X Yes No

ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

1. Program Requirements

A. Is the infrastructure owned by the public?

X Yes No

B. Is the infrastructure for public use or does it predominately benefit the public?

X Yes No

C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation or business entity?

Yes X No

D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.

The Logistics Center will allow existing companies at the Commerce Park expand their operations and product line up onsite. It will help them use their space more efficiently.

(If additional space is needed, please attach a Word document with your entire answer.)

- E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:
 - Economic recovery,
 - Economic Diversification,
 - Enhancement of the disproportionately affected counties,
 - Enhancement of a Targeted Industry.

(If additional space is needed, please attach a Word document with your entire answer.) Please see attachment.

2. Additional Information

A. Is this project an expansion of existing infrastructure project?

X Yes No

B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.

Construction on the improvements to be partially funded by Triumph Funds would begin in July 2019 and be completed by June 2020. We anticipate a approx. 260 days of construction for this project.

(If additional space is needed, please attach a Word document with your entire answer.)

C. What is the location of the public infrastructure?

The project is located at Aberdeen Loop, Panama City, FL 32405 (just south of 99 Aberdeen Loop). Although this is a Panama City address, this project is located within the City limits of Lynn Haven.

(Provide the road number, if applicable. If additional space is needed, please attach a Word document with your entire answer.)

D. Who is responsible for maintenance and upkeep?

The City of Lynn Haven will maintain all components of this project.

(Indicate if more than one are applicable. If additional space is needed, please attach a Word document with your entire answer.)

E. What permits are necessary for the infrastructure project?

A stormwater permit from FDEP and a development order from the City of Lynn Haven will be needed for this project. All permitting will be completed in Summer of 2019 as part of the Design and Engineering phase of this project.

(If additional space is needed, please attach a Word document with your entire answer.)

Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized? (If additional space is needed, please attach a Word document with your entire answer.)

F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?

The area of the expansion is currently zoned Industrial as part of City's Unified Land Development Code (ULDC).

(If additional space is needed, please attach a Word document with your entire answer.)

G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline

X Yes No

A development order will be applied for as part of this project. Application submittal is anticipated for Summer 2019.

(If additional space is needed, please attach a Word document with your entire answer.)

H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.

Yes X No

(If additional space is needed, please attach a Word document with your entire answer.)

I. Provide any additional information or attachments to be considered for this proposal. (If additional space is needed, please attach a Word document with your entire answer.)

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant:

Name and Title of Authorized Representative:

City of Lynn Haven Michael E. White, City Manager

Representative Signature:

Signature Date:

2/26/2019 FINAL

ATTACHMENT A.

Response for Question 3 on page 5: In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.

City of Lynn Haven Financial Statement Fiscal Year 2016 / 2017. A summary of the City's financial activities throughout the fiscal year is shown on pages 12-15.

Response for Question 2 on page 7: Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.

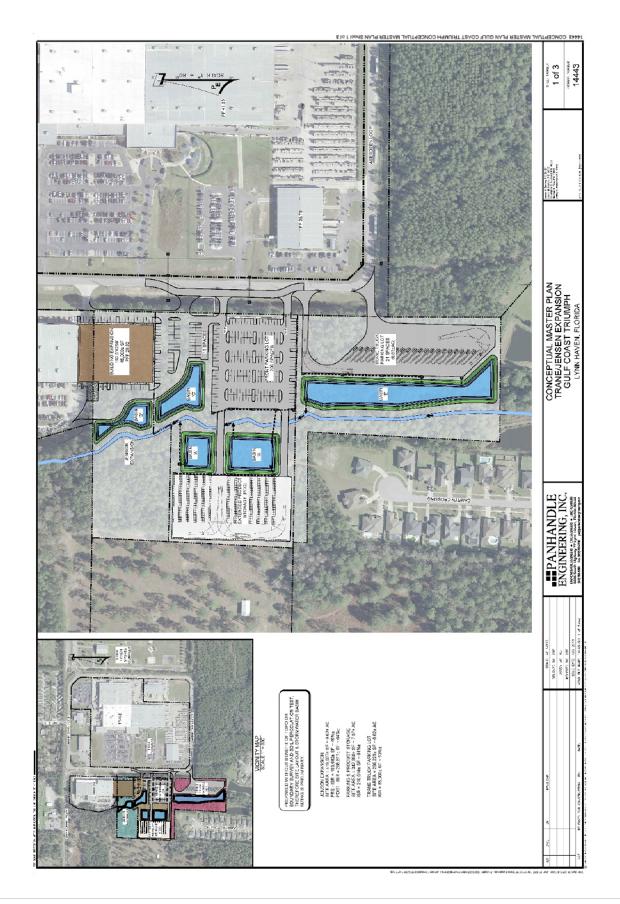
Title: City of Lynn Haven Commerce Park Expansion

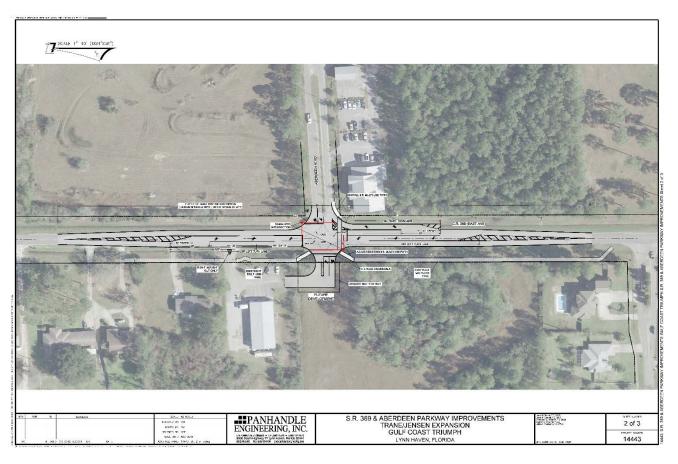
Location: the project is located on Aberdeen Loop and Aberdeen Pkwy in Panama City, FL 32405

Project: Lynn Haven Commerce Park Expansion

Project Description:

The City of Lynn Haven is planning to expand the existing Commerce Park by constructing a logistics center within the Park. This will allow Lynn Haven companies to operate more efficiently by relocating secondary property uses to adjacent sites. The logistics center will include a truck staging lot, outside storage, a parking lot facilities to assist existing companies within the park, as well as enhancements to the existing transportation infrastructure in order to increase road safety and capacity in this area. This new investment is necessary to assist Trane and Jensen USA, existing tenants within the park, with their expansion plans and hiring of 130 new employees combined in the City of Lynn Haven. These investments will be at the City's Commerce Park on Aberdeen Loop and Aberdeen Parkway.







Economic recovery, diversification, and enhancement

With the investment made into the Lynn Haven Commerce Park, Trane is committing to invest more than \$3.6 million in wages and benefits per year by hiring 80 new full-time employees for their local facility. Trane will also donate land valued at \$160,000 to assist in constructing the logistics center. In addition to this investment, Trane will invest \$15 million over the next five years in facility modernization and equipment purchases. Jensen will donate land with the value of \$138,000 to the project. In their expansion plans, Jensen intends to invest \$4.5 million in building and equipment and will hire 50 new full-time jobs with the average salary of \$38,000 plus benefits over the next 5 years. In efforts to keep up with the growth these two companies are experiencing, Bay County and FDOT will be investing \$2,991,352 in road improvements. These improvements will accommodate the additional automobile and truck activity to properly serve the industrial park. FDOT and Bay County efforts increase public safety and address the needs to support additional traffic trips and the substantial increase of delivery truck traffic to both facilities.

TRANE OVERVIEW

Trane of Lynn Haven has been in operation in Bay County since 1996. Trane, a brand of Ingersoll Rand, is one of the largest employers in Bay County with a current employment of 650 full-time employees within three (3) operating shifts while producing as many as 670 HVAC units per day. In 2017 and 2018 Trane completed a variety of insourcing and rooftop consolidation projects that led to more than 100 additional jobs in Bay County. Currently, Trane occupies 365,000 sq. ft. of manufacturing space with 561 parking spaces. The company also has annual material purchase of \$29 million from businesses located within a 50-mile radius. As a result, incremental production volumes at Trane's facility have significant effects on the region's economy.

JENSEN USA OVERVIEW

Jensen USA assists heavy duty laundries worldwide by providing quality textile services economically. They have become a preferred supplier in the laundry industry by leveraging their expertise to design a line of sustainable single machine systems and integrated solutions. They currently have operations in 21 countries and have distribution to more than 40 countries. The Jensen USA facility in Lynn Haven is the only manufacturing, sales, and service center for the Jensen Group in the United States. Utilizing a 100,000 sq. ft. facility in the Lynn Haven Commerce Park, more than 200 people are employed at the operation. Annually, Jensen USA purchases \$10 million in goods and services in Florida, which includes \$3 million in freight costs and \$200,000 in building leases. The first facility was erected in 1999 and doubled their footprint in 2006. Since 1999, Jensen USA has experienced tremendous growth and have been awarded two (2) Qualified Target Industry Tax Refunds. Jensen USA has added more than 150 jobs at the Lynn Haven facility in the last ten years.

Response for Question 3 on page 7: Explain how the proposed project or program is considered transformational and how it will affect the disproportionately affected counties in the next ten (10) years.

Enabling both companies to expand their operations at their existing locations will create a local and regional infusion of investments and employee compensation over the next 5-10 years. We anticipate that this project will trigger third party investments of almost \$22.5M over that period of time. Hiring over 130 qualified employees will create new direct employee compensation of about \$5.6M for the entire

region per year. Please keep in mind that any secondary and tertiary regional economic impacts would have to be added to these values.

Response for Question 4 on page 7: Describe data or information available to demonstrate the viability of the proposed project or program.

Both neighboring companies have been steadily increasing their workforce over the last 20+ years at the Lynn Haven Commerce Park. Measuring the number of new hires and transfers from temporary to permanent employee status will quantify the companies growth pattern over the next years.

Response for Question 5 on page 7: Describe how the impacts to the disproportionately affected counties will be measured long term.

Impacts to the disproportionately affected counties will be measured long term by the number of new employees created by each company per year and the amount of capital investment per year infused in this location by Jensen and Trane companies.

Response for Question 7 on page 7: Describe how the deliverables for the proposed project or program will be measured.

The City of Lynn Haven will construct the Commerce Park logistics center as well as the intersection improvements at County Road 389. The City will seek reimbursement from Triumph Gulf Coast against documented construction expenditures signed by the project engineer.

Response for Question 2 on page 8: Please explain how the proposed project meets the priorities identified above.

- Generate maximum estimated economic benefits: This expansion will have a direct impact on the City and it's surrounding area by supporting about 130 families.
- <u>Leverage or further enhance key regional assets</u>: This investment will secure and underline the City's commitment to these two companies in our area.
- Partner with local governments: This public private partnership project will benefit all parties involved helping existing companies expand at the current sites and allowing the City to help secure existing and new jobs for this area.
- <u>Benefit the environment</u>: The project's environmental impact will be kept to a minimum. The project will also include the construction of stormwater mitigation to reduce any potential flooding in this area and enhance water quality levels of stormwater runoff.

• <u>Provide outcome measures</u>: the number of newly hired employees and transferred positions (temp to permanent) will be reported on an annual basis. In addition the amount of total capital investments per year for this site will reported.

Response for Question 3 on page 8: Please explain how the proposed project or program meets the discretionary priorities identified by the Board

The expansion of the Lynn Haven Commerce Park is consistent with nine of the twenty two priorities identified by the Triumph Gulf Coast Board.

• Are considered transformational for the future of the Northwest Florida region.

The Commerce Park Expansion is transformational for the region because of the amount of private sector investments and the number of newly created jobs for this area..

• May be consummated quickly and efficiently.

The City of Lynn Haven will be able to complete this project by the end of 2020.

• promote net new jobs in the private sector with an income above regional average household income.

Most of the direct jobs created by the project will be private sector jobs with an estimated average income above \$46,000 (wages and benefits).

• align with Northwest Florida FORWARD, the regional strategic iniftiative for Northwest Florida economic transformation.

The City's commerce park expansion is specifically identified in the Northwest Florida Forward Strategic Plan as part of the Target industry component.

• create net-new jobs in targeted industries to include: aerospace and defense, financial services/shared services, water transportation, artificial intelligence, cybersecurity, information technology, manufacturing, and robotics.

Jensen USA and the Trane Company are proposing to add at least 130 new jobs combined to their Lynn Haven site as part of this expansion project. Both companies are in the manufacturing sector.

• Provide a wider regional impact versus solely local impact.

Hiring employees for 130 new positions will have a positive impact on the entire region.

• Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding.

The City has demonstrated its ability to successfully maintain and operate its facilities for many decades.

• provide local investment and spending.

A total amount of over \$3.2M of project funding will be provided by Jensen USA, Trane, FDOT, and Bay County.

• Provide clear performance metrics over duration of project or program.

The success of this project will be measured in number of newly created positions as well as amount of capital investments by the adjacent companies.

Response for Question 4 on page 10: Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding.

Letter of Authority.

RESOLUTION NO. 2018-07-715

A RESOLUTION OF THE CITY OF LYNN HAVEN, FLORIDA AUTHORIZING APPLICATIONS TO TRIUMPH GULF COAST, INC., FOR FUNDING OF CERTAIN QUALIFIED PROJECTS WITHIN THE CITY; AUTHORIZING THE MAYOR OR THE CITY MANAGER TO EXECUTE SUCH APPLICATIONS ON BEHALF OF THE CITY; AND PROVIDING AN IMMEDIATELY EFFECTIVE DATE.

WHEREAS, Triumph Gulf Coast, Inc. ("Triumph") is the entity created by the State of Florida to distribute funds from the Deepwater Horizon settlement;

WHEREAS, Triumph accepted the City of Lynn Haven's (the "City") pre-applications for such settlement funds for certain qualified projects in the City and asked for a formal application;

WHEREAS, the City intends to make formal applications to Triumph for funding for such projects or programs it deems desirable and within Triumph's parameters; and

WHEREAS, in order to avoid any possible delay, the City desires to authorize the Mayor or the City Manager to execute any such applications to Triumph on behalf of the City.

BE IT RESOLVED BY THE CITY OF LYNN HAVEN FLORIDA that the City is authorized to submit applications for qualified projects or programs to Triumph for review and funding by Triumph, including providing supporting documents and information as requested;

BE IT FURTHER RESOLVED that the Mayor or the City Manager is authorized to execute such applications to Triumph on behalf of the City, including execution of related supporting documents.

BE IT FURTHER RESOLVED that this resolution shall take effect immediately and that any copy hereof shall be deemed an original for all purposes.

PASSED AND ADOPTED this ______ day of July, 2018.

Margo Deal Anderson, Mayor

Michael E. White, City Manager/Clerk

ATTEST:

<u>Response for Question C. on page 11:</u> Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

LYNN HAVEN COMMERCE PARK LOGISTICS CENTER - PROJECT COST

Expense Description			Project Budget		TGC Funding Request		Third Party Funding	Source	
1	Land purchase - Aberdeen Lp Parking lot property (portion)	\$	298,000			\$	160,000	Trane Company	
2	Land purchase - Aberdeen Lp Parking lot property (portion)					\$	138,000	Jensen Company	
3	Land purchase - Aberdeen Lp Truck staging area (6 AC, St. Joe property)	\$	250,000	\$	250,000			TGC	
4	Road Improvements - CR 389 (from Hwy 231 to Hwy 77)	\$	2,991,352			\$	2,991,352	Bay County, FDOT	
5	Intersection Improvements - CR 389 / Aberdeen Loop (signalization)	\$	950,000	\$	950,000			TGC	
6	Asphalt Parking Lot on Aberdeen Lp - construction cost 211 spaces	\$	1,055,000	\$	1,055,000			TGC	
7	Asphalt Parking Lot on Aberdeen Lp - lighting and security system	\$	325,000	\$	325,000			TGC	
8	Extended product storage area (concrete), 18,000 SF	\$	275,000	\$	275,000			TGC	
9	Truck staging lot - construction cost (materials incl. landscaping)	\$	750,000	\$	750,000			TGC	
10	Truck staging lot - lighting w/ security cameras	\$	200,000	\$	200,000			TGC	
11	Stormwater Management - box culvert and fill for both lots	\$	1,050,000	\$	1,050,000			TGC	
12	pedestrian crossing w/ sidewalks and push button activator	\$	100,000	\$	100,000			TGC	
13	CR 389 Resurfacing and Dundee Turn Lane	\$	1,075,000	\$	1,075,000			TGC	
14	Titus Road Connector (CR2321 to SR390)		3,100,000	\$	3,100,000			TGC	
15	Resurfacing of Aberdeen Pkwy and Aberdeen Lp		1,500,000	\$	1,500,000			TGC	
16	Contingency (10%)	\$	1,391,935	\$	1,391,935			TGC	
	Total Construction	\$	15,311,287		.41				
	Soft Cost - engineering, permitting, environmental, surveying, etc. (12%)	\$	1,837,354	\$	1,837,354			TGC	
	Wetland Mitigation Costs	\$	950,000	\$	950,000			TGC	
	Legal Costs		75,000	\$	75,000			TGC	
	Long term Maintenance of parking lot and truck staging area (City)		750,000	\$	750,000			TGC	
	TOTAL PROJECT COST		.8,923,642	\$	15,634,290	\$	3,289,352		

83% 17%

ADDENDUM FOR INFRASTRUCTURE PROPOSALS

Response for Question E. on page 12: Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:

• Economic recovery,

The City of Lynn Haven plays an important role in the economic recovery of this region. This project will help support numerous construction jobs in our area. More importantly, the project will allow to well established companies in Lynn Haven to expend and add at least 130 jobs.

• Economic Diversification,

Unlike many other communities, Lynn Haven does not have a "traditional" business core. Typically, cities emerge because they're located at an important intersection, a train station, a port, or because of its regulatory importance. Lynn Haven's local economy has been at a disadvantage because it is a hundred+year old master planned retirement or bedroom community. Expanding existing businesses will help diversify the City's workforce since this investment will also generate increased demand in other business sectors.

• Enhancement of the disproportionately affected counties,

The City of Lynn Haven has experienced positive growth in previous years. Adding 130 jobs to this area will have an impact on the entire area since both companies won't be able to find enough qualified workers within the City limits.

City of Lynn Haven, Florida

Financial Statements

September 30, 2017



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INDEPENDENT AUDITORS' REPORT

Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

Honorable Mayor and Members of the City Commission City of Lynn Haven, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lynn Haven, Florida (City), as of and for the year ended September 30, 2017, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lynn Haven, Florida, as of September 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund 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 4 through 11, the schedule of funding progress for the retirees' health insurance other postemployment benefits plan and schedule of employer contributions for the retirees' health insurance other postemployment benefits plan on page 71, and the pension related statements on pages 72 through 87, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, State of Florida Rules of the Auditor General, and is also not a required part of the basic financial statements. The combining statements 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 statements and the schedule of expenditures of financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City's internal control over financial reporting and compliance.

Caux Rigge & Ingram, L.L.C.

Certified Public Accountants Panama City Beach, Florida June 15, 2018

Management's Discussion and Analysis

Management's discussion and analysis provide an easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City and should be read in conjunction with the City's financial statements.

Financial Highlights

- Total assets and deferred outflows of resources of the City exceeded total liabilities and deferred inflows of resources by \$63,998,521 (net position). Of this amount, \$5,002,307 is unrestricted net position of the governmental activities and \$10,865,363 is unrestricted net position of the business-type activities, while \$3,453,343 is restricted net position of the governmental activities and \$2,927,792 is restricted net position of the business-type activities. Total net position includes \$19,031,837 net investment in capital assets of the governmental activities and \$22,717,879 of the business-type activities.
- Total net position increased by \$8,847,402. Of this amount, \$4,707,891 is attributable to governmental activities and \$4,139,511 is attributable to business-type activities.
- As of September 30, 2017, the general fund's unassigned fund balance was \$4,311,670 or 33% of total general fund expenditures.
- Governmental activities' revenues and transfers increased to \$15,258,890 or 28%, while
 governmental activities' expenses increased 4% to \$10,550,999. Business-type activities' revenues
 and transfers decreased to \$12,521,199 or 9%, while business-type activities' expenses increased 3%
 to \$8,381,688.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to basic financial statements*. The government-wide financial statements present an overall picture of the City's financial position and results of operations. The fund financial statements present financial information for the City's major funds. The notes to basic financial statements provide additional information concerning the City's finances that are not otherwise disclosed in the government-wide or fund financial statements.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities, as well as the change in net position. Governmental activities are primarily supported by gross receipts taxes, utility taxes, franchise fees, and state shared revenues, while business-type activities are supported by charges to the users of activities, such as water, sewer, storm water and sanitation charges.

The *statement of net position* presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City, with the difference between them reported as *net position*. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position are reported separately for governmental activities and business-type activities. Increases or decreases in net position over time may serve as a useful indicator of the City's improving or declining financial position.

The statement of activities presents information on all revenues and expenses of the City and the change in net position for the fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fees and earned, but unused vacation/sick leave).

Expenses are reported by major function, along with program revenues relating to those functions, providing the net cost of all functions provided by the City. In order to better understand the City's operations, governmental activities' expenses include among others, general government services, public safety, highways and streets, and culture and recreation. Business-type activities' expenses, which are financed by user fees and charges, include water, sewer, storm water, and sanitation services.

The government-wide financial statements include not only the City (known as the *primary government*), but also the following blended component unit: The City of Lynn Haven Community Redevelopment Agency. Financial information for this component unit is included in the City's financial information.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific purposes or objectives. Individual funds have been established by the City to account for revenues that are restricted to certain uses, or to comply with legal requirements. The three major categories of funds found in the City's *fund financial statements* include: governmental funds, proprietary funds, and fiduciary funds.

Fund financial statements provide financial information for the City's major funds and more detailed information about the City's activities. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources. The fiduciary fund statement provides information concerning assets held in trust by the City for the benefit of parties outside the government.

Fund financial statements for all governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances. The City's general fund includes a statement of revenues, expenditures and changes in fund balances – budget and actual. For the proprietary funds, a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows are presented. A statement of fiduciary net position and a statement of changes in fiduciary net position are presented for the City's fiduciary funds.

The government-wide financial statements and the fund financial statements provide different presentations of the City's financial position. Categorized by governmental activities and business-type activities, the government-wide financial statements provide an overall picture of the City's financial standing. These statements, which are comparable to private sector companies, provide a good understanding of the City's

overall financial health and present the means used to pay for various activities, or functions provided by the City. All assets of the City, including buildings, land, and infrastructure are reported in the statement of net position, as well as all liabilities, including outstanding principal on bonds, capital leases, and future employee benefits obligated but not yet paid by the City. The statement of activities includes depreciation on all long lived assets of the City, but all transactions between different functions of the City have been eliminated to avoid doubling up the revenues and expenditures. The *fund financial statements* provide a presentation of the City's major funds, along with a column for all nonmajor funds. In the case of governmental funds, outlays for long lived assets are reported as expenditures and long-term liabilities, such as revenue bonds, are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

Notes to basic financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, assets of the City, and long-term debt are just a few of the items included in the notes to basic financial statements.

Government-wide financial analysis of the City

The following schedule provides a summary of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the City. At the end of the fiscal years 2017 and 2016, the City is able to report positive balances in all three categories of net position, for the government as a whole, and for its governmental and business-type activities.

Net Position

	Governmental Business-type											
	Activities				Activities				Total			
September 30,	2017		2016		2017		2016		2017		2016	
Current and other												
assets	\$ 13,17	1,739 \$	6,103,115	\$	15,581,262	\$	13,276,785	\$	28,753,001	\$	19,379,900	
Capital assets	24,70	1,168	20,562,661		40,901,341		38,883,308		65,602,509		59,445,969	
Total assets	37,87	2,907	26,665,776		56,482,603		52,160,093		94,355,510		78,825,869	
Deferred outflows												
of resources	1,42	2,306	1,758,020		795,245		914,677		2,217,551		2,672,697	
Current liabilities	2,63	5,648	223,327		538,985		671,157		3,174,633		894,484	
Noncurrent												
liabilities	7,45	9,570	4,488,986		19,874,174		19,772,991		27,333,744		24,261,977	
Total liabilities	10,09	5,218	4,712,313		20,413,159		20,444,148		30,508,377		25,156,461	
Deferred inflows												
of resources	1,71	2,508	931,887		353,655		259,099		2,066,163		1,190,986	
Net position												
Net investment												
in capital assets	19,03	1,837	18,520,929		22,717,879		20,951,758		41,749,716		39,472,687	
Restricted	3,45	3,343	2,455,483		2,927,792		2,235,251		6,381,135		4,690,734	
Unrestricted	5,00	2,307	1,803,184		10,865,363		9,184,514		15,867,670		10,987,698	
Total net position	\$ 27,48	7,487	22,779,596	\$	36,511,034	\$	32,371,523	\$	63,998,521	\$	55,151,119	

Net investment in capital assets (i.e., land, buildings and equipment), net of any related outstanding debt used to acquire those assets, represents the City's largest portion of net position (65%). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. It should be noted, that although the City's net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position, representing 10% of the City's net position, is subject to external restrictions, and thus is limited as to how it may be used. The remaining balance of unrestricted net position (\$15,867,670) may be used to help meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position.

Changes in Net Position

	Governmental Activities			ss-type vities	Total		
Year Ended September 30,	ar Ended September 30, 2017 2016		2017	2016	2017	2016	
Program revenues							
Charges for services	\$ 1,076,402	\$ 982,199	\$ 11,863,531	\$ 11,301,847	\$ 12,939,933	\$ 12,284,046	
Operating							
grants/contributions	28,055	77,799	-	-	28,055	77,799	
Capital							
grants/contributions	1,700,423	33,748	575,930	2,291,454	2,276,353	2,325,202	
General revenues							
Property taxes and other							
gross tax receipts	6,268,680	4,908,093	-	-	6,268,680	4,908,093	
Utility taxes/franchise							
fees	2,929,143	3,223,268	-	-	2,929,143	3,223,268	
Intergovernmental	2,574,616	2,432,899	-	-	2,574,616	2,432,899	
Other	681,571	220,540	81,738	140,440	763,309	360,980	
Total revenues	15,258,890	11,878,546	12,521,199	13,733,741	27,780,089	25,612,287	
Expenses							
General government	2,873,465	2,802,685	-	-	2,873,465	2,802,685	
Public safety	4,463,678	4,309,794	-	-	4,463,678	4,309,794	
Highways and streets	1,205,718	1,177,888	-	-	1,205,718	1,177,888	
Culture/recreation	1,915,224	1,762,000	-	-	1,915,224	1,762,000	
Interest on long-term							
debt	92,914	92,328	-	-	92,914	92,328	
Water	-	-	2,736,971	2,741,060	2,736,971	2,741,060	
Sewer	-	-	2,988,606	2,967,533	2,988,606	2,967,533	
Sanitation	-	-	1,992,709	1,855,427	1,992,709	1,855,427	
Storm water	-	-	663,402	539,674	663,402	539,674	
Total expenses	10,550,999	10,144,695	8,381,688	8,103,694	18,932,687	18,248,389	
Change in net position	\$ 4,707,891	\$ 1,733,851	\$ 4,139,511	\$ 5,630,047	\$ 8,847,402	\$ 7,363,898	

Governmental activities' revenues exceeded expenses by \$4,707,891, while business-type activities' revenues exceeded expenses by \$4,139,511. Total revenues increased \$2,167,802 from the previous year.

Revenues increased as a result of several factors. Charges for service revenues increased \$655,887, property taxes and other gross receipts increased \$1,360,587, utility taxes and franchise fees decreased \$294,125, and other income increased \$402,329. Total expenses increased \$684,298 from the previous year. Governmental expenses increased \$406,304. Culture/recreation expenses increased \$153,224 and public safety increased by \$153,884. Utility expenses increased \$277,994 which is mainly due to an increase in sanitation expenses of \$137,282 and storm water expenses of \$123,728.

41% of the revenues for governmental activities were generated by property taxes and other gross tax receipts, while most of the governmental resources were expended for public safety (42%), general government (27%), culture and recreation (18%), and highways and streets (11%) activities.

95% of the revenues for the business-type activities were generated by charges for services, while the sewer fund consumed 36% of business-type activities expenses.

Financial Analysis of the City's Funds

Governmental Funds

General Fund

The main operating fund of the City is the general fund. As of September 30, 2017, total assets were \$11,426,076, and total liabilities were \$2,568,818. At the end of fiscal year 2017, unassigned fund balance of the general fund was \$4,374,329, while total fund balance was \$8,857,258.

The general fund's budget was amended during the year to reflect anticipated increases in revenues and expenditures.

Other Governmental Funds

The Community Redevelopment Fund is used by the City to account for the revenues and expenditures of the Lynn Haven Community Redevelopment Agency. The budget was amended during the year to reflect decreases in anticipated revenues and expenditures which resulted from the decrease in available funds.

The *Debt Service Fund* is used by the City to account for principal and interest payments on general fund debt. The City does not adopt a budget for the debt service fund, instead debt service fund revenues and expenditures are budgeted indirectly as transfers to the debt service fund and interest in the general fund.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. Each proprietary fund is reported as a major fund.

Unrestricted net position of proprietary funds at the end of the year are presented below:

Fund	Net Position	on			
September 30,	2017				
Water	\$ 6,939,765 \$	5,558,836			
Sewer	1,473,497	1,194,310			
Sanitation	2,521,309	2,487,291			
Storm water	(69,208)	(55,923)			
Total	\$ 10,865,363 \$	9,184,514			

Unrestricted

The proprietary funds are used to account for the operations of the City's utility systems. Refer to the statement of net position – proprietary funds and the statement of revenues, expenses and changes in net position – proprietary funds for specific numerical data.

Capital Assets Activity

The following schedule provides a summary of the City's capital assets activity. The City's total investment in capital assets for both its governmental and business-type activities as of September 30, 2017, was \$65,602,509 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year included the following:

•	Street Resurfacing, 5.88 miles	\$ 2,350,670
•	Bridge on Arthur Drive, over Lynn Haven Bayou	937,429
•	Porter Park boat ramp improvements	371,545
•	FEMA grant property acquisition	201,094
•	Sheffield Park Improvements	193,614
•	Completion of east side, 17th Street ditch piping	1,914,569
•	Slip-lining storm drains	106,211
•	Cast iron water main pipe replacement and	734,595
•	Clay sewer line pipe replacement	527,851
•	Purchase of an Autocar ACX garbage truck	257,850

Capital Assets (net of depreciation)

	Govern	me	ntal	Busine	ss-t	уре			
	Activ	vitie	es	Acti	vitie	es	To	tal	
September 30,	2017		2016	2017		2016	2017		2016
Land Construction in	\$ 2,331,529	\$	2,331,529	\$ 1,248,886	\$	1,277,064	\$ 3,580,415	\$	3,608,593
progress	653,255		112,536	2,891,973		4,247,686	3,545,228		4,360,222
Buildings	1,893,274		1,962,267	579,691		611,857	2,472,965		2,574,124

		imental vities		ss-type vities	To	otal
September 30,	2017	2016	2017	2016	2017	2016
Improvements Machinery and	\$ 18,240,614	\$ 14,955,083	\$ 33,551,085	\$ 30,251,553	\$ 51,791,699	\$ 45,206,636
equipment	1,582,496	1,201,246	2,629,706	2,495,148	4,212,202	3,696,394
Total	\$ 24,701,168	\$ 20,562,661	\$ 40,901,341	\$ 38,883,308	\$ 65,602,509	\$ 59,445,969

Additional information on the City's capital assets can be found in note 7: capital assets, of the notes to basic financial statements.

Debt Management

At the end of the current fiscal year, the City had total bond debt outstanding in the amount of \$20,141,135. This debt amount represents bonds secured solely by specified revenue sources.

Outstanding Bond Debt

	Govern	me	ntal	Busine	ss-type			
	Activ	/itie	es .	Activ	vities	To	tal	
September 30,	2017		2016	2017	2016	2017	2016	
Bonds payable	\$ 5,551,380	\$	1,859,180	\$ 14,589,755	\$ 15,885,550	\$ 20,141,135	\$ 17,744,730	

Principal repayments during the year on outstanding bond debt totaled \$7,615,000, proceeds from new bonds totaled \$10,000,000, and the net change in discounts and premiums totaled \$11,405. More detail on the City's liabilities is presented in notes 9 and 10 of the notes to basic financial statements.

Economic Factors and Next Year's Budget and Rates

The City's general fund revenues are estimated to increase by \$1.17 million in fiscal year 2018.

Ad valorem taxes are expected to increase by \$141,000, due to an increase in taxable property values of 4%, while maintaining the millage rate at 3.900. Increased development and permitting activity in fiscal year fiscal 2018 indicate that increases to the City's property tax base will continue.

Sales tax revenues are also forecasted to increase by \$204,000 for $\frac{1}{2}$ cent sales tax revenue and by \$827,000 for $\frac{1}{2}$ cent infrastructure sales tax revenue which was collected for only 9 months in the current fiscal year.

For fiscal year 2018, the City's original budget appropriates the use of \$1,929,615 of general fund reserves, however \$3,879,500 in budgeted expenditures are funded from loan proceeds received in FY 2017. The City continues to maintain a healthy, unassigned fund balance. As of September 30, 2017, the unassigned general fund balance is \$4,311,670 which represents 26% of beginning FY 2018 adopted appropriations.

No significant changes to enterprise fund reserves are included in next year's beginning appropriations. User fees for water and sewer utilities and sanitation services remained unchanged for fiscal year 2018, pending recommendations from the City's rate analysis study which is currently underway. However, revenues are

projected to increase due to an increase in the number of utility customers. Storm water fees were increased by 1.9% to assist in funding increased storm water maintenance and evaluation costs.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City of Lynn Haven's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Lynn Haven Finance Department, 825 Ohio Avenue, Lynn Haven, Florida 32444. You may visit the City's website at www.cityoflynnhaven.com or send email to cityhall@cityoflynnhaven.com.

City of Lynn Haven, Florida Statement of Net Position

Primary Government

September 30, 2017	Governmental Activities	, ·				
Assets						
Current assets						
Cash and cash equivalents	\$ 9,231,900	\$ 11,885,036	\$ 21,116,936			
Accounts receivable, net	11,355	581,914	593,269			
Notes receivable	5,000	8,540	13,540			
Grants receivable	676,493	230,875	907,368			
Due from other governments	164,485	-	164,485			
Prepaids	295,868	766	296,634			
Inventories	28,375	106,956	135,331			
Total current assets	10,413,476	12,814,087	23,227,563			
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	1,819,337	2,580,613	4,399,950			
Prepaid bond insurance	_,0_0,00.	74,542	74,542			
Notes receivable	_	112,020	112,020			
Net pension asset	938,926		938,926			
Capital assets	223,222		000,000			
Nondepreciable	2,984,784	4,140,859	7,125,643			
Depreciable, net of accumulated	2 ,55 1,7 5 1	.,,,,,,	.,,			
depreciation	21,716,384	36,760,482	58,476,866			
Total noncurrent assets	27,459,431	43,668,516	71,127,947			
Deferred outflows of resources						
Deferred outflows related to pensions	1,422,306	315,521	1,737,827			
Deferred loss on bond refunding	-	479,724	479,724			
Total deferred outflows of resources	1,422,306	795,245	2,217,551			
Total assets and deferred outflows						
of resources	39,295,213	57,277,848	96,573,061			
Liabilities						
Current liabilities						
Accounts payable	2,435,656	85,553	2,521,209			
Accrued expenses	168,571	24,435	193,006			
Accrued interest	31,421	136,255	167,676			
Unearned revenue	-	292,742	292,742			
Total current liabilities	2,635,648	538,985	3,174,633			

City of Lynn Haven, Florida Statement of Net Position (Continued)

Primary Government

	Timary Government					
September 30, 2017		overnmental Activities		usiness-type Activities		Total
Noncurrent liabilities						
Customer deposits	\$	_	\$	448,435	\$	448,435
Due within one year	·		·	ŕ		ŕ
Accrued compensated absences		39,118		11,810		50,928
Notes payable		66,507		84,730		151,237
Bonds payable		594,670		1,344,330		1,939,000
Due in more than one year		.,		_,, ,,		_,,
Accrued compensated absences		240,294		66,924		307,218
Notes payable		51,444		3,593,707		3,645,151
Bonds payable, net of discount		4,956,710		13,245,425		18,202,135
Net pension liability		1,289,018		1,008,151		2,297,169
Other postemployment benefits		221,809		70,662		292,471
Total noncurrent liabilities		7,459,570		19,874,174		27,333,744
Deferred inflows of resources Deferred inflows related to pensions		1,712,508		353,655		2,066,163
Total deferred inflows of resources		1,712,508		353,655		2,066,163
		1,712,308		333,033		2,000,103
Total liabilities and deferred inflows						
of resources		11,807,726		20,766,814		32,574,540
Net position						
Net investment in capital assets		19,031,837		22,717,879		41,749,716
Restricted						
Law enforcement education		10,194		-		10,194
Capital repair and replacement		1,589,841		1,184,627		2,774,468
Infrastructure tax		1,078,284		-		1,078,284
Reforestation		3,735		-		3,735
Debt service		221,470		1,743,165		1,964,635
Community redevelopment		549,819		-		549,819
Unrestricted		5,002,307		10,865,363		15,867,670
Total net position	\$	27,487,487	\$	36,511,034	\$	63,998,521

City of Lynn Haven, Florida Statement of Activities

Net (Expenses) Revenues and Change in Net Position

			Program Revenue	ac .	Primary Government			
						illary Government		
		Chauss - fs	Operating	Capital	Caamr	Descionant to the		
Vacuu Findad Cantamban 20, 2017	F	Charges for	Grants and	Grants and	Governmental	Business-type	Takal	
Year Ended September 30, 2017	Expenses	Services	Contributions	Contributions	Activities	Activities	Total	
Functions/Programs								
Primary government								
Governmental activities	4 05040				4 (05.040)		400000	
Legislative	\$ 96,042	•	\$ -	\$ -	φ (30,012)	\$ - !	(96,042)	
Executive	453,615		-	-	(453,615)	-	(453,615)	
Administration and finance	348,941		-	-	(348,941)	-	(348,941)	
Professional services	391,960		-	-	(391,960)	-	(391,960)	
Development and planning	591,389	•	-	-	(218,287)	-	(218,287)	
Protective inspections	296,305		-	-	(296,305)	-	(296,305)	
Public works	334,388		-	-	(334,388)	-	(334,388)	
Economic development	36,737		-	-	(36,737)	-	(36,737)	
Other general government	620,393	234,557	28,055	1,658,478	1,300,697	-	1,300,697	
Law enforcement	2,712,180	206,319	-	20,094	(2,485,767)	-	(2,485,767)	
Fire protection	1,455,193	79,207	-	-	(1,375,986)	-	(1,375,986)	
Streets	809,959	41,550	-	-	(768,409)	-	(768,409)	
Fleet management	395,759	-	-	-	(395,759)	-	(395,759)	
Library	314,100	4,109	-	1,069	(308,922)	-	(308,922)	
Leisure services	1,601,124	237,090	-	20,782	(1,343,252)	-	(1,343,252)	
Interest on long-term debt	92,914	-	-	-	(92,914)	-	(92,914)	
Total governmental activities	10,550,999	1,175,934	28,055	1,700,423	(7,646,587)	-	(7,646,587)	
Business-type activities								
Water	2,736,971	4,436,802	-	317,080	-	2,016,911	2,016,911	
Sewer	2,988,606	4,158,551	-	258,850	-	1,428,795	1,428,795	
Sanitation	1,992,709	2,748,242	-	-	-	755,533	755,533	
Storm water	663,402	519,936	-	-	-	(143,466)	(143,466)	
Total business-type activities	8,381,688			575,930	-	4,057,773	4,057,773	
Total primary government	\$ 18,932,687	\$ 13,039,465	\$ 28,055	\$ 2,276,353	(7,646,587)	4,057,773	(3,588,814)	
· =					=			

City of Lynn Haven, Florida Statement of Activities (Continued)

Net (Expenses) Revenues and Change in Net Position

					Primary Government			
Year Ended September 30, 2017		Go	overnmental Activities		isiness-type Activities		Total	
General rever	nues							
	Taxes							
	Property taxes	\$	4,088,057	\$	-	\$	4,088,057	
	Utility taxes		1,536,106		-		1,536,106	
	Other gross receipts		2,180,623		-		2,180,623	
	Franchise fees		1,393,037		-		1,393,037	
	Intergovernmental		2,574,616		-		2,574,616	
	Miscellaneous		508,387		49,113		557,500	
	Total general revenues		12,280,826		49,113		12,329,939	
	Interest earnings		73,652		32,625		106,277	
	Total general revenues and interest		12,354,478		81,738		12,436,216	
	Change in net position		4,707,891		4,139,511		8,847,402	
	Net position - beginning		22,779,596		32,371,523		55,151,119	
	Net position - ending	\$	27,487,487	\$	36,511,034	\$	63,998,521	

City of Lynn Haven, Florida Balance Sheet – Governmental Funds

September 30, 2017	General Fund	(Other Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 8,646,67	2 \$	585,228	\$ 9,231,900
Accounts receivable, net	11,35	5	-	11,355
Notes receivable	5,00	0	-	5,000
Grants receivable	676,49	3	-	676,493
Prepaids	295,82	9	39	295,868
Due from other governments	164,48	5	-	164,485
Internal balances	(101,02	4)	101,024	-
Inventories	28,37	5	-	28,375
Cash and cash equivalents - restricted	1,698,89	1	120,446	1,819,337
Total assets	\$ 11,426,07	6 \$	806,737	12,232,813
Liabilities and fund balances Liabilities Accounts payable	\$ 2,401,09		•	2,435,656
Accrued expenditures	167,72	.6	845	168,571
Total liabilities	2,568,81	.8	35,409	2,604,227
Fund balances				
Nonspendable				
Inventories	28,37	5	-	28,375
Prepaids	295,82		39	295,868
Restricted	·			•
Law enforcement education	10,19	4	-	10,194
Capital repair and replacement	1,589,84	1	-	1,589,841
Infrastructure tax	1,078,28	4	-	1,078,284
Unspent bond proceeds	1,539,33	0	-	1,539,330
Reforestation	3,73	5	-	3,735
Community redevelopment fund		-	549,819	549,819
Debt service fund		-	221,470	221,470
Unassigned				
General fund	4,311,67	0	-	4,311,670
Total fund balances	8,857,25	8	771,328	9,628,586
Total liabilities and fund balances	\$ 11,426,07	6 \$	806,737	

City of Lynn Haven, Florida Balance Sheet – Governmental Funds (Continued)

		Other	
	General	Governmental	
September 30, 2017	Fund	Funds	Total
Amounts reported for governmental activities in the statement			
of net position are different because:			
Capital assets used in governmental activities are not finance	cial resource	25	
and therefore are not reported in the funds.			\$ 24,701,168
Deferred inflows and outflows of resources related to pens	ions are not		
available or due, respectively, in the current period and	therefore a	re	
not reported in the governmental funds.			(290,202)
Long-term liabilities, including net pension asset/liability, a	re not due		
and payable in the current period and therefore, are no	ot reported	in	
the funds.			(6,552,065)
Net position of governmental activities			\$ 27,487,487

City of Lynn Haven, Florida Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Utility 1,536,106 1,536,106 Property taxes 3,787,684 300,373 4,088,055 Intergovernmental 2,574,616 - 2,574,616 Licenses and permits 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,225 Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures 2 1 96,042 - 607,919 Current 1 1 1 1 1 1 1 1 1 1 1 1 2 1 6 9,042 - 96,042 - 96,042 Expenditures 2 2 96,042 - 96,042 - 2 96,042 Expenditures 1 39,933 - 39,933		General	Other General Governmental				
Taxes S 2,180,623 \$ \$ 2,180,623 Utility 1,536,106 1,536,106 1,536,106 1,536,106 1,536,106 1,536,106 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 2,574,616 3,512,702	Year Ended September 30, 2017	Fund	Funds	Total			
Gross receipts \$ 2,180,623 \$ - \$ 2,180,623 Utility 1,536,106 - 1,536,106 Property taxes 3,787,684 300,373 4,088,055 Intergovernmental 2,574,616 - 2,574,616 - 2,574,616 Licenses and permits 1,910,438 - 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,222 - 476,780 - 476,780 - 476,780 - 476,780 - 476,780 - 719,707 - 719,707 - 719,707 - 719,707 - 719,707 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 607,915 - 73,652 - 607,915 - 73,652 - 607,915 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652 - 73,652	Revenues						
Utility 1,536,106 1,536,106 Property taxes 3,787,684 300,373 4,088,055 Intergovernmental 2,574,616 - 2,574,616 Licenses and permits 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,225 Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures 2 1 96,042 - 607,919 Current 1 1 1 1 1 1 1 1 1 1 1 1 2 1 6 9,042 - 96,042 - 96,042 Expenditures 2 2 96,042 - 96,042 - 2 96,042 Expenditures 1 39,933 - 39,933	Taxes						
Property taxes 3,787,684 300,373 4,088,057 Intergovernmental 2,574,616 - 2,574,616 Licenses and permits 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,222 Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,462 Expenditures 2 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,555 Profective inspections 296,176 - 296,176 Public work	Gross receipts	\$ 2,180,623	\$ -	\$ 2,180,623			
Intergovernmental 2,574,616 - 2,574,616 Licenses and permits 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,222 Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,461 Expenditures 14,000 - 607,919 Current 1 1,986,473 304,988 14,291,461 Expenditures 2 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 - 607,919 -	Utility	1,536,106	-	1,536,106			
Licenses and permits 1,910,438 - 1,910,438 Fines and forfeitures 82,221 - 82,221 Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 19,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,918 Total revenues 13,986,473 304,988 14,291,462 Expenditures 2 - 60,042 - 60,042 - 96,042	Property taxes	3,787,684	300,373	4,088,057			
Fines and forfeitures 82,221 82,222 Charges for services 476,780 476,780 Contributions and donations 41,342 41,342 Grants 719,707 79,767 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,918 Expenditures Current Legislative 96,042 - 96,042 Executive 452,056 - 96,042 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,552 Protective inspections 296,176 - 296,176 Public works 321,013 - 320,176 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 3,349,595 Streets 539,303 -	Intergovernmental	2,574,616	-	2,574,616			
Charges for services 476,780 - 476,780 Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,461 Expenditures 2 Current 1 1 1 1 1 1 1 1 1 1 1 1 1 2 1 96,042 - 96,042 <td>Licenses and permits</td> <td>1,910,438</td> <td>-</td> <td>1,910,438</td>	Licenses and permits	1,910,438	-	1,910,438			
Contributions and donations 41,342 - 41,342 Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,462 Expeditures 8 8 14,291,462 Current 8 8 96,042 - 96,042 Legislative 96,042 - 96,042 - 96,042 Executive 452,056 - 452,056 - 452,056 Administration and finance 359,637 - 359,637 - 359,637 Professional services 391,960 - 391,960 - 391,960 Development and planning 225,284 316,273 541,557 70,657 Profective inspections 321,013 - 321,013 - 321,013 - 321,013 - 321,013 - 321,013 - 367,37<	Fines and forfeitures	82,221	-	82,221			
Grants 719,707 - 719,707 Interest 69,037 4,615 73,652 Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures 2 86,042 - 96,042 Executive 452,056 - 452,056 - 452,056 Administration and finance 359,637 - 296,176 - 296,176 - 296,176 - 296,176 - 296,176 - 296,176 - 247,667 - 427	Charges for services	476,780	-	476,780			
Interest Other fees and miscellaneous 69,037 (607,919) 4,615 (73,652) Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures Current Legislative 96,042 - 96,042 96,042 Executive 452,056 - 452,056 452,056 Administration and finance 359,637 - 359,637 - 359,637 Professional services 391,960 - 31,657 319,960 Development and planning 225,284 316,273 541,557 Protective inspections 321,013 - 296,176 - 296,176 Public works 321,013 - 321,013 - 321,013 Economic development 36,737 - 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 - 203,883 Library	Contributions and donations	41,342	-	41,342			
Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures Current 8 452,056 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792	Grants	719,707	-	719,707			
Other fees and miscellaneous 607,919 - 607,919 Total revenues 13,986,473 304,988 14,291,463 Expenditures Current 8 452,056 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792	Interest	69,037	4,615	73,652			
Expenditures Current Legislative 96,042 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 - 321,013 Economic development 36,737 - 36,737 - 36,737 Other general government 427,667 - 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,233 - 2,680,233 Fire protection 1,349,595 - 1,349,595 - 1,349,595 Streets 539,303 - 539,303 - 539,303 Fleet management 203,883 - 203,883 - 203,883 Library 277,792 - 277,792 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,402 Principal Interest and fiscal charges 26,929 45,527 <td< td=""><td>Other fees and miscellaneous</td><td></td><td>-</td><td>607,919</td></td<>	Other fees and miscellaneous		-	607,919			
Current Legislative 96,042 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges	Total revenues	13,986,473	304,988	14,291,461			
Legislative 96,042 - 96,042 Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,135 Debt service - - 282,401 282,402 Interest and fiscal charges	Expenditures						
Executive 452,056 - 452,056 Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures	Current						
Administration and finance 359,637 - 359,637 Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,215	Legislative	96,042	-	96,042			
Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,215	Executive	452,056	-	452,056			
Professional services 391,960 - 391,960 Development and planning 225,284 316,273 541,557 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,232 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,215	Administration and finance	359,637	-	359,637			
Development and planning 225,284 316,273 541,555 Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,218	Professional services	391,960	-	391,960			
Protective inspections 296,176 - 296,176 Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	Development and planning	225,284	316,273	541,557			
Public works 321,013 - 321,013 Economic development 36,737 - 36,737 Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219			-	296,176			
Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219			-	321,013			
Other general government 427,667 - 427,667 Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	Economic development	· ·	-	36,737			
Law enforcement 2,680,231 - 2,680,231 Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	•		-	427,667			
Fire protection 1,349,595 - 1,349,595 Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 13,245,452 709,767 13,955,219 Total expenditures 13,245,452 709,767 13,955,219			-	2,680,231			
Streets 539,303 - 539,303 Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	Fire protection		-	1,349,595			
Fleet management 203,883 - 203,883 Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	•		-	539,303			
Library 277,792 - 277,792 Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	Fleet management		-	203,883			
Leisure services 1,513,580 - 1,513,580 Capital outlay 4,047,567 65,566 4,113,133 Debt service Principal - 282,401 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219			-	277,792			
Capital outlay 4,047,567 65,566 4,113,133 Debt service - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219	-	· ·	-				
Debt service Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219			65,566				
Principal - 282,401 282,401 Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219		,- ,	,-,-	, -,			
Interest and fiscal charges 26,929 45,527 72,456 Total expenditures 13,245,452 709,767 13,955,219		-	282,401	282,401			
· · · · · · · · · · · · · · · · · · ·	•	26,929		72,456			
Excess (deficit) of revenues over (under) expenditures 741.021 (404.779) 336.242	Total expenditures	13,245,452	709,767	13,955,219			
	Excess (deficit) of revenues over (under) expenditures	741,021	(404,779)	336,242			

City of Lynn Haven, Florida Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Continued)

			Other	
	General	Go	overnmental	
Year Ended September 30, 2017	Fund		Funds	Total
Other financing sources (uses)				
Transfers in	\$	\$	426,325	\$ 426,325
Transfers out	(426,325	5)	-	(426,325)
Issuance of debt	3,910,000)	-	3,910,000
Total other financing sources (uses)	3,483,675	;	426,325	3,910,000
Net changes in fund balances	4,224,696	;	21,546	4,246,242
Fund balances - beginning	4,632,562	<u>.</u>	749,782	5,382,344
Fund balances - ending	\$ 8,857,258	\$	771,328	\$ 9,628,586

City of Lynn Haven, Florida

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds (page 19)	\$ 4,246,242
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the	
amount by which capital outlay exceeded depreciation in the current period.	3,187,532
The net effect of miscellaneous noncash transactions involving capital assets	
(i.e. sales, trade-ins, adjustments and donations) is to increase net position.	950,975
The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term	
debt and related items.	(3,627,599)
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 (i.e. compensated absences,	(40.250)
net pension liabilities, and other postemployment benefits).	(49,259)
Change in net position of governmental activities (page 15)	\$ 4,707,891

City of Lynn Haven, Florida Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund

	Budgeted	d Amounts	Actual	Variance with Final Budget-Positive			
Year Ended September 30, 2017	Original	Final	Amounts	(Negative)			
Revenues							
Taxes							
Gross receipts	\$ 923,047	\$ 1,973,323	\$ 2,180,623	\$ 207,300			
Utility taxes	1,471,000	1,471,000	1,536,106	65,106			
Property taxes	3,710,900	3,711,339	3,787,684	76,345			
Intergovernmental	2,914,783	2,452,232	2,574,616	122,384			
Licenses and permits	1,720,310	1,821,110	1,910,438	89,328			
Fines and forfeitures	58,700	69,299	82,221	12,922			
Charges for services	329,562	415,662	476,780	61,118			
Contributions and donations	6,000	32,925	41,342	8,417			
Grants	515,303	728,573	719,707	(8,866)			
Interest	5,950	35,835	69,037	33,202			
Other fees and miscellaneous	124,082	575,704	607,919	32,215			
Total revenues	11,779,637	13,287,002	13,986,473	699,471			
Expenditures							
Current							
Legislative	96,053	99,062	96,042	3,020			
Executive	453,185	464,639	452,056	12,583			
Administration and finance	309,470	363,288	359,637	3,651			
Professional services	364,552	457,044	391,960	65,084			
Development and planning	241,780	240,212	225,284	14,928			
Protective inspections	207,007	296,535	296,176	359			
Public works	340,920	329,937	321,013	8,924			
Economic development	32,240	48,000	36,737	11,263			
Other general government	386,700	1,067,801	427,667	640,134			
Law enforcement	2,980,107	2,849,350	2,680,231	169,119			
Fire protection	1,301,645	1,383,621	1,349,595	34,026			
Streets	588,301	589,058	539,303	49,755			
Fleet management	203,880	206,997	203,883	3,114			
Library	289,070	207,426	277,792	(70,366)			
Leisure services	1,574,407	1,642,006	1,513,580	128,426			
Capital outlay	2,007,632	3,592,198	4,047,567	(455,369)			
Debt service							
Interest and fiscal charges	950	26,950	26,929	21			
Total expenditures	11,377,899	13,864,124	13,245,452	618,672			
Excess (deficit) of revenues over (under)							
expenditures	401,738	(577,122)	741,021	1,318,143			

City of Lynn Haven, Florida Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund (Continued)

		Budgeted A	mounts	Actual	Variance with Final Budget-Positive		
Year Ended September 30, 2017		Original	Final	Amounts	(Negative)		
Other financing sources (uses)							
Transfers out	\$	(322,426) \$	(325,301)	\$ (426,325)	\$	(101,024)	
Issuance of debt		-	3,910,000	3,910,000			
Total other financing sources (uses)		(322,426)	3,584,699	3,483,675		(101,024)	
Net changes in fund balances		79,312	3,007,577	4,224,696		1,217,119	
Fund balances - beginning		4,632,562	4,632,562	4,632,562			
Fund balances - ending	\$	4,711,874 \$	7,640,139	\$ 8,857,258	\$	1,217,119	

City of Lynn Haven, Florida Statement of Net Position – Proprietary Funds

Business-type Activities/Enterprise Funds

September 30, 2017		Water	Sewer	Sanitation	Storm water	Total
Assets						
Current assets						
Cash and cash equivalents	\$	7,210,748	\$ 1,794,820	\$ 2,667,802	\$ 211,666	\$ 11,885,036
Accounts receivable, net		219,779	201,746	134,900	25,489	581,914
Grants receivable		60,175	170,700	-	-	230,875
Notes receivable		-	8,540	-	-	8,540
Prepaids		324	163	156	123	766
Inventories		103,163	-	3,793	-	106,956
Cash and cash equivalents -						
restricted		962,248	1,384,491	-	233,874	2,580,613
Total current assets		8,556,437	3,560,460	2,806,651	471,152	15,394,700
Noncurrent assets						
Notes receivable		-	112,020	-	-	112,020
Prepaid bond insurance		24,390	50,152	-	-	74,542
Capital assets						
Land		220,302	1,015,584	-	13,000	1,248,886
Buildings		725,626	516,266	-	-	1,241,892
Vehicles		212,554	172,437	1,642,631	102,349	2,129,971
Improvements		13,897,447	30,765,653	-	8,457,821	53,120,921
Machinery and equipment		1,343,785	1,671,818	420,020	392,078	3,827,701
Construction in progress		1,900,885	973,588	-	17,500	2,891,973
Total capital assets		18,300,599	35,115,346	2,062,651	8,982,748	64,461,344
Less accumulated						
depreciation		6,003,544	15,301,250	1,011,172	1,244,037	23,560,003
Capital assets, net		12,297,055	19,814,096	1,051,479	7,738,711	40,901,341
Total noncurrent assets		12,321,445	19,976,268	1,051,479	7,738,711	41,087,903
Deferred outflows of resources						
Deferred outflows related						
to pensions		133,815	81,686	70,123	29,897	315,521
Deferred loss on bond refunding		223,105	256,619	-	-	479,724
Total deferred outflows	_					
of resources		356,920	338,305	70,123	29,897	795,245
Total assets and deferred						
outflows of resources		21,234,802	23,875,033	3,928,253	8,239,760	57,277,848
		,, cc	-,,	-,- ==,===	-,=55,.50	-:,-:,-:10

City of Lynn Haven, Florida Statement of Net Position – Proprietary Funds (Continued)

Business-type Activities/Enterprise Funds

Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities Customer deposits 448,435 - - - 448,435 Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669	Contourbou 20, 2017	Matau		S		`: * - * :	Ctown water		Tatal
Current liabilities Accounts payable \$ 7,036 \$ 56,826 \$ 21,691 \$ - \$ 85,553 Accrued expenses 14,955 3,591 3,430 2,459 24,435 Accrued interest 38,423 97,832 292,742 - 292,742 Unearned revenue 178,974 113,768 292,742 Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities 448,435 448,435 448,435 448,435 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 <th>September 30, 2017</th> <th>water</th> <th></th> <th>Sewer</th> <th></th> <th>anitation</th> <th>Storm water</th> <th></th> <th>TOTAL</th>	September 30, 2017	water		Sewer		anitation	Storm water		TOTAL
Current liabilities Accounts payable \$ 7,036 \$ 56,826 \$ 21,691 \$ - \$ 85,553 Accrued expenses 14,955 3,591 3,430 2,459 24,435 Accrued interest 38,423 97,832 292,742 - 292,742 Unearned revenue 178,974 113,768 292,742 Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities 448,435 448,435 448,435 448,435 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 84,730 <td>Liabilities</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Liabilities								
Accounts payable \$ 7,036 \$ 56,826 \$ 21,691 \$ - \$ 85,553 Accrued expenses 14,955 3,591 3,430 2,459 24,435 Accrued interest 38,423 97,832 - 6-2 292,742 Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities 448,435 - 7 - 7 - 4448,435 Due within one year 448,435 - 7 - 7 - 84,730 84,730 Notes payable - 7 - 7 - 84,730 84,730 84,730 Due in more than one year 405,481 938,849 - 7 - 84,730 84,730 Notes payable - 93,720 12,066 9,965 5,173 66,924 Notes payable, net of discount 4,136,994 9,108,431 - 7 - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									
Accrued expenses 14,955 3,591 3,430 2,459 24,435 Accrued interest 38,423 97,832 -		\$ 7.036	\$	56.826	\$	21.691	\$ -	\$	85.553
Accrued interest 38,423 97,832 136,255 Unearned revenue 178,974 113,768 292,742 Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities Customer deposits 448,435 448,435 Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable			·	•	·	•		·	
Unearned revenue 178,974 113,768 - - 292,742 Total current liabilities 239,388 272,017 25,121 2,459 538,985 Noncurrent liabilities Customer deposits 448,435 - - - 448,435 Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable - - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - - 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 <	•					, -	-		
Total current liabilities 239,388 272,017 25,121 2,459 538,985		-		•		_	-		292,742
Customer deposits 448,435 - - - 448,435 Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable - - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources	Total current liabilities					25,121	2,459		538,985
Customer deposits 448,435 - - - 448,435 Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable - - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources	Noncurrent liabilities								
Due within one year Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable - - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,7		448 435		_		_	_		448 435
Accrued compensated absences 7,010 2,129 1,758 913 11,810 Notes payable 84,730 84,730 Bonds payable 405,481 938,849 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitiles and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position		440,433							440,433
Notes payable - - - 84,730 84,730 Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year - - - - - 1,344,330 Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - - 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 149,988 91,558 78,600 33,509 353,655		7.010		2.129		1.758	913		11.810
Bonds payable 405,481 938,849 - - 1,344,330 Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position				_,		-,,,,,,			
Due in more than one year Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable - - - 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position		405.481		938.849		_	-		
Accrued compensated absences 39,720 12,066 9,965 5,173 66,924 Notes payable 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814		,		,					,- ,
Notes payable 3,593,707 3,593,707 Bonds payable, net of discount 4,136,994 9,108,431 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814		39,720		12,066		9,965	5,173		66,924
Bonds payable, net of discount 4,136,994 9,108,431 - - 13,245,425 Net pension liability 427,562 261,004 224,063 95,522 1,008,151 Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	•	-		, -		-	3,593,707		3,593,707
Other postemployment benefits 27,219 17,190 15,958 10,295 70,662 Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilities and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	Bonds payable, net of discount	4,136,994		9,108,431		-	-		13,245,425
Total noncurrent liabilities 5,492,421 10,339,669 251,744 3,790,340 19,874,174 Deferred inflows of resources Deferred inflows related 40,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	Net pension liability	427,562		261,004		224,063	95,522		1,008,151
Deferred inflows of resources Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814	Other postemployment benefits	27,219		17,190		15,958	10,295		70,662
Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	Total noncurrent liabilities	5,492,421		10,339,669		251,744	3,790,340		19,874,174
Deferred inflows related to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	Deferred inflows of resources								
to pensions 149,988 91,558 78,600 33,509 353,655 Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position									
Total deferred inflows of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814		149.988		91.558		78.600	33.509		353.655
of resources 149,988 91,558 78,600 33,509 353,655 Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position				,		,			
Total liabilitlies and deferred inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position		4.40.000		04.550		70.000	22.500		252.655
inflows of resources 5,881,797 10,703,244 355,465 3,826,308 20,766,814 Net position	of resources	149,988		91,558		/8,600	33,509		353,655
Net position	Total liabilitlies and deferred								
·	inflows of resources	5,881,797		10,703,244		355,465	3,826,308		20,766,814
•	Net position								
	•	7.754.580		9.766.816		1.051.479	4.145.004		22.717.879
Restricted		, : .,==0		-,,		,, - · ·	,,		, .,
		281,061		565,910		_	337,656		1,184,627
						_	-		1,743,165
		-				2,521,309	(69,208)		10,865,363
	Total net position	\$	\$		\$			\$	36,511,034

City of Lynn Haven, Florida Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

Business-type Activities/Enterprise Funds

Year Ended September 30, 2017	Water	Sewer	Sanitation	Storm water	Total
Operating revenues					
Charges for services	\$ 3,850,331	\$ 3,427,205	\$ 2,748,242	\$ 416,154	\$ 10,441,932
Connection/reconnection fees	187,839	-	-	-	187,839
Delinquent penalties	168,627	-	-	-	168,627
Impact fees	177,483	712,065	-	103,782	993,330
Tap fees	52,522	19,281	-	-	71,803
Total operating revenues	4,436,802	4,158,551	2,748,242	519,936	11,863,531
Operating expenses					
Salaries	676,739	341,195	322,240	239,796	1,579,970
Payroll taxes	45,697	24,171	21,005	16,417	107,290
Pension benefit	140,885	67,582	71,319	50,456	330,242
Employee insurance	121,218	36,631	67,907	29,480	255,236
Other postemployment benefit	3,477	1,669	1,677	1,267	8,090
Workers' compensation insurance	11,720	5,735	16,447	14,285	48,187
Total personnel expenses	999,736	476,983	500,595	351,701	2,329,015
Utilities	131,184	372,422	113	304	504,023
Miscellaneous	2,162	-	-	-	2,162
Fuel and oil	18,916	10,573	54,671	11,492	95,652
Chlorine and chemicals	25,948	99,309	-	-	125,257
Depreciation	529,557	956,807	188,713	143,941	1,819,018
Repairs and maintenance	106,780	129,717	74,261	29,818	340,576
Professional services	43,170	149,282	-	4,370	196,822
Contractual services	355,677	266,856	723,389	-	1,345,922
Communications	8,489	2,676	572	440	12,177
Uniform rental	6,931	8,117	4,598	3,815	23,461
Dues and subscriptions	2,565	-	-	-	2,565
Training	1,841	2,217	-	-	4,058
Rentals and leases	2,370	3,449	-	-	5,819
Operating supplies	188,630	76,044	6,722	69,113	340,509
Office supplies	15,355	-	-	-	15,355
Tipping fees	-	-	367,905	-	367,905
Travel	1,294	-	-	-	1,294
Postage and courier	45,449	2,485	-	-	47,934
Insurance	-	9,087	-	-	9,087
Loss on disposition of assets	-	-	64,359	-	64,359
Bad debts	13,236	10,371	6,811	1,198	31,616
Total operating expenses	2,499,290	2,576,395	1,992,709	616,192	7,684,586
Operating income (loss)	1,937,512	1,582,156	755,533	(96,256)	4,178,945

City of Lynn Haven, Florida Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds (Continued)

Business-type Activities/Enterprise Funds

Year Ended September 30, 2017	Water		Sewer	Sanitation		Storm water		Total
Nonoperating revenues (expenses)								
Grants and contributions	\$ 317,080	\$	258,850	\$	-	\$	-	\$ 575,930
Miscellaneous	44,887		4,226		-		-	49,113
Interest revenue	15,078		7,989		9,443		115	32,625
Interest and amortization	(237,681)		(412,211)		-		(47,210)	(697,102)
Total nonoperating revenues (expenses)	139,364		(141,146)		9,443		(47,095)	(39,434)
Net income (loss) before transfers	2,076,876		1,441,010		764,976		(143,351)	4,139,511
Transfers in (out)	-		-		(719,484)		719,484	_
Changes in net position	2,076,876		1,441,010		45,492		576,133	4,139,511
Total net position - beginning	13,276,129		11,730,779		3,527,296		3,837,319	32,371,523
Total net position - ending	\$ 15,353,005	\$	13,171,789	\$	3,572,788	\$	4,413,452	\$ 36,511,034

City of Lynn Haven, Florida Statement of Cash Flows – Proprietary Funds

Business-type Activities/Enterprise Funds

	Business-type Activities/Enterprise Funds									
Year Ended September 30, 2017		Water		Sewer	,	Sanitation	St	orm water		Total
Operating activities										
Receipts from customers and users	\$	4,362,224	\$	4,052,288	\$	2,733,091	\$	535,355	\$	11,682,958
Payments to suppliers and others		(984,222)		(1,072,553)		(1,217,590)		(122,262)		(3,396,627)
Payments for personnel services		(997,429)		(479,075)		(500,656)		(348,838)		(2,325,998)
Net cash provided by operating										
activities		2,380,573		2,500,660		1,014,845		64,255		5,960,333
Noncapital financing activities										
Miscellaneous receipts		44,887		4,226		-		-		49,113
Payments (to)/from other funds		-		-		(719,484)		719,484		-
Net cash provided by (used for)										
noncapital financing activities		44,887		4,226		(719,484)		719,484		49,113
Capital and related financing activities										
Acquisition of capital assets		(854,543)		(636,653)		(277,146)		(503,168)		(2,271,510)
Proceeds from sale of capital assets		-		31,500		12,600		-		44,100
Proceeds from capital grants										
and contributions		317,080		258,850		-		-		575,930
Proceeds from bonds and notes		439,374		1,816,446		-		-		2,255,820
Principal paid on bonds and notes		(650,471)		(2,901,144)		-		(41,563)		(3,593,178)
Interest paid on bonds and notes		(283,496)		(458,934)		-		(47,210)		(789,640)
Net cash used for capital and										
related financing activities		(1,032,056)		(1,889,935)		(264,546)		(591,941)		(3,778,478)
Investing activities										
Interest received		15,078		7,989		9,443		115		32,625
Net cash provided by investing										
activities		15,078		7,989		9,443		115		32,625
Net increase in cash and cash equivalents		1,408,482		622,940		40,258		191,913		2,263,593
Cash and cash equivalents - beginning		6,764,514		2,556,371		2,627,544		253,627		12,202,056
Cash and cash equivalents - ending	\$	8,172,996	\$	3,179,311	\$	2,667,802	\$	445,540	\$	14,465,649
Classified as cash										
Unrestricted	\$	7,210,748	\$	1,794,820	\$	2,667,802	\$	211,666	\$	11,885,036
Restricted		962,248		1,384,491		-		233,874		2,580,613
Cash and cash equivalents - ending	\$	8,172,996	\$	3,179,311	\$	2,667,802	\$	445,540	\$	14,465,649

City of Lynn Haven, Florida Statement of Cash Flows – Proprietary Funds (Continued)

Business-type Activities/En	terprise Funds
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		Dusiness type	z / totivities/ Eine	er priise i airias	
Year Ended September 30, 2017	Water	Sewer	Sanitation	Storm water	Total
Reconciliation of operating income (loss) to net cash					
provided by operating activities					
Operating income (loss)	\$ 1,937,512	\$ 1,582,156	\$ 755,533	\$ (96,256)	\$ 4,178,945
Adjustments to reconcile operating income					
(loss) to net cash provided by					
operating activities					
Depreciation	529,557	956,807	188,713	143,941	1,819,018
Loss on disposition of assets	-	-	64,359	-	64,359
(Increase) decrease in assets					
Accounts receivable, net	(45,632)	(33,027)	(15,151)	(3,773)	(97,583)
Grants receivable	(45,200)	(157,300)	-	-	(202,500)
Notes receivable	33,286	214,504	-	19,192	266,982
Prepaids	(324)	(163)	(156)	(123)	(766)
Prepaid bond insurance	11,093	13,707	-	-	24,800
Inventories	(31,734)	-	(83)	-	(31,817)
(Increase) decrease in deferred outflows					
of resources					
Deferred outflows related to pensions	66,906	40,843	35,063	14,947	157,759
Deferred loss on bond refunding					
Increase (decrease) in liabilities					
Accounts payable	6,740	56,508	21,691	(1,589)	83,350
Accrued expenses	2,519	846	927	909	5,201
Unearned revenue	(36,072)	(130,440)	-	-	(166,512)
Customer deposits	19,040	-	-	-	19,040
Accrued compensated absences	(1,893)	(3,512)	(1,725)	1,089	(6,041)
Net pension liability	(108,804)	(66,418)	(57,018)	(24,308)	(256,548)
Other postemployment benefits	3,477	1,669	1,677	1,267	8,090
Increase (decrease) in deferred inflows					
of resources					
Deferred inflows related to pensions	40,102	24,480	21,015	8,959	94,556
Net cash provided by operating activities	\$ 2,380,573	\$ 2,500,660	\$ 1,014,845	\$ 64,255	\$ 5,960,333
Supplemental disclosure of noncash transactions					
Capital construction acquired through					
notes payable	\$ -	\$ -	\$ -	\$ 1,674,000	\$ 1,674,000

City of Lynn Haven, Florida Statement of Fiduciary Net Position – Fiduciary Funds

	Pension				
September 30, 2017	Trust Funds				
Assets					
Investment savings	\$ 32,597,922				
Interest receivable	17,215				
Contributions receivable	3,539				
Total assets	32,618,676				
Liabilities					
Prepaid city contributions	178,774				
Other payables	17,305				
Total liabilities	196,079				
Net position					
Held in trust for pension benefits	\$ 32,422,597				

City of Lynn Haven, Florida Statement of Changes in Fiduciary Net Position – Fiduciary Funds

	Pension		
Year Ended September 30, 2017	T	Trust Funds	
Additions			
Contributions			
Employer	\$	1,024,029	
Plan members	,	273,811	
State		204,375	
Total contributions		1,502,215	
Investment earnings			
Interest		58,322	
Dividends		636,769	
Miscellaneous		2,240	
Net increase in fair value of investments		2,395,861	
Total investment earnings		3,093,192	
Less investment expenses		(195,958)	
Net investment earnings		2,897,234	
Total additions		4,399,449	
Deductions			
Benefits		1,678,836	
Refunds of contributions		69,348	
Total deductions		1,748,184	
Change in net position		2,651,265	
Net position - beginning		29,771,332	
Net position - ending	\$	32,422,597	

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lynn Haven (City) have been prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to governmental units promulgated by the Governmental Accounting Standards Board (GASB).

This summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

The City of Lynn Haven, Florida, is incorporated under the provisions of the State of Florida (Laws of Florida, 1951, Ch. 27685, Sec. 5) and operates under a Council-Manager form of government that provides the following services as authorized by its charter: law enforcement, fire, streets, sanitation, culture/recreation, public improvements, planning and zoning, general administrative services, and utilities operations.

Component Unit - Lynn Haven CRA

This report includes financial statements of the funds of the City. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government (see note below for description). Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. The City has one component unit as defined by GASB Statement 61, The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements 14 and 34 or in publications cited in the State of Florida, Office of the Auditor General Rules, Rule 10.553, which is required to be included in these financial statements.

The Lynn Haven Community Redevelopment Agency (Agency) is operated by the City. The Agency was created on May 25, 2004, by City Resolution 2004-05-350 pursuant to Florida Statute 163.387. All of the City's commission members serve as board members of the Agency. The Agency's governing body is the same as the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

governing body of the City and the Agency provides services specifically to the City. The Agency is presented as a governmental fund type with a fiscal year end of September 30.

Due to the nature and significance of the Agency's relationship with the City, exclusion of its financial operations would render the City's financial statements incomplete or misleading. The Agency is disclosed using the blended presentation method. Complete financial statements for the Lynn Haven Community Redevelopment Agency may be obtained from the City of Lynn Haven Finance Department, 825 Ohio Avenue, Lynn Haven, Florida 32444.

Measurement Focus and Basis of Accounting

The basic financial statements of the City are composed of the following:

Government-wide financial statements Fund financial statements Notes to basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 – Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. The City chooses to eliminate the indirect costs between governmental activities to avoid duplicating revenues and expenditures.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. The fiduciary statements include financial information for the agency funds. The agency funds of the City represent assets held by the City in a custodial capacity for other individuals or governments.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period except for grant revenues which are considered available if they are expected to be collected within one year. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the City.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of available spendable resources. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets. The proceeds of long-term debt are recorded as an "other financing source" rather than as a fund liability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

The City's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than an "other financing" source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity and include pension trust funds. Pension trust funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has used GASB Statement 34 minimum criteria for major fund determination to determine which funds are required to be reported as major funds. The nonmajor governmental funds include community redevelopment and debt service funds.

Governmental Major Funds

General Fund - The general fund is the general operating fund of the City. It is used to account for all activities of the general government except those required to be accounted for in another fund.

Proprietary Major Funds

Utility Funds - The utility funds are used to account for operations and activities related to the water, sewer, sanitation and storm water systems within the City.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Governmental Assets/Liabilities

GASB Statement 34 requires noncurrent governmental assets, such as land, buildings and equipment, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, to be reported in the governmental activities column in the government-wide statement of net position.

Budgets

Annual budgets are legally adopted for all governmental funds, except those indicated in note 3, and proprietary funds. Budgets are prepared and adopted on a basis of accounting consistent with GAAP. All annual appropriations lapse at fiscal year end.

Florida Statutes provide that it is unlawful to incur expenditures that exceed the total amount budgeted for each fund. Chapter 129, Florida Statutes, governs the manner in which the budget may be legally amended once it has been approved. Therefore, the fund level is the legal level of control for budget considerations according to Florida Statutes.

The City budgets expenditures at the department level. Only the City Commission can approve budget amendments that change the total approved budget appropriation of an individual department. The City manager can transfer appropriations within the departmental budget, but cannot change the total appropriation of an individual department without the approval of the City Commission.

If, during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Commission by resolution may make supplemental appropriations for the year up to the amount of such excess. During the current fiscal year, various supplemental appropriations were approved by the Commission.

Budgetary data presented in the accompanying basic financial statements in the final budgeted amounts column represents the final budgetary data. In this column the effects of budget amendments have been applied to original budgetary data.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. However, all encumbrances lapse at year end and, accordingly, a reserve for encumbrances is not reported in the accompanying basic financial statements.

Encumbrances are reestablished at the beginning of the fiscal year if funds are appropriated in the annual budget. Encumbrances do not constitute expenditures or liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the City's investments as applicable.

For the purpose of the statement of cash flows in the proprietary fund types, the City considers cash, certificates of deposits with maturities of up to one year, and all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits with maturities of up to one year, and short-term investments with original maturities of three months or less.

The City has adopted the reporting required by Accounting and Financial Reporting for Certain Investments and for External Investment Pools. All investments, including investments in the City's fiduciary funds are recorded at fair value based on quoted market values.

Accounts Receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in/first-out basis. They are reported at cost at the time individual inventory items are purchased. Reported inventory in these funds is equally offset by a fund balance reserve which indicates inventory amounts do not constitute available spendable resources even though they are a component of net current assets. Inventories in proprietary funds are valued at the lower of cost (first-in, first-out) or net realizable value.

Other Assets

Other assets held are recorded and accounted for at cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, infrastructure, water and sewer distribution systems and similar items), are reported in the applicable

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with a threshold of \$250 for library books, a threshold of \$1,000 for equipment, and a threshold of \$100,000 for buildings and infrastructure, and all land and land improvements in accordance with state policy. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are stated at cost, except for contributed assets, which are recorded at fair market value on the date received by the City. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are generally as follows:

Buildings	20-50 Years
Improvements	20-50 Years
Machinery and equipment	5-10 Years
Vehicles	5-10 Years

Long-term Obligations

The City reports long-term debt of governmental funds at face value in the government-wide long-term liabilities. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the government-wide long-term liabilities.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Gains and losses on refunding are deferred and amortized over the life of the bonds using the effective straight-line method. Bond issuance costs are expensed during the current period.

Bond discounts associated with the issuance of proprietary fund revenue bonds are amortized over the life of the bonds using the straight-line method. For financial reporting, unamortized bond discounts are netted against the applicable long-term debt.

Capitalization of Interest

Interest costs related to bond issues are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments in business-type activities. The City does not capitalize interest in governmental activities. During the year ended September 30, 2017, the City had no capitalized interest.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenues

Unearned revenues reported in government-wide financial statements represent revenues received in advance. Revenues will be recognized as earned revenue in the fiscal year they are earned in accordance with the accrual basis of accounting.

Fund Balance

The City has implemented GASB Statement 54 employing the following terminology and classifications for fund balance.

Nonspendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2017 of \$324,243 is from prepaids and inventories which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provision, or enabling legislation. The balance as of September 30, 2017 of \$4,992,673 is restricted by creditors for repayment of debt issued, enabling legislation, and donor restrictions.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the City Commissioners. There are no committed funds as of September 30, 2017.

Assigned – This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. There are no assigned funds as of September 30, 2017.

Unassigned – This category is the residual classification for the City's fund balances. The balance as of September 30, 2017 is \$4,311,670.

Net Position

GASB Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and this standard renames the components of net position which were previously considered net assets.

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets - represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.

Unrestricted - indicates that portion of net position that is available for future periods.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred change related to the net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the City has one item that qualifies for reporting in this category. This is the deferred change related to the net pension liability.

Pensions

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 pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Restricted Assets

Certain assets of the various funds are required by resolutions or ordinances to be set aside and used for specific purposes; thus, they are not available to be used for general operations. When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources (committed, assigned, and unassigned) in order as needed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. All property is assessed by the county according to its fair market value on January 1 of each year.

Each assessment roll is submitted to the executive director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes. Florida Statutes permit municipalities to levy property taxes at a rate of up to 10 mils for general operations. The City's millage rate for the year ended September 30, 2017, was 3.9000 mils.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On, or prior to, June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

The City tax calendar is as follows: valuation date: January 1; levy date: November 1; due date; March 31, succeeding year; and lien date: April 1, succeeding year.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ significantly from those estimates.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements presentation to conform to the 2017 presentation.

Subsequent events

Management of the City has evaluated subsequent events through June 15, 2018, the date the financial statements were available to be issued.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position:

When capital assets (property, leasehold improvements and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes capital assets of the City as a whole.

Cost of capital assets	\$ 36,634,861
Less: accumulated depreciation	11,933,693
Net adjustment to increase fund balances - total governmental funds	
to arrive at net position of governmental activities	\$ 24,701,168

Long-term liabilities applicable to the City's governmental activities are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Bonds payable	\$	5,551,380
Notes payable		117,951
Compensated absences		279,412
Net pension asset		(938,926)
Net pension liability		1,289,018
Other postemployment benefits		221,809
Accrued interest		31,421
Note the description of a discount for the description of the descript		_
Net adjustment to decrease fund balances - total governmental funds		
to arrive at net position of governmental activities	Ş	6,552,065

Deferred inflows and outflows related to the net pension liabilities applicable to the City's governmental activities are not reported as fund assets and liabilities. All assets and liabilities are reported in the statement of net position.

\$ 1,422,306
(1,712,508)
\$ (290,202)
\$

Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One of those

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

reconciliation elements is governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	\$	4,113,133
Depreciation		(925,601)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at change in net		2 407 522
position of governmental activities	Ş	3,187,532

Another element of that reconciliation states the issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of this difference is as follows:

Debt issued or incurred	
Bond proceeds	\$ (3,910,000)
Principal repayments	
Notes	64,601
Bonds	217,800
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at change in net	
position of governmental activities	\$ (3,627,599)

Another element of that reconciliation is 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 (i.e. compensated absences and amortization of bond discounts). The detail of this difference is as follows:

Compensated absences	\$ 37,908
Deferred outflows of resources	(335,714)
Deferred inflows of reserouces	(780,621)
Net pension asset	430,519
Net pension liability	643,173
Other postemployment benefits	(24,066)
Accrued interest	(20,458)
Net adjustment to decrease net changes in fund balances - total governmental	
funds to arrive at change in net position of governmental activies	\$ (49,259)

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation is the net effect of miscellaneous noncash transactions involving capital assets (i.e. sales, trade-ins, adjustments, and donations) is to increase net position. The details of this difference are as follows:

Donation of assets	\$ 967,429
Loss on sale of assets	(16,454)
Net adjustment to increase net changes in fund balances - total governmental	
funds to arrive at change in net position of governmental activities	\$ 950,975

NOTE 3: BUDGETS

The City adopts budgets on a basis consistent with GAAP except as follows:

The City did not adopt a budget for the debt service fund. The debt service fund revenues and expenditures are budgeted indirectly as transfers to the debt service fund and interest in the general fund.

NOTE 4: DEPOSITS AND INVESTMENTS

Deposits

\$26,402,249 of the City's deposits are placed in banks that are qualified public depositories, as required by law (Florida Security for Public Deposits Act). Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required by this law to ensure that the City's funds are entirely collateralized throughout the fiscal year. In the event of failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro rata basis.

Custodial Risk

At September 30, 2017, the City did not hold any investments that were considered to be a custodial risk.

Investments - City

Florida Statutes, Section 218.415, authorizes the City to invest surplus funds in the following:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.
- Direct obligations of the United States Treasury.

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – Fiduciary Funds

The City's three pension boards have established separate investment policies that outline the type of investments allowed for the pension funds. The General Employees' Retirement Plan policy and the Police Retirement Plan policy are identical while the Firefighters' Retirement Plan policy is unique.

General Employees' and Police Retirement System

Authorized Investments

- Time, savings, and money market deposit accounts of a national bank, a state bank, or a savings and loan institution, insured by the Federal Deposit Insurance Corporation, provided the amount deposited does not exceed the insured amount, and the cash instruments have a quality rating of at least Standard & Poor's A1 or Moody's P1.
- Obligations issued by the US Government or obligations guaranteed as to principal and interest by the
 U.S. Government or by an Agency of the US Government.
- Bonds or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the US or the District of Columbia the corporation is listed on one more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or OTC.
- Guaranteed investment contracts.
- Treasury inflation indexed securities.
- Equity investment (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market or OTC.
- Real Estate is restricted to Real Estate Investment Trusts that trade on a recognized major exchange
 or on the National Market System of the NASDAQ stock market or PTC. REITS shall be considered an
 alternative asset class and are not permissible unless allowed by City Ordinance.
- Exchange trade funds (ETF), commingled stock, bond, or money market funds and institutional mutual funds whose investments are restricted to securities meeting the investment guidelines of the policy.

Limitations

- Investments in corporate common stock and convertible bonds shall not exceed 65% of total assets.
- Not more than 5% of the total Fund's assets at cost shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
- Foreign equity investments are limited to 25% of total assets.
- Illiquid investments, as described in Chapter 215.47, Florida Statutes, are prohibited.
- All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- The following investments are prohibited:
 - o Bonds issued by any state or municipality
 - Futures (excluding indexed mutual funds or ETFs)
 - General obligations issued by a foreign government
 - o Hedge funds
 - o Insurance annuities
 - Internally managed assets

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

- Limited partnerships
- o Margin accounts
- o Options (excluding index mutual funds or ETFs)
- o Private equity
- o Private mortgages
- Securities lending (unless authorized by the Board)
- Under Protecting Florida's Investment Act, scrutinized companies published by the State Board of Administration, unless an indirect investment is unable to divest, as provided for in Florida Statutes, section 215.473.

Firefighters' Retirement System

- Equities must be traded on a national exchange or electronic network, not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction shall not apply to any single holding within a diversified pooled fund); and additional criteria, if any, outlined in the manager's addendum.
- Fixed Income all fixed income investments at purchase must have a minimum rating of "BBB" or higher as reported by a major credit rating service; except no more than 10% of the total portfolio may be in securities below this rating criteria, the value of bonds issued by any single corporation shall not exceed 3% of the total fund (excluding issues from the US Government, or agency thereof; and this restriction shall not apply to any single holding within a diversified pooled fund); and additional criteria, if any, outlined in the manager's addendum.
- Money Market the money market fund or STIF options provided by the Plan's custodian and have a minimum rating of Standard and Poor's A1 or Moody's P1.
- Pooled funds pooled funds may include mutual funds, commingled funds, and exchange-traded funds.
- Limitations investments in corporate common stock and convertible bonds shall not exceed 70% of the Plan assets at market, foreign securities shall not exceed 25% of the Plan's market value, and all equity and fixed income securities must be readily marketable. Any commingled funds must be independently appraised at least annually.
- Absolute restrictions no investments shall be permitted in any investment no specifically allowed as part of this policy or illiquid investments, as described in Chapter 215.47, Florida Statutes.
- Manager's addendum guidelines for large cap equity is as follows:
 - The diversification of the equities held in the manager's portfolio among industries and issuers is the responsibility of the investment manager. However the overall manger's portfolio characteristics should exhibit a large capitalization basis with a "Core" focus.
 - Foreign securities including American Depository Receipts (ADRs) are limited to 10% of the manager's portfolio.
 - o Investment in cash and equivalents shall generally not exceed 10%.
 - Not more than 5% of the manager's assets, at the time of purchase, shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor small the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
 - Short sales are prohibited.

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

- The use of futures and options for hedging purposes is prohibited unless specifically authorized by the Board and the manager is notified in writing.
- o No equities may be purchased which are not publically traded.
- No use may be made of margin or leverage purchases.
- No direct commodities are to be purchased.
- Manager's addendum guidelines for fixed income is as follows:
 - All fixed income investments at purchase must have a minimum rating of "BBB" or higher as reported by a major credit rating service.
 - Yankee bonds may not exceed 10% of the manager's portfolio.
 - o Non-U.S. dollar denominated bonds are prohibited.
 - The value of the bonds issued by any single corporation shall not exceed 7% of the manager's portfolio (excluding issues from the US government, or agency thereof; and this restriction shall not apply to any single holding within a diversified pooled fund.)
 - There is no limit imposed on investments in fixed income securities issued directly by the US Government or agency or instrumentality thereof.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and prequalifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business. All of the investments are held in safe keeping by the financial institution counterparty in the financial institution's general customer account name.

Credit Risk

The City has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments listed in Florida Statutes, Section 218.415. The fiduciary fund's investment policy, as list above, requires investments to meet the established approved requirements and to be monitored by the third party investment manager.

Interest Rate Risk

At September 30, 2017, the City did not hold any investments that were considered to be an interest rate risk. The City does not have a policy regarding interest rate risk.

Concentrations of Credit Risk

At September 30, 2017, the City's and fiduciary fund's deposits consisted of the following:

	Carrying Amount			1arket Value
Demand deposits - City	\$	26,402,249	\$	26,402,249
Demand deposits - Fiduciary funds		-		-
Total demand deposits	\$	26,402,249	\$	26,402,249

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

The fiduciary funds categorized their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The pensions have the following recurring fair value measurements as of September 30, 2017:

	Fair Value	Level 1	Level 2	Level 3
Investments, at fair value				
Money market	\$ 319,062	\$ 319,062	\$ -	\$ -
Common stock	1,587,199	1,587,199	-	-
Corporate bonds	1,060,299	954,711	105,588	-
Exchange traded funds - equity	10,496,081	10,496,081	-	-
Exchange traded funds - fixed income	11,359,038	11,359,038	-	-
Exchange traded funds - interenational	4,149,066	4,149,066	-	-
Foreign stock	108,553	108,553	-	-
Mortgage backed securities	484,997	-	484,997	-
Mutual funds - equity	1,735,257	1,735,257	-	-
Mutual funds - international equity	558,864	558,864	-	-
Real estate investment trust	86,808	86,808	-	-
U.S. government obligations	607,199	607,199	_	
Total investments, at fair value	\$ 32,552,424	\$ 31,961,838	\$ 590,585	\$ -

None of the pension plans hold investments in any one organization at year end that represent 5% or more of the pension plan's fiduciary net position.

NOTE 5: ACCOUNTS RECEIVABLE

The City reports general fund receivables at their gross value and, where appropriate, are reduced by an allowance for doubtful accounts. As of September 30, 2017 all amounts are considered collectible so no allowance for doubtful accounts is recorded. At September 30, 2017, accounts receivable in the governmental funds is summarized as follows:

Accounts receivable	\$ 11,355
Less: allowance for doubtful accounts	
Accounts receivable, net	\$ 11,355

Based on historical receipts and the City's ability to cut off utility services, it is management's opinion that all accounts receivable in the business-type activities are collectible and therefore they have not recorded an allowance for doubtful accounts. At September 30, 2017, accounts receivable in the proprietary funds is summarized as follows:

NOTE 5: ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable	\$ 581,914
Less: allowance for doubtful accounts	
Accounts receivable, net	\$ 581,914

NOTE 6: NOTES RECEIVABLE

The City entered into an agreement during the year ended September 30, 2011 to loan up to \$180,512, at 3% per year to a local Association to build a lift station. The Association makes monthly payments of \$1,001 starting August 1, 2011 for 20 years. The City paid the construction company directly and added the amount paid for the Association to the loan as they incur the expense. The construction was completed in fiscal year 2012. The balance of the notes receivable as of September 30, 2017 is \$120,560 with \$8,540 due within one year.

NOTE 7: CAPITAL ASSETS

Changes in capital assets of the governmental activities funds are summarized as follows:

	Se	ptember 30,							Se	ptember 30,
		2016	ı	ncreases	D	ecreases	Т	ransfers		2017
Capital assets, not being depreciated										
Land	\$	2,331,529	\$	-	\$	-	\$	-	\$	2,331,529
Construction in progress		112,536		582,596		(13,012)		(28,865)		653,255
Total capital assets, not being depreciated		2,444,065		582,596		(13,012)		(28,865)		2,984,784
Capital assets, being depreciated						(-2,-2-)		(==,===,		_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Buildings		3,322,367		-		-		-		3,322,367
Improvements		19,845,085		3,713,395		(25,029)		28,865		23,562,316
Machinery and equipment		6,116,724		784,567		(135,897)		-		6,765,394
Total capital assets, being depreciated		29,284,176		4,497,962		(160,926)		28,865		33,650,077
Less accumulated depreciation										
Buildings		(1,360,100)		(68,993)		-		-		(1,429,093)
Improvements		(4,890,002)		(454,337)		22,637		-		(5,321,702)
Machinery and equipment		(4,915,478)		(402,271)		134,851		-		(5,182,898)
Total accumulated										
depreciation		(11,165,580)		(925,601)		157,488		-		(11,933,693)

NOTE 7: CAPITAL ASSETS (CONTINUED)

	Se	ptember 30, 2016	Increases	Decreases	Transfers	Se	ptember 30, 2017
Capital assets, being depreciated (net of accumulated depreciation)	\$	18,118,596	\$ 3,572,361	\$ (3,438)	\$ 28,865	\$	21,716,384
Total governmental activities' capital assets (net of accumulated depreciation)	\$	20,562,661	\$ 4,154,957	\$ (16,450)	\$ -	\$	24,701,168

The following schedule summarizes the capital assets of the City's business-type activities at September 30, 2017:

	Water	Sewer	Sanitation	Storm water	Total
Land	\$ 220,302	\$ 1,015,584	\$ -	\$ 13,000	\$ 1,248,886
Buildings	725,626	516,266	-	-	1,241,892
Improvements	13,897,447	30,765,653	-	8,457,821	53,120,921
Machinery and equipment	1,343,785	1,671,818	420,020	392,078	3,827,701
Vehicles	212,554	172,437	1,642,631	102,349	2,129,971
Construction in progress	1,900,885	973,588	-	17,500	2,891,973
Total	18,300,599	35,115,346	2,062,651	8,982,748	64,461,344
Less accumulated depreciation					
Buildings	(199,729)	(462,472)	-	-	(662,201)
Improvements	(4,780,200)	(13,912,263)	-	(877,373)	(19,569,836)
Vehicles	(176,871)	(150,763)	(662,827)	(59,978)	(1,050,439)
Machinery and equipment	(846,744)	(775,752)	(348,345)	(306,686)	(2,277,527)
Total accumulated					
Depreciation	(6,003,544)	(15,301,250)	(1,011,172)	(1,244,037)	(23,560,003)
Total business-type activities'					
capital assets (net of accumulated depreciation)	\$ 12,297,055	\$ 19,814,096	\$ 1,051,479	\$ 7,738,711	\$ 40,901,341

Changes in capital assets of the business-type activities funds are summarized as follows:

	Sep	otember 30, 2016	Increases	Decreases	Transfers	September 30, 2017
Capital assets, not being depreciated						
Land	\$	1,277,064	\$ -	\$ (28,178)	\$ -	\$ 1,248,886
Construction in progress		4,247,686	1,279,946	-	(2,635,659)	2,891,973
Total capital assets, not						
being depreciated		5,524,750	1,279,946	(28,178)	(2,635,659)	4,140,859

NOTE 7: CAPITAL ASSETS (CONTINUED)

	Se	eptember 30, 2016	Increases	C	Decreases	Tr	ansfers	Se	eptember 30, 2017
Capital assets,									
being depreciated									
Buildings	\$	1,241,892	\$ -	\$	-	\$	-	\$	1,241,892
Improvements		48,464,483	2,020,779		-	2	2,635,659		53,120,921
Vehicles		2,033,121	306,739		(209,889)		-		2,129,971
Machinery and equipment		3,581,343	335,154		(88,796)		-		3,827,701
Total capital assets,									
being depreciated		55,320,839	2,662,672		(298,685)	2	2,635,659		60,320,485
Less accumulated									
depreciation									
Buildings		(630,035)	(32,166)		-		-		(662,201)
Improvements		(18,212,930)	(1,356,906)		-		-		(19,569,836)
Vehicles		(984,105)	(199,264)		132,930		-		(1,050,439)
Machinery and equipment		(2,135,211)	(230,682)		88,366		-		(2,277,527)
Total accumulated									
depreciation		(21,962,281)	(1,819,018)		221,296		-		(23,560,003)
Capital assets, being depreciated (net of accumulated									
depreciation)		33,358,558	843,654		(77,389)	- 2	2,635,659		36,760,482
Total business-type activities' capital assets (net of accumulated									
depreciation)	\$	38,883,308	\$ 2,123,600	\$	(105,567)	\$	-	\$	40,901,341

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

Governmental activities	
Executive	\$ 22,295
Administration and finance	2,542
Development and planning	15,843
Public works	9,572
Other general government	176,272
Law enforcement	54,572
Fire protection	27,984
Streets	268,270
Fleet management	187,887
Library	38,566
Leisure services	85,627
Community redevelopment	36,171
Total depreciation expense – governmental activities	\$ 925,601

NOTE 7: CAPITAL ASSETS (CONTINUED)

Business-type activities	
Water	\$ 529,557
Sewer	956,807
Sanitation	188,713
Storm water	143,941
Total depreciation expense – business-type activities	\$ 1,819,018

NOTE 8: INTERFUND ACTIVITY

Interfund transfers during the year ended September 30, 2017 were as follows:

Transfers Out	Transfers In	Tra	ansfers Out	T	ransfers In
General fund	Debt service fund	\$	426,325	\$	(426,325)
Sanitation fund	Storm water fund		719,484		(719,484)
Total		\$	1,145,809	\$	(1,145,809)

The transfers to the debt service fund were for the purpose of paying debt principal, interest and fiscal charges of the governmental type funds. The transfers to the storm water fund were for operating purposes.

Interfund balances as of September 30, 2017 were as follows:

		D	ue From	Du	e To Other	
Due From Other Funds Due To Other Funds			ner Funds	Funds		
Debt service fund	General fund	\$	101,024	\$	(101,024)	

NOTE 9: LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

	Sep	otember 30,				September 30	D	ue Within
		2016	Additions	D	eductions	2017	(One Year
Bonds payable	\$	1,859,180	\$ 3,910,000	\$	(217,800)	\$ 5,551,380	\$	594,670
Notes payable		182,552	-		(64,601)	117,951		66,507
Accrued compensated								
absences		317,320	_		(37,908)	279,412		39,118
<u>Total</u>	\$	2,359,052	\$ 3,910,000	\$	(320,309)	\$ 5,948,743	\$	700,295

NOTE 9: LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)

Gas Tax Revenue Refunding Bonds, Series 1998

On March 15, 1998, the City issued \$1,280,000 gas tax revenue refunding bonds, series 1998. The bonds were issued to (1) finance the refunding of the City's \$1,171,000 original principal amount gas tax revenue bonds, series 1990, the proceeds of which financed the construction, paving or other improvements to certain roads within the City, (2) purchase for deposit into the reserve account a surety bond in an amount equal to the reserve requirement of the series 1998 bonds, and (3) pay certain costs of issuance of the series 1998 bonds, including the costs of municipal bond insurance.

The series 1998 bonds and the interest thereon are payable solely from and secured by a pledge of and first lien on (1) the City's portion of the six-cent local option fuel tax and (2) until applied in accordance with the provisions of the resolution, any interest income in the funds and accounts established by the resolution. The interest rates are from 4.0 to 5.125% and the bonds mature October 2018. Current year principal and interest payments on the bonds were 34 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$99,750. Principal and interest paid for the current year and total pledged revenues were \$99,250 and \$290,371, respectively.

\$ 95,000

A portion of the proceeds from the series 1998 bonds have been placed in an irrevocable escrow account and invested in U.S. treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the series 1990 gas tax revenue bonds. This refunded bond has not been included in the City's outstanding long-term debt since the City legally satisfied its obligation with respect thereto through consumption of the refunding transaction described herein.

Sales Tax Revenue Refunding Bonds, Series 2016

On January 1, 2016 the City issued \$3,930,000 sales tax revenue refunding bonds, series 2016. The bonds were issued to (1) refund the City's outstanding sales tax revenue refunding bonds, series 2005, (2) fund a required deposit to the reserve account through purchase of a reserve account insurance policy, and (3) pay related costs of issuance. The series 2016 bonds are payable solely from and secured by an irrevocable pledge of the City's half cent sales tax revenues. The bonds are split 43%/57% between governmental/business-type activities. The interest rates are from 1.6% to 2.3% and the bonds mature December 2027. Current year principal and interest payments on the bonds were 21 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$4,040,966. Principal and interest paid for the current year and total pledged revenues were \$374,208 and \$1,817,598 respectively. This is the governmental activities' portion only.

1,546,380

NOTE 9: LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)

Sales Surtax Revenue Bonds, Series 2017

On June 29, 2017, the City issued \$3,910,000 sales surtax revenue bonds, series 2017. The bonds were issued for the principal purpose of financing and reimbursing the City for certain costs associated with construction of various road and adjacent infrastructure projects. The series 2017 bonds are payable soled from and secured by the sales surtax revenues and until applied in accordance with the provisions of the bond agreement, all moneys, including investments thereof, in the revenue fund, project fund, and sinking fund. The stated interest rate is 2.18% and the bond matures in January 2027. Current year principal and interest payments on the bonds were 0 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$4,357,583. Principal and interest paid for the current year and total pledged revenues were \$0 and \$1,179,308, respectively.

\$ 3,910,000

Total revenue bonds payable at September 30, 2017

5,551,380

Less: current portion

(594,670)

Revenue bonds at September 30, 2017, net of current portion

\$ 4,956,710

Debt service requirements to maturity on revenue bonds payable at September 30, 2017 are as follows:

Year	

September 30,	Principal	Interest	Total
2018	\$ 594,670	\$ 124,141	\$ 718,811
2019	511,930	101,546	613,476
2020	524,190	90,523	614,713
2021	534,190	79,283	613,473
2022	546,450	67,793	614,243
2023-2027	2,684,460	162,330	2,846,790
2028	155,490	1,788	157,278
Total	\$ 5,551,380	\$ 627,404	\$ 6,178,784

Notes Payable

In January 2005, the City borrowed \$800,000 to finance the purchase of a building	
and property. Monthly payments are required of \$5,772 including interest at 71%	
of the bank's prime lending rate. Matures June 2019.	\$ 117,951
Total notes payable at September 30, 2017	117,951
Less: current portion	66,507
Notes payable at September 30, 2017, net of current portion	\$ 51,444

NOTE 9: LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (CONTINUED)

Debt service requirements to maturity on notes payable at September 30, 2017 are as follows:

Year ending				
September 30,	P	rincipal	Interest	Total
2018	\$	66,507	\$ 2,759	\$ 69,266
2019		51,444	1,294	52,738
Total	\$	117,951	\$ 4,053	\$ 122,004

NOTE 10: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

	Se	ptember 30, 2016	Additions	0	Deductions	Se	ptember 30, 2017	_	ue Within One Year
Bonds payable Issuance discounts/	\$	15,610,820	\$ 6,090,000	\$	(7,397,200)	\$	14,303,620	\$	1,344,330
premiums		274,730	23,446		(12,041)		286,135		24,307
Net bonds payables		15,885,550	6,113,446		(7,409,241)		14,589,755		1,368,637
Notes payable Accrued compensated		2,046,000	1,674,000		(41,563)		3,678,437		84,730
absences		84,775	-		(6,041)		78,734		11,810
Total	\$	18,016,325	\$ 7,787,446	\$	(7,456,845)	\$	18,346,926	\$	1,465,177

NOTE 10: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Capital Improvement Revenue Refunding Bonds, Series 2011

On March of 2011, the City issued \$3,105,000 capital improvement revenue refunding bonds, series 2011. The bonds were issued to (1) to refund a portion of the City's outstanding \$2,915,000 capital improvement revenue refunding bonds, series 1997, (2) to purchase for deposit to the reserve account an insurance policy on the bonds, (3) to pay related underwriter's discount costs and costs of issuance. The series 2011 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien on the series 2011 bond on the pledged revenues is on a parity with the lien on the remaining bonds outstanding of the City's capital improvement revenue refunding bonds, series 2004; the City's capital improvement revenue refunding bonds, series 2014; and the City's capital improvement revenue refunding bonds, series 2015. The interest rates are from 2.0 to 4.0% and the bonds mature December 2019.

NOTE 10: LONG-TERM DEBT - BUSINESS-TYPE ACTIVITIES (CONTINUED)

Current year principal and interest payments on the bonds are 7 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$1,413,000. Principal and interest paid for the current year and total pledged revenues were \$367,450 and \$4,980,649, respectively.

\$ 1,320,000

Capital Improvement Revenue Bonds, Series 2014

In November of 2014, the City issued \$2,715,000 capital improvement revenue bonds, series 2014. The bonds were issued to (1) designed, construct, and acquire improvements to the City's water and wastewater system, (2) fund the reserve account, and (3) pay related cost of issuance. The series 2014 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien on the series 2014 bond on the pledged revenues is on a parity with the lien on the remaining bonds outstanding of the City's capital improvement revenue refunding bonds, series 2004; the City's capital improvement revenue refunding bonds, series 2005; the City's capital improvement revenue refunding bond, series 2011; and the City's capital improvement revenue refunding bonds, series 2015. The interest rates are from 2.0 to 4.0% and the bonds mature in December 2034. Current year principal and interest payments on the bonds are 2 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$3,781,488. Principal and interest paid for the current year and total pledged revenues were \$100,475 and \$4,980,649, respectively.

2,715,000

Capital Improvement Revenue Refunding Bonds, Series 2015

In April of 2015, the City issued \$2,470,000 capital improvement revenue refunding bonds, series 2015. The bonds were issued to (1) refund a portion of the City's outstanding Capital Improvement Revenue Bonds, Series 2005, (2) fund a required deposit to the reserve account through the purchase of a reserve accounting insurance policy, (3) and pay related costs of issuance. The series 2015 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien on the series 2015 bond on the pledged revenues is on a parity with the lien on the remaining bonds outstanding of the City's capital improvement revenue refunding bonds, series 2004; the City's capital improvement revenue refunding bonds, series 2005; the City's capital improvement revenue refunding bonds, series 2011; and the City's capital improvement revenues bond, series 2014. The interest rates are from 2.0 to 4.25% and the bonds mature December 2032. Current year principal and interest payments on the bonds are 5 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$2,741,994. Principal and interest paid for the current year and total pledged revenues were \$248,238 and \$4,980,649, respectively.

2,095,000

NOTE 10: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)

Sales Tax Revenue Refunding Bonds, Series 2016

On January 1, 2016 the City issued \$3,930,000 sales tax revenue refunding bonds, series 2016. The bonds were issued to (1) refund the City's outstanding sales tax revenue refunding bonds, series 2005, (2) fund a required deposit to the reserve account through purchase of a reserve account insurance policy, and (3) pay related costs of issuance. The series 2016 bonds are payable solely from and secured by an irrevocable pledge of the City's half cent sales tax revenues. The bonds are split 43%/57% between governmental/business-type activities. The interest rates are from 1.6% to 2.3% and the bonds mature December 2027. Current year principal and interest payments on the bonds were 21 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$4,040,966. Principal and interest paid for the current year and total pledged revenues were \$374,208 and \$1,817,598 respectively. This is the business-type activities' portion only.

\$ 2,083,620

Capital Improvement Revenue Refunding Bonds, Series 2017

On January 18, 2017 the City issued \$6,090,000 capital improvement revenue refunding bonds, series 2017. The bonds were issued to (i) refund the City's outstanding Capital Improvement Refunding Revenue Bonds, Series 2005, (ii) fund a required deposit to the Reserve Account through purchase of a reserve account insurance policy, and (iii) pay related costs of issuance. The series 2017 bonds are secured by a pledge of the net revenues of the City's water system and sewer system, the sewer system development charges bond service component, and the water system development charges bond service component. The lien on the series 2017 bond on the pledged revenues is on a parity with the lien on the City's capital improvement revenue refunding bonds, series 2011; the City's capital improvement revenue refunding bonds, series 2015. The interest rates are from 2% to 3% and the bonds mature December 2032. Current year principal and interest payments on the bonds are 1 percent of pledged revenues. The total principal and interest remaining to be paid on the bonds is \$7,327,743. Principal and interest paid for the current year and total pledged revenues were \$48,106 and \$4,980.649 respectively.

\$4,980,649 respectively.	6,090,000
Total principal obligation at September 30, 2017	14,303,620
Plus: net discount/(premium)	286,135
Less: current portion	(1,344,330)
Principal obligation September 30, 2017, net of current portion	\$ 13,245,425

NOTE 10: LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (CONTINUED)

Debt service requirements to maturity on revenue bonds payable at September 30, 2017 are as follows:

Year ending		Ne	t Discount/		
September 30,	Principal	(F	Premium)	Interest	Total
2018	\$ 1,344,330	\$	24,307	\$ 374,261	\$ 1,742,898
2019	1,360,070		24,307	364,023	1,748,400
2020	1,710,810		24,308	322,602	2,057,720
2021	690,810		16,589	287,755	995,154
2022	711,550		16,589	271,700	999,839
2023-2027	3,831,540		82,945	1,079,635	4,994,120
2028-2032	3,519,510		76,007	529,107	4,124,624
2033-2035	1,135,000		21,083	51,038	1,207,121
Total	\$ 14,303,620	\$	286,135	\$ 3,280,121	\$ 17,869,876

Notes Payable

In August of 2015, the City approved a change order for \$3,720,000 for a storm water project which the contractor agreed to finance over 30 years at an interest rate of 2.55%. The project was started in fiscal year 2016 and completed during 2017. The promissory note was signed in March 2017 which is when payments on the loan began. The note requires monthly payments of \$14,795 and matures March of 2047.

Debt service requirements to maturity on revenue bonds payable at September 30, 2017 are as follows:

Year ending				
September 30,	F	Principal	Interest	Total
2018	\$	84,730	\$ 92,814	\$ 177,544
2019		86,916	90,628	177,544
2020		89,159	88,386	177,545
2021		91,459	86,086	177,545
2022		93,819	83,726	177,545
2023-2027		506,675	381,048	887,723
2028-2032		575,497	312,226	887,723
2033-2037		653,668	234,055	887,723
2038-2042		742,456	145,267	887,723
2043-2047		754,058	44,894	798,952
Total	\$	3,678,437	\$ 1,559,130	\$ 5,237,567

NOTE 11: NET POSITION RESTRICTIONS

The government-wide statement of net position reports \$6,381,135 of restricted net position, of which \$3,334,481 is restricted by enabling legislation. The following is a description of reported net position restrictions in governmental activities and business-type activities at September 30, 2017.

NOTE 11: NET POSITION RESTRICTIONS (CONTINUED)

Governmental Activities

Restricted for law enforcement education - This restriction was created to restrict the use of all resources collected specifically for law enforcement purposes. Florida Statutes restrict the use of these funds for education, training and capital purchase purposes.

Restricted for debt service - This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from the revenue accounts.

Restricted for community redevelopment - This restriction was created to restrict the use of funds provided for the City's Community Redevelopment Agency. The funds are provided from tax increment financing.

Restricted for capital repair and replacement - This restriction was established to restrict the use of impact fees collected in excess of qualified expenditures. An ordinance restricts the use of impact fees to certain capital expenditures, emergency repairs or other improvements.

Restricted for infrastructure surtax - This restriction was established to restrict the use of a 0.5% sales tax approved by Bay County for infrastructure purposes.

Restricted for reforestation - This restriction was established to restrict the use of tree replacement fees collected in excess of qualified expenditures for new trees.

Business-type Activities

Restricted for capital repair and replacement - This restriction was established to record water, sewer and storm water impact fees collected in excess of qualified expenditures. An ordinance restricts the use of impact fees to certain capital expenditures, emergency repairs or other improvements to the water, sewer and storm water systems.

Restricted for debt service - This restriction was established in conjunction with the issuance of debt and funded by initial deposits from the proceeds of such debt and by transfers from the revenue accounts of the appropriate enterprise funds.

Summary

Specific restrictions of net position are summarized below as of September 30, 2017:

Governmental activities

Law enforcement education	\$ 10,194
Capital repair and replacement	1,589,841
Infrastructure tax	1,078,284
Debt service	221,470
Reforestation	3,735
Community redevelopment	549,819
Total	\$ 3,453,343

NOTE 11: NET POSITION RESTRICTIONS (CONTINUED)

Business-type activities	
Capital repair and replacement	\$ 1,184,627
Debt service	1,743,165
Total	\$ 2,927,792

NOTE 12: RETIREMENT PLANS

The City's pension plans are established by various City ordinances. The City maintains three separate single employer benefit pension plans which cover general employees, police officers and firefighters. The City's ordinances governing the firefighters' and police officers' plans were written in compliance with the provisions of Florida Statues, Chapters 175 and 185, respectively.

Plan Description and Administration

The City's pension plans are single employer defined benefit pension plans administered by a board of trustees. The board of trustees for each pension plan consists of two City residents appointed by the Commission, two members of the plan elected by the plan membership, and one member elected by the other four members and appointed by the Commission.

As of September 30, 2017 the plans had the following membership breakdown:

	General	Police	
	Employees	Officers	Firefighters
Inactive plan members or beneficiaries currently receiving benefits	33	14	6
Inactive plan members entitled to but not yet receiving benefits	15	12	1
Active plan members	86	26	21
	404	=-	
Total plan membership	134	52	28

Note: This is actual membership as of October 1, 2016. No significant change during 2017.

Benefits Provided

The plans provide for retirement, termination, disability, and death benefits. Additional provisions for early retirement, delayed retirement, and disability benefits are described in City Ordinance 492. Specific benefits provided vary among the three retirement plans.

General Employees'

- Normal Retirement Benefits: 3.0% of average final compensation times credited service.
- Normal Retirement Age: Attainment of age 55 and 10 years of credited service.
- Early Retirement Benefits: Accrued benefit reduced 1/15th for each of the first 5 years and 1/30th for the next 5 years that early retirement precedes normal retirement.
- Early Retirement Age: Age 50 and 10 Years of credited service.
- Vesting Schedule: 100% after 10 years of credited service.
- Vesting Benefit Amount: Accrued (formula) benefit payable at the otherwise normal retirement date.
 Refund of accumulated contributions if not vested.

NOTE 12: RETIREMENT PLANS (CONTINUED)

- Disability Eligibility: Total and permanent disability prior to normal retirement date. Ten years of service required for not-in-line of duty benefits.
- Disability Benefits: Accrued benefit actuarially reduced.
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable as a ten-year certain to designated beneficiary at the otherwise normal retirement date.
- Pre-Retirement Death Benefits Nonvested: Return of member's accumulated contributions.

Police Officers'

- Normal Retirement Benefits: 3.5% of average final compensation times credited service.
- Normal Retirement Age: Earlier of: 1) age 55 and 10 years of credited service, 2) attainment of age 60 or
 3) the completion of 25 years of credited service, regardless of age.
- Early Retirement Benefits: Accrued benefit reduced 3% for each year that early retirement precedes normal retirement.
- Early Retirement Age: Age 45 and 10 Years of credited service.
- Vesting Schedule: 100% after 10 years of credited service.
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date.
- Disability Eligibility Service Incurred: Covered from date of employment.
- Disability Eligibility Nonservice Incurred: 10 years of credited service.
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred) or 25% of average final compensation (nonservice incurred).
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.
- Pre-Retirement Death Benefits Nonvested: Return of member's contributions without interest.
- Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is not currently funded per mutual consent between the City and membership.

Firefighters'

- Normal Retirement Benefits: 3.5% of average final compensation times credited service.
- Normal Retirement Age: Earlier of age 55 and 10 years of credited service or 25 years of credited service regardless of age.
- Early Retirement Benefits: Accrued benefit reduced 3% for each year that early retirement precedes normal retirement.
- Early Retirement Age: Age 50 and 10 Years of credited service.
- Vesting Schedule: 100% after 10 years of credited service.
- Vesting Benefit Amount: Members will receive the vested portion of accrued benefit at the otherwise normal retirement date.
- Disability Eligibility Service Incurred: Covered from date of employment.
- Disability Eligibility Nonservice Incurred: 10 years of credited service.
- Disability Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred).
- Pre-Retirement Death Benefits Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.
- Pre-Retirement Death Benefits Nonvested: Return of member's contributions without interest.

NOTE 12: RETIREMENT PLANS (CONTINUED)

• Share Plan: Pursuant to Chapter 2015-39, Laws of Florida, a supplemental benefit component for special benefits exists but is currently not funded.

Funding Policy

Eligibility consists of all members of the system at the adoption date of the plan, May 14, 1991, for general employees and August 14, 1973, for police officers and firefighters, and all new full time City employees as a condition of employment. The City manager may opt out of the general employees' pension plan within 60 days of employment.

Contribution Obligations

Members contribute five percent of their pretax earnings. The City contributes the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, over thirty years. The State of Florida contributes any monies received by reason of the laws of the State for the purpose of funding and paying for retirement benefits.

The City made annual required contributions of \$112,601 to the firefighters' plan, \$133,067 to the police officers' plan, and \$778,361 to the general employees' plan during the year ended September 30, 2017. The annual covered payroll for the year was \$920,087 for the firefighters, \$1,242,529 for the police officers, and \$3,305,528 for the general employees. The percentage of contributions to annual covered payroll for the year for each plan was 12%, 11%, and 24%, respectively.

Other donations, gifts and contributions from sources other than the City may be deposited to the fund. Such deposits, at the discretion of the board, may be accounted for separately. Funds arising from these sources may be used for additional benefits for members, as determined by the board.

Investment Policy

The Board's targeted allocation policy for each pension plan as of September 30, 2017 is summarized below:

	General	Police	
Asset class	Employees	Officers	Firefighters
Domestic equity	40%	40%	50%
International equity	15%	15%	10%
Bonds	40%	40%	0%
Broad market fixed income	0%	0%	40%
Treasury inflation protected securities	5%	5%	0%
Total targeted allocation	100%	100%	100%

Investment Concentrations

As of September 30, 2017, none of the plans held investments in any one organization that represented five percent or more of the pension plan's fiduciary net position.

NOTE 12: RETIREMENT PLANS (CONTINUED)

Investment Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on each pension plan's investments, net of pension plan investment expense for the year ended September 30, 2017 is summarized below:

	General	Police	
	Employees	Officers	Firefighters
Money-weighted rate of return	9.56%	9.47%	12.17%

Deferred Retirement Option Program

The plans include a deferred retirement option program (DROP). DROP requires the plan participant must satisfy the normal retirement requirements and their participation in the program cannot exceed 60 months. The actual net rate of investment return (total return net of brokerage commission, and transaction costs) is credited each fiscal quarter. The DROP balances as of September 30, 2017 were \$644,711, \$33,293, and \$0 in the general employees', the police officers', and the firefighters' plans, respectively.

Share Plan

The police officers' and firefighters' plans include a supplemental benefit called a share plan. Pursuant to Florida law, there has been a separate member "share account" created for each member of the plan. The supplemental benefit may or may not be funded and at this time neither plan has funded the share plan. If the share plan is funded, at retirement, termination (vested), disability or death, there shall be an additional benefit paid to the member. The share plan is funded solely with state premium tax money and the funding that is received for the share plan is allocated to a member's share account based on a formula based on years of credited service. The share account will be adjusted for its proportionate share of the income or loss on the assets in the plan.

Net Pension Liability

The components of the net pension liability for each pension plan of the City at September 30, 2017, were as follows:

	General	Police	
	Employees	Officers	Firefighters
Total pension liability	\$ 19,856,457	\$ 7,845,278	\$ 6,258,285
Plan fiduciary net position	(17,559,288)	(8,692,458)	(6,350,031)
City's net pension liability (asset)	\$ 2,297,169	\$ (847,180)	\$ (91,746)
Plan fiduciary net position as a percentage of			
the total pension liability (asset)	88.43%	110.80%	101.47%

NOTE 12: RETIREMENT PLANS (CONTINUED)

At September 30, 2017, the City reported a liability of \$2,297,169 for the pension liability for the General Employees' retirement plan. The net pension liabilities (assets) were measured as of September 30, 2017. The total net pension liability was allocated to each fund benefited by the plan.

At September 30, 2017, the City reported an asset of \$847,180 for the pension overfunding for the Police Officers' retirement plan. The net pension liabilities (assets) were measured as of September 30, 2017. The total net pension asset was reported in the governmental fund.

At September 30, 2017, the City reported an asset of \$91,746 for the pension liability for the Firefighters' retirement plan. The net pension liabilities (assets) were measured as of September 30, 2017. The total net pension asset was reported in the governmental fund.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2017, the City recognized pension expense of \$783,682, \$103,262, and \$148,528 for the general employees', the police officers', and the firefighters' pension plans, respectively.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the general employees' pension plan from the following sources:

	Outflows of I		Deferred Inflows of	
			R	Resources
Difference between expected and actual experience	\$	-	\$	476,034
Change in assumptions		219,192		-
Net difference between projected and actual earnings on				
pension plan investments		499,752		329,805
Total	\$	718,944	\$	805,839

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the police officers' pension plan from the following sources:

	Deferred			Deferred
	Out	tflows of	Ir	nflows of
	Re	sources	R	esources
Difference between expected and actual experience	\$	-	\$	419,243
Change in assumptions		115,200		-
Net difference between projected and actual earnings on				
pension plan investments		251,236		144,671
Total	\$	366,436	\$	563,914

NOTE 12: RETIREMENT PLANS (CONTINUED)

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension plan from the following sources:

	Deferred Outflows of		Deferred of Inflows o	
		sources		esources
Difference between expected and actual experience	\$	-	\$	468,745
Change in assumptions		372,006		-
Net difference between projected and actual earnings on				
pension plan investments		280,441		227,665
Total	\$	652,447	\$	696,410

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

		General	Police	
Year Ending September 30:	Ε	mployees	Officers	Firefighters
2018	\$	49,467	\$ (8,404)	\$ 26,749
2019		67,622	1,512	54,953
2020		(150,394)	(124,106)	(35,907)
2021		(53,590)	(66,480)	(68,814)
2022		-	-	(18,949)
Thereafter		-	-	(1,995)
Total	\$	(86,895)	\$ (197,478)	\$ (43,963)

Actuarial Assumptions

The total pension liability by pension plan was determined by an actuarial valuation as of October 1, 2016 using the following actuarial assumptions applied to all measurement periods:

	General	Police	
	Employees	Officers	Firefighters
Inflation rate	2.70%	2.70%	2.50%
Salary increases	6.00%	6.50%	Service based
Investment rate of return	8.00%	8.00%	7.25%

Mortality rates for all pension plans were based on the RP2000 tables. The assumption rates used were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates used are those outlined in the July 1, 2016 FRS valuation report.

NOTE 12: RETIREMENT PLANS (CONTINUED)

General Employees'

- Healthy Active Lives Female: RP2000 combined healthy, 100% combined healthy white collar, scale BB
- Healthy Active Lives Male: RP2000 combined healthy, 50% annuitant white collar/50% combined healthy blue collar, scale BB
- Healthy Inactive Lives Female: RP2000 Generational, 100% annuitant white collar, scale BB
- Healthy Inactive Lives Male: RP2000 Generational, 50% annuitant white collar/50% annuitant blue collar, scale BB
- Disabled Lives Female: 100% RP2000 disabled female set forward two years
- Disabled Lives Male: 100% RP2000 disabled mal setback four years

Police Officers'

- Healthy Active Lives Female: RP2000 combined healthy, 100% combined healthy white collar, scale BB
- Healthy Active Lives Male: RP2000 combined healthy, 10% combined healthy white collar/90% combined healthy blue collar, scale BB
- Healthy Inactive Lives Female: RP2000 generational, 100% annuitant white collar, scale BB
- Healthy Inactive Lives Male: RP2000 generational, 10% annuitant white collar/90% annuitant blue collar, scale BB
- Disabled Lives Female: 60% RP2000 disabled female set forward two years/40% annuitant white collar with no setback, no projection scale
- Disabled Lives Male: 60% RP2000 disabled male setback four years/40% annuitant white collar with no setback, no projection scale

Firefighters'

- Healthy Lives Female: RP2000 generational, 100% combined healthy white collar, scale BB
- Healthy Lives Male: RP2000 generational, 10% combined healthy white collar/90% combined healthy blue collar, scale BB
- Healthy Inactive Lives Female: RP2000 generational, 100% annuitant white collar, scale BB
- Healthy Inactive Lives Male: RP2000 generational, 10% annuitant white collar/90% annuitant blue collar, scale BB
- Disabled Lives Female: 60%% RP2000 disabled female set forward two years/40% annuitant white collar with no setback, no projection scale
- Disabled Lives Male: 60% RP2000 disabled male setback four years/40% annuitant white collar with no setback, no projection scale

The actuarial assumptions used in the September 30, 2017 valuation were based on an actuarial valuation as of October 1, 2016 updated to September 30, 2017. The significant assumptions used for the firefighters' plan was based on a recent actuarial experience study dated June 7, 2017. The other two plans do not have an experience study available.

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

NOTE 12: RETIREMENT PLANS (CONTINUED)

arithmetic real rates of return for each major asset class for each pension plan included in each pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

	General	Police	
Asset class	Employees	Officers	Firefighters
Domestic equity	7.00%	7.00%	7.50%
International equity	3.70%	3.70%	8.50%
Bonds	4.00%	4.00%	0.00%
Broad market fixed income	0.00%	0.00%	2.50%
Treasury inflation protected securities	2.90%	2.90%	0.00%

Discount Rate

The discount rate used to measure the total pension liability for each pension plan are summarized in the following table:

	General	Police	
	Employees	Officers	Firefighters
Discount rate	8.00%	8.00%	7.25%

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

Sensitivity of the Net Pension Liability

The following presents the net pension liability of the City for each pension plan, calculated using the discount rate of 8.00 percent for the general employees' and police officers' pension and 7.25 percent for the firefighters' pension, as well as what the City's net pension liability would be if it were calculated using a discount rate 1 percentage point lower (7.00 percent or 6.25 percent) or 1 percentage point higher (9.00 percent or 8.25 percent) than the current rates:

	Current			
	1%	1%		
	Decrease	Rate	Increase	
City's net pension liability - General Employees' Pension	\$ 4,422,140	\$ 2,297,169	\$ 506,503	
City's net pension liability (asset) - Police Officers' Pension	15,731	(847,180)	(1,572,022)	
City's net pension liability (asset) - Firefighters' Pension	700,944	(91,746)	(742,224)	

NOTE 12: RETIREMENT PLANS (CONTINUED)

Financial Report

A publicly available actuarial valuation on each plan that includes required financial information may be obtained by contacting the City of Lynn Haven, 825 Ohio Avenue, Lynn Haven, Florida 32444 or by calling (850) 265-2121.

Payables to the Pension Plans

The City reported no liability related to outstanding contributions to the pension plans required for the fiscal year ended September 30, 2017.

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims in the past three years have not exceeded the coverage.

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City has established the Retirees' Health Insurance Other Postemployment Benefits Plan, a single employer plan. Pursuant to the provisions of Section 112.0801, Florida Statutes, employees who retire from the City and eligible dependents may continue to participate in the group insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The City subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The City currently has approximately 140 total active and retired employees eligible to receive these benefits. No stand alone report is issued for this plan.

Eligibility

A participant is eligible to receive benefits from the plan upon retirement. To be eligible for retiree benefits, the participant must be covered under the medical plan as an active employee immediately prior to retirement. Participants not eligible for retirement at the time of their termination are not eligible for immediate or future benefits from the plan.

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy

Although the contribution requirement is established by Statute, the contribution amount required by plan members and the government are established and may be amended by the City of Lynn Haven's Commissioners. Currently, members receiving benefits pay the full cost (total premium) for medical coverage.

The contribution rates effective for eligible City plan members during the year are shown below:

Coverage	Pre	Monthly Premiums – Plan 5302		Monthly Premiums – Plan 3359	Monthly Premiums – Plan 3769	
Retiree	\$	713	\$	926	\$	950
Retiree and spouse		1,698		2,204		2,260
Retiree and children		1,313		1,704		1,748
Retiree and family		2,226		2,889		2,963

The City has not advance funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation. Rather, the funding is based on a pay-as-you-go basis. During the fiscal year, the City provided contributions of \$12,757 toward the annual OPEB cost. A schedule of employer contributions can be found in required supplementary information immediately following the notes.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

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	P		•

Normal cost component	\$ 26,995
Amortization of unfunded actuarial accrued liability component	15,678
Annual required contribution	42,673
Interest on net OPEB obligation	10,411
Adjustment to annual required contribution	(12,757)
Annual OPEB cost (expense)	40,327
Contribution toward the OPEB cost	(8,171)
Increase in net OPEB obligation	32,156
Net OPEB obligation, beginning of year	260,315
Net OPEB obligation, end of year	\$ 292,471

NOTE 14: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2017 was as follows:

	Annual	Percentage of OPEB	Net OPEB
Year ended September 30,	OPEB Cost	Cost Contributed	Obligation
2015	\$ 53,165	16%	\$ 230,432
2016	42,168	29%	260,315
2017	40,327	20%	292,471

Funding Status and Funding Progress

The funding status and funding progress information can be found in the schedule of funding progress which is presented as required supplementary information immediately following the notes. This schedule presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

The City had an actuarial valuation completed for the fiscal year ended September 30, 2016 dated October 1, 2015. 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 and termination, mortality, and the healthcare cost trends. 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. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, in effect at the valuation date and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially determined accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB actuarial valuation method used for the City was the entry age normal actuarial cost method. This method is used to estimate the actuarial liabilities and costs. This method was selected because it produced the best estimate of the OPEB liability and annual cost for the City employees. The valuation interest rate was 4%. The actuarial assumptions also include an annual healthcare inflation rate. For the City, this rate begins with an initial rate for the 2016 fiscal year of 8% grading down to 5% in 2020 with an ultimate rate of 4.5% in fiscal year 2021. A payroll growth inflation assumption of 2% for all employees was used. A salary scale assumption of 6% for general employees, and 6.5% for police officers and firefighters was used. The unfunded actuarial accrued liability is being amortized with a level percentage of payroll closed amortization over 26 years.

NOTE 15: SUBSEQUENT EVENT

During January 2018, the City issued a \$6,090,000 Infrastructure Surtax Bond. The bonds were issued for a similar purpose and with similar terms to the \$3,910,000 Sales Surtax Revenue Bonds, Series 2017. The interest rate is 2.35% and will mature over 10 years.

During March 2018, the City approved authorizing two loans through the State of Florida's State Revolving Fund program. A wastewater project construction loan that shall not exceed \$6,600,000 and a water project construction loan that shall not exceed \$3,572,000 have been approved although specific terms related to interest and maturity have not been determined.

Required Suppleme	ntary Information	

City of Lynn Haven, Florida Schedules of Funding Progress and Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan September 30, 2017

Schedule of Funding Progress for the Retirees' Health Insurance Other Postemployment Benefits Plan

Actuarial Valuation Date	Valu	tuarial alue of		Actuarial Accrued iabilities (AAL)	crued Actuarial pilities Liabilities		Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
October 1, 2015	\$	-	\$	246,467	\$	246,467	0.0% \$	5,705,597	4.3%
October 1, 2012		-		306,941		306,941	0.0%	5,650,762	5.4%
October 1, 2009		-		281,518		281,518	0.0%	4,925,952	5.7%

Schedule of Employer Contributions for the Retirees' Health Insurance Other Postemployment Benefits Plan

	Fiscal Year Ended September 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed
_	2015	\$ 8,748	\$ 52,766	17%
	2016	12,285	44,048	28%
	2017	8,171	42,673	19%

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – General Employees' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015
Total pension liability			
Service cost	\$ 623,575 \$	600,171 \$	623,863
Interest	1,535,796	1,442,938	1,378,512
Differences between expected			
and actual experience	(257,496)	(350,889)	(268,672)
Changes of assumptions	-	438,382	-
Employee contributions	(1,238,504)	(759,152)	(1,040,029)
Net change in total pension liability	663,371	1,371,450	693,674
Total pension liability - beginning	19,192,681	17,821,231	17,127,557
Total pension liability - ending (a)	19,856,052	19,192,681	17,821,231
Plan fiduciary net position			
Contributions - employer	793,327	887,944	834,900
Contributions - member	165,681	162,257	163,518
Net investment income	1,560,376	1,348,632	(65,358)
Benefit payments, including			
refunds of member contributions	(1,238,503)	(759,559)	(1,040,029)
Administrative expense	(32,940)	(28,181)	(28,388)
Net change in plan fiduciary net position	1,247,941	1,611,093	(135,357)
Plan fiduciary net position - beginning	16,310,942	14,699,849	14,835,206
Plan fiduciary net position - ending (b)	17,558,883	16,310,942	14,699,849
Net pension liability - ending (a) - (b)	\$ 2,297,169 \$	2,881,739 \$	3,121,382
Dian fiducionu not nacition as a neventage			
Plan fiduciary net position as a percentage of the total pension liability	88.43%	84.99%	82.49%
Covered-employee payroll	\$ 3,305,528 \$	3,245,125 \$	4,089,610
Net pension liability as a percentage of covered-employee payroll	69.49%	88.80%	76.32%
-			(Cont:)
			(Continued)

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – General Employees' Retirement System – Last Five Fiscal Years (Continued)

Year ended September 30,	2014	2013
Total pension liability		
Service cost	\$ 676,486 \$	626,376
Interest	1,279,098	1,155,629
Differences between expected		
and actual experience	-	-
Changes of assumptions	-	-
Employee contributions	(280,537)	(296,952)
Net change in total pension liability	1,675,047	1,485,053
Total pension liability - beginning	15,452,510	13,967,457
Total pension liability - ending (a)	17,127,557	15,452,510
Plan fiduciary net position		
Contributions - employer	816,608	730,071
Contributions - member	184,927	181,610
Net investment income	1,156,984	1,267,086
Benefit payments, including		
refunds of member contributions	(280,537)	(296,952)
Administrative expense	(19,746)	(21,504)
Net change in plan fiduciary net position	1,858,236	1,860,311
Plan fiduciary net position - beginning	12,976,970	11,116,659
Plan fiduciary net position - ending (b)	14,835,206	12,976,970
Net pension liability - ending (a) - (b)	\$ 2,292,351 \$	2,475,540
Plan fiduciary net position as a percentage		
of the total pension liability	86.62%	83.98%
Covered-employee payroll	\$ 3,698,541 \$	3,632,195
Net pension liability as a percentage of covered-employee payroll	61.98%	68.16%

Notes to schedule

The covered-employee payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll.

Changes in assumptions: For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System. The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

City of Lynn Haven, Florida Schedule of Contributions – General Employees' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016		2015	2014	2013
Actuarially determined contribution	\$ 778,361	\$ 809,145	\$	834,900	\$ 816,608	\$ 730,071
Contributions in relation to the actuarially determined contribution	793,327	887,944		834,900	816,608	730,071
Contribution deficiency (excess)	\$ (14,966)	\$ (78,799)	\$	-	\$ -	\$ _
Covered-employee payroll	\$ 3,305,528	\$ 3,245,125	\$ -	4,089,610	\$ 3,698,541	\$ 3,632,195
Contributions as a percentage of covered-employee payroll	24.00%	27.36%		20.42%	22.08%	20.10%

The covered-employee payroll numbers shown are in compliance with GASB 82, except for the September 30, 2015 measurement period which includes DROP payroll

(Continued)

City of Lynn Haven, Florida Schedule of Contributions – General Employees' Retirement System – Last Five Fiscal Years (Continued)

Notes to 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

Amortization method Level percentage of pay, closed

Remaining amortization

period 26 Years (as of 10/1/2015)

geometric 4-year average market value return. It is possible that over time this technique

will produce an insignificant bias above or below market value.

Termination rate See table below under "other information." This assumption was adopted by the Board,

based on results of the September 3, 2007 experience study.

Disability rate See table below under "other information." These rates are similar to those utilized by

other municipal general employee programs.

Mortality rate RP2000 combined healthy (sex distinct), projected to valuation year using scale AA.

Disabled lives set forward five years. It is the actuary's opinion that this assumption

sufficiently accommodates expected future mortality improvements.

Interest rate 7.50% per year, compounded annually, net of investment related expenses. This

assumption was adopted by the Board, based on results of the September 3, 2007

experience study.

Retirement rates

	Rate per
Age	Year
50-54	2%
55-58	20%
59-61	20%
62	50%
63-64	25%
65	100%

This assumption was adopted by the Board, based on results of the September 3, 2007 experience study.

Salary increases None (frozen plan)

Payroll growth None for amortizing unfunded actuarial accrued liability (frozen plan)

Interest adjustment for required contributions

equired contributions 7.50% for projecting dollar requirements.

Cost of living increases 2.00% per year after 3 years (none for VT's)

Other information % Becoming % Terminating
Disabled During During the

	Disabled During	During the
Age	the Year	Year
20	0.05%	25.0%
30	0.06%	12.4%
40	0.12%	9.5%
50	0.43%	7.5%
60	1.61%	5.5%

City of Lynn Haven, Florida Schedule of Investment Returns – General Employees' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015	2014	2013	
Annual management in interest and a set under						
Annual money-weighted rate of return						
net of investment expense	9.56%	9.13%	-0.44%	8.67%	11.09%	

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015
Total pension liability			
Service cost	\$ 291,017 \$	283,018 \$	309,736
Interest	597,635	564,143	526,808
Change in excess state money	20,749	25,295	26,971
Differences between expected			
and actual experience	(218,184)	(331,547)	(91,536)
Changes of assumptions	-	192,001	-
Employee contributions	(335,766)	(258,147)	(245,073)
Net change in total pension liability	355,451	474,763	526,906
Total pension liability - beginning	7,489,827	7,015,064	6,488,158
Total pension liability - ending (a)	7,845,278	7,489,827	7,015,064
Plan fiduciary net position			
Contributions - employer	118,040	193,200	195,344
Contributions - State	131,498	140,590	117,198
Contributions - member	62,126	62,391	64,089
Net investment income	751,774	654,947	(50,536)
Benefit payments, including			
refunds of member contributions	(335,767)	(258,148)	(245,073)
Administrative expense	(33,446)	(17,500)	(23,874)
Net change in plan fiduciary net position	694,225	775,480	57,148
Plan fiduciary net position - beginning	7,998,233	7,222,753	7,165,605
Plan fiduciary net position - ending (b)	8,692,458	7,998,233	7,222,753
Net pension liability/(asset) - ending (a) - (b)	\$ (847,180) \$	(508,406) \$	(207,689)
Plan fiduciary net position as a percentage	 		
of the total pension liability	110.80%	106.79%	102.96%
Covered-employee payroll	\$ 1,242,529 \$	1,247,810 \$	1,287,209
Net pension liability as a percentage of			
covered-employee payroll	-68.18%	-40.74%	-16.13%
			(Continued)

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers' Retirement System – Last Five Fiscal Years (Continued)

Year ended September 30,	2014	2013		
Total pension liability				
Service cost	\$ 288,702 \$	267,317		
Interest	481,522	436,833		
Change in excess state money	23,122	-		
Differences between expected				
and actual experience	-	-		
Changes of assumptions	-	-		
Employee contributions	(205,289)	(128,550)		
Net change in total pension liability	588,057	575,600		
Total pension liability - beginning	5,900,101	5,324,501		
Total pension liability - ending (a)	6,488,158	5,900,101		
Plan fiduciary net position				
Contributions - employer	196,175	236,419		
Contributions - State	113,349	102,477		
Contributions - member	68,969	63,303		
Net investment income	571,109	626,409		
Benefit payments, including				
refunds of member contributions	(205,289)	(128,550)		
Administrative expense	(22,490)	(34,281)		
Net change in plan fiduciary net position	721,823	865,777		
Plan fiduciary net position - beginning	6,443,782	5,578,005		
Plan fiduciary net position - ending (b)	7,165,605	6,443,782		
Net pension liability/(asset) - ending (a) - (b)	\$ (677,447) \$	(543,681)		
Plan fiduciary net position as a percentage				
of the total pension liability	110.44%	109.21%		
Covered-employee payroll	\$ 1,379,386 \$	1,266,068		
Net pension liability as a percentage of				
covered-employee payroll	-49.11%	-42.94%		

Notes to schedule

Changes in assumptions: For measurement date September 30, 2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3% to 2.7%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

City of Lynn Haven, Florida Schedule of Contributions – Police Officers' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015	2014		2013
Actuarially determined contribution From excess State money reserve Contributions in relation to the	\$ 268,376 25,295	\$ 268,376 25,295	\$ 285,571 -	\$ 286,402	\$	326,646 -
actuarially determined contribution	283,200	283,200	285,571	286,402		326,646
Contribution deficiency (excess)	\$ (40,119)	\$ (40,119)	\$ -	\$ -	\$	-
Covered-employee payroll	\$ 1,242,529	\$ 1,247,810	\$ 1,287,209	\$ 1,379,386	\$	1,266,068
Contributions as a percentage of covered-employee payroll	22.79%	22.70%	22.19%	20.76%		25.80%
Contributions as a percentage of	\$, ,-	\$, ,= -	\$, ,	\$, ,	•	,,

(Continued)

City of Lynn Haven, Florida Schedule of Contributions – Police Officers' Retirement System – Last Five Fiscal Years (Continued)

Notes to 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

service related.

improvements.

Actuarial cost method Amortization method Remaining amortization	Entry age normal actuarial cost method Level percentage of pay, closed
period	19 Years (as of 10/1/2015)
Asset valuation method	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.
Salary increases	6.5% per year until the assumed retirement age. In addition, final projected salary is increased individually to account for additional nonregular payments
Interest rate	8.00% per year compounded annually, net of investment related expenses. This assumption is in line with the national average utilized for public pension programs.
Payroll growth	3.00% per year
Retirement age	Earlier of: 1) age 55 and 10 years of service, 2) 25 years of service, regardless of age, or 3) attainment of age 60. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
Early retirement	Commencing with eligibility for early retirement age (age 45 with 10 years of service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination rate	See table below under "other information."
Disability rate	See table below under "other information." It is assumed that 75% of disablements are

Other information

Mortality rate

% % Becoming **Terminating Disabled During** During the the Year Year Age 20 0.03% 6.0% 30 0.04% 5.0% 40 0.07% 2.6% 50 0.18% 0.8%

RP2000 table with no projection – based upon other studies of municipal police officers, the actuary feels this assumption sufficiently accommodates future mortality

City of Lynn Haven, Florida Schedule of Investment Returns – Police Officers' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015	2014	2013
Annual management in the distance of materials					
Annual money-weighted rate of return					
net of investment expense	9.47%	9.07%	-0.71%	8.83%	10.99%

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015
Total pension liability			
Service cost	\$ 214,294 \$	202,696 \$	189,512
Interest	428,511	395,917	370,363
Change in excess State money	(581,215)	7,031	55,979
Share plan allocation	581,215	-	-
Differences between expected			
and actual experience	(404,891)	(92,891)	(74,169)
Changes of assumptions	211,236	245,505	-
Employee contributions	(173,915)	(191,309)	(167,618)
Net change in total pension liability	275,235	566,949	374,067
Total pension liability - beginning	5,983,050	5,416,101	5,042,034
Total pension liability - ending (a)	6,258,285	5,983,050	5,416,101
Plan fiduciary net position			
Contributions - employer	85,694	179,059	175,202
Contributions - state	72,877	104,062	98,068
Contributions - member	46,004	39,616	40,940
Net investment income	688,348	263,560	(32,874)
Benefit payments, including			
refunds of member contributions	(173,914)	(191,309)	(167,618)
Administrative expense	(36,877)	(25,141)	(20,388)
Net change in plan fiduciary net position	682,132	369,847	93,330
Plan fiduciary net position - beginning	5,667,899	5,298,052	5,204,722
Plan fiduciary net position - ending (b)	6,350,031	5,667,899	5,298,052
Net pension liability/(asset) - ending (a) - (b)	\$ (91,746) \$	315,151 \$	118,049
Plan fiduciary net position as a percentage	 		
of the total pension liability	101.47%	94.73%	97.82%
Covered-employee payroll	\$ 920,087 \$	792,315 \$	826,871
Net pension liability as a percentage of			
covered-employee payroll	-9.97%	39.78%	14.28%
			(Continued)

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Retirement System – Last Five Fiscal Years (Continued)

Year ended September 30,	2014	2013	
Total pension liability			
Service cost	\$ 191,324 \$	177,152	
Interest	340,740	312,224	
Change in excess State money	62,154	-	
Share plan allocation	-	-	
Differences between expected			
and actual experience	-	-	
Changes of assumptions	-	-	
Employee contributions	(152,334)	(141,843)	
Net change in total pension liability	441,884	347,533	
Total pension liability - beginning	4,600,150	4,252,617	
Total pension liability - ending (a)	5,042,034	4,600,150	
Plan fiduciary net position			
Contributions - employer	191,373	178,051	
Contributions - state	104,243	127,858	
Contributions - member	41,786	38,336	
Net investment income	509,709	416,896	
Benefit payments, including			
refunds of member contributions	(152,334)	(141,843)	
Administrative expense	(12,168)	(14,739)	
Net change in plan fiduciary net position	682,609	604,559	
Plan fiduciary net position - beginning	4,522,113	3,917,554	
Plan fiduciary net position - ending (b)	5,204,722	4,522,113	
Net pension liability/(asset) - ending (a) - (b)	\$ (162,688) \$	78,037	
Plan fiduciary net position as a percentage	 		
of the total pension liability	103.23%	98.30%	
Covered-employee payroll	\$ 835,712 \$	766,714	
Net pension liability as a percentage of	10 479/	10 100/	
covered-employee payroll	-19.47%	10.18%	

(Continued)

City of Lynn Haven, Florida Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Retirement System – Last Five Fiscal Years (Continued)

Notes to schedule

Changes in assumptions:

For measurement date September 30, 2017, amounts reported as changes in assumptions results from the following changes:

- Investment return lowered from 7.75% to 7.25%
- Salary scale Changes from a flat rate for all years of credit service to an assumption based on credited service
- Mortality rates As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in the Florida Retirement System July 1, 2016 valuation from the July 1, 2015 valuation for special risk lives
- Retirement rates Removed the assumption that Members eligible for retirement at the valuation date will continue working for one more year.
- Withdrawal rates Changed from aged based to age and service based

For measurement date September 30, 2016, amounts reported as changes in assumptions results from the following changes:

- Mortality rates As a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees.
- Inflation rate Lowered from 3% to 2.5%, matching the long-term inflation assumption utilized by the Plan's investment consultant.
- Investment rate of return Lowered from 8% to 7.75% per year compounded annual, net of investment related expenses.

City of Lynn Haven, Florida City of Lynn Haven, Florida Schedule of Contributions – Firefighters' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017		2016		2015		2014		2013
Actuarially determined contribution From excess State money reserve Contributions in relation to the	\$	185,478 -	\$	189,266 7,031	\$	217,291 \$	233,462	\$	228,481
actuarially determined contribution		158,571		269,059		217,291	233,462		228,481
Contribution deficiency (excess)	\$	26,907	\$	(86,824)	\$	- \$	-	\$	
Covered-employee payroll	\$	920,087	\$	792,315	\$	826,871 \$	835,712	\$	766,714
Contributions as a percentage of covered-employee payroll		17.23%		33.96%		26.28%	27.94%		29.80%

(Continued)

City of Lynn Haven, Florida Schedule of Contributions – Firefighters' Retirement System – Last Five Fiscal Years (Continued)

Notes to 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.

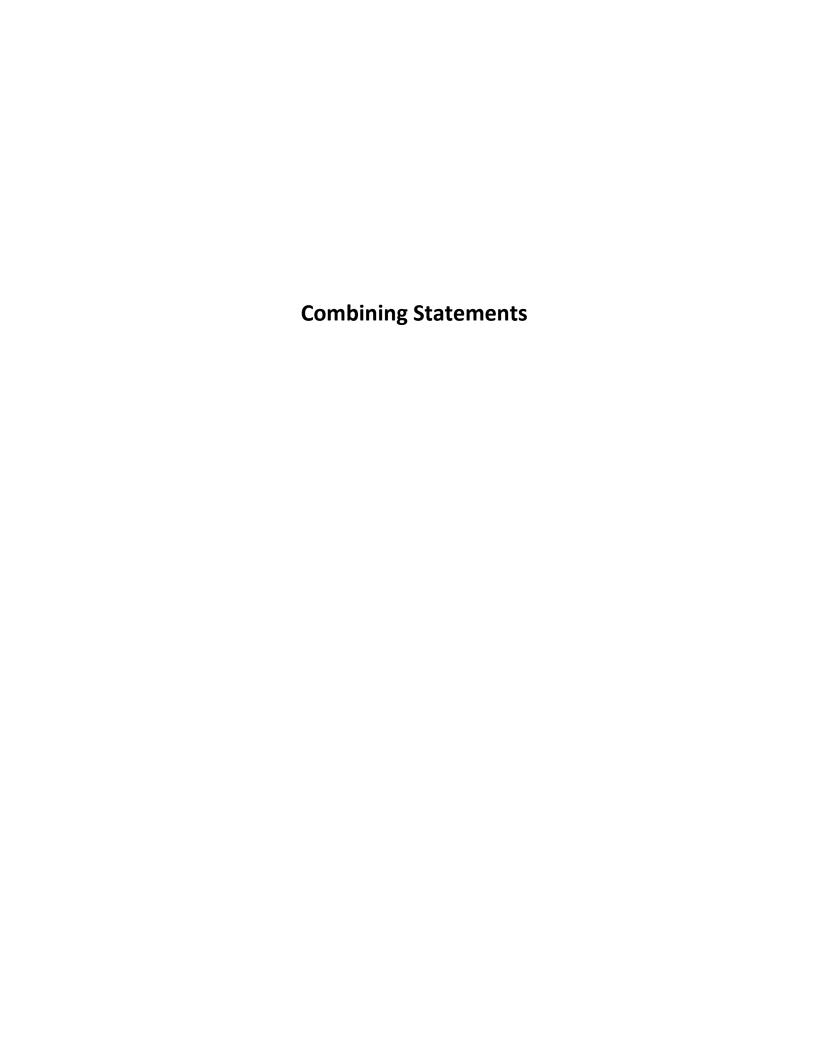
Methods and assumptions used to determine contribution rates

Actuarial cost method	Frozen entry age cost method					
Amortization method	Level percentage of pay, closed					
Remaining amortization						
period	28 Years (as of 10/1/2015)					
Asset valuation method	Each year, the prior actuarial value of assets is brought forward utilizing the historical geometric 4-year average market value return. It is possible that over time this technique will produce an insignificant bias above or below market value.					
Salary increases	6.5% per year until the assumed retirement age. In addition, final projected salary is increased individually (based on actual eligible hours as of July 1, 2011) to account for additional nonregular compensation.					
Interest rate	8.00% per year compounded annually, net of investment related expenses. This					
	assumption is in line with the national average utilized for public pension programs.					
Payroll growth	3.00% per year					
Retirement age	Earlier age 55 and 10 years of service or 25 years of service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.					
Early retirement	Commencing with eligibility for early retirement age (age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.					
Termination rate	See table below under "other information."					
Disability rate	See table below under "other information." It is assumed that 75% of disablements and active member deaths are service related.					
Mortality rate	RP2000 table with no projection – sex distinct. Disabled lives are set forward 5 years. Based upon other studies of municipal firefighters, the actuary feels this assumption sufficiently accommodates future mortality improvements.					
Other information	% Becoming % Terminating Disabled During During the					

	% becoming	% reminiating
	Disabled During	During the
Age	the Year	Year
20	0.03%	6.0%
30	0.04%	5.0%
40	0.07%	2.6%
50	0.18%	0.8%

City of Lynn Haven, Florida Schedule of Investment Returns – Firefighters' Retirement System – Last Five Fiscal Years

Year ended September 30,	2017	2016	2015	2014	2013
Annual money-weighted rate of return					
net of investment expense	12.17%	4.98%	-0.63%	11.14%	10.38%



City of Lynn Haven, Florida Combining Balance Sheet – Nonmajor Governmental Funds

September 30, 2017		ommunity evelopment		Debt Service		Other Governmental Funds Total		
Assets								
Cash and cash equivalents	\$	585,228	\$	-	\$	585,228		
Prepaids	*	39	Ψ	_	Ψ.	39		
Cash and cash equivalents - restricted		-		120,446		120,446		
Internal balances		-		101,024		101,024		
Total assets	\$	585,267	\$	221,470	\$	806,737		
Liabilities and fund balances Liabilities								
Accounts payable	\$	34,564	\$	-	\$	34,564		
Accrued salaries		845				845		
Total liabilities		35,409		-		35,409		
Fund balances								
Nonspendable		39		-		39		
Restricted		549,819		221,470		771,289		
Total fund balances		549,858		221,470		771,328		
Total liabilities and fund balances	\$	585,267	\$	221,470	\$	806,737		

City of Lynn Haven, Florida Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds

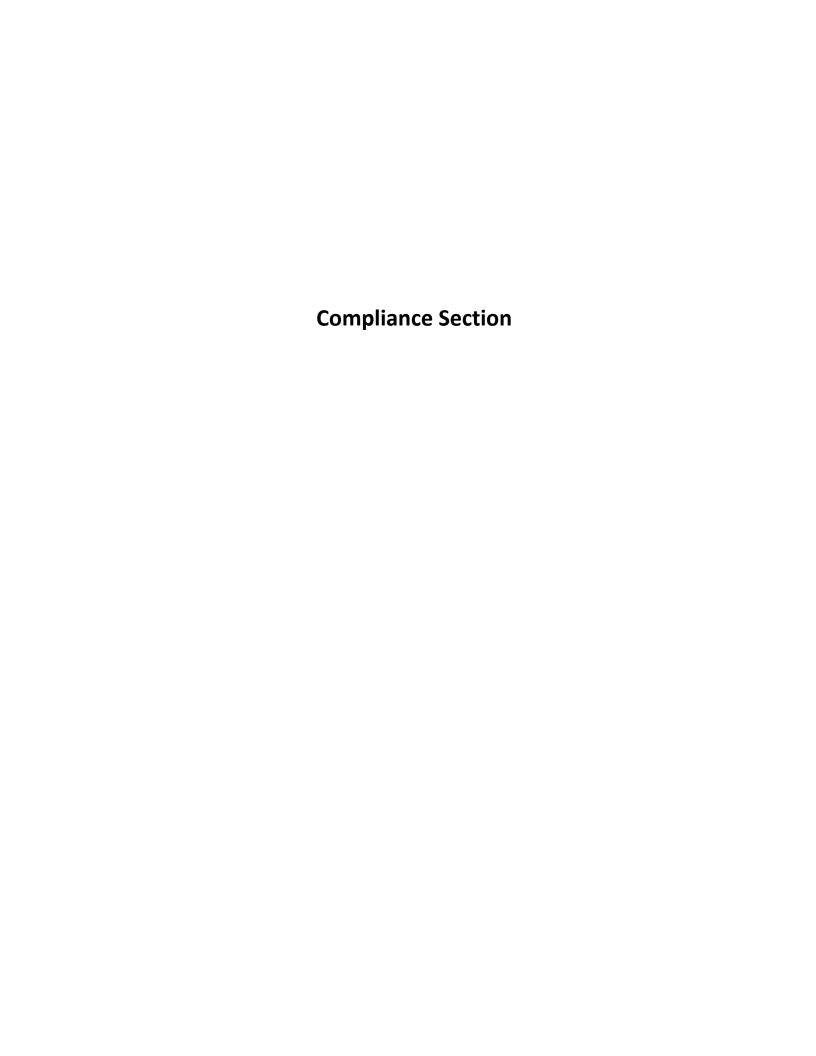
	Co	ommunity		Go	Other overnmental Funds
Year Ended September 30, 2017	Red	evelopment	Debt Service		Total
Revenues					
Taxes					
Property taxes	\$	300,373	\$ -	\$	300,373
Interest		3,589	1,026	·	4,615
Total revenues		303,962	1,026		304,988
Expenditures					
Current					
Development and planning		316,273	-		316,273
Capital outlay		65,566	-		65,566
Debt service					
Principal		-	282,401		282,401
Interest and fiscal charges		-	45,527		45,527
Total expenditures		381,839	327,928		709,767
Excess (deficit) of revenues					
over (under) expenditures		(77,877)	(326,902)		(404,779)
Other financing sources (uses)					
Transfers in		-	426,325		426,325
Total other financing sources (uses)		-	426,325		426,325
Net changes in fund balances		(77,877)	99,423		21,546
Fund balances - beginning		627,735	122,047		749,782
Fund balances - ending	\$	549,858	\$ 221,470	\$	771,328

City of Lynn Haven, Florida Combining Statement of Fiduciary Net Position – Fiduciary Funds

September 30, 2017	Police Firefighters' Officers' Pension Pension Trust Fund Trust Fund		Officers' Emp Pension Pe		General Employees' Pension Trust Fund	Total
Assets						
Investment savings	\$ 6,329,567	\$	8,709,638	\$	17,558,717	\$ 32,597,922
Interest receivable	16,925		124		166	17,215
Contributions receivable	3,539		-		-	3,539
Total assets	6,350,031		8,709,762		17,558,883	32,618,676
Liabilities						
Prepaid city contributions	59,917		25,092		93,765	178,774
Other payables	-		17,305		-	17,305
Other payables			17,303			17,303
Total liabilities	59,917		42,397		93,765	196,079
Net position						
Held in trust for pension benefits	\$ 6,290,114	\$	8,667,365	\$	17,465,118	\$ 32,422,597

City of Lynn Haven, Florida Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds

		efighters'	_		General Employees'		
		Pension		Pension	Pension		
Year Ended September 30, 2017	Tr	ust Fund	Tr	ust Fund	T	rust Fund	Total
Additions							
Contributions							
Employer	\$	112,601	\$	133,067	\$	778,361	\$ 1,024,029
Plan members		46,004		62,126		165,681	273,811
State		72,877		131,498		-	204,375
Total contributions		231,482		326,691		944,042	1,502,215
Investment income							
Net increase in fair value of investments		580,302		592,012		1,223,547	2,395,861
Interest		56,107		578		1,637	58,322
Dividends		96,508		177,255		363,006	636,769
Miscellaneous		2,240		-		-	2,240
		735,157		769,845		1,588,190	3,093,192
Less investment expenses							
Professional fees		75,556		45,881		45,650	167,087
Insurance		-		2,567		2,392	4,959
Bank charges		8,130		3,070		12,712	23,912
Net investment earnings		651,471		718,327		1,527,436	2,897,234
Total additions		882,953	1	L,045,018		2,471,478	4,399,449
Deductions							
Benefits		158,962		322,911		1,196,963	1,678,836
Refunds of contributions		14,952		12,856		41,540	69,348
						•	· · · · · ·
Total deductions		173,914		335,767		1,238,503	1,748,184
Change in net position		709,039		709,251		1,232,975	2,651,265
Net position - beginning	5	5,581,075	7	7,958,114		16,232,143	29,771,332
Net position - ending	\$ 6	5,290,114	\$ 8	3,667,365	\$:	17,465,118	\$ 32,422,597





INDEPENDENT AUDITORS' MANAGEMENT LETTER

Carr, Riggs & Ingram, LLC
14101 Panama City Beach Parkway
Suite 200
Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

Honorable Mayor and Members of the City Commission City of Lynn Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Lynn Haven, Florida (City) as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 15, 2018.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditors' Report on Compliance for Each Major State Project and Report 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 those reports and schedule, which are dated June 15, 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 financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Lynn Haven, Florida, was established under the provisions of the State of Florida (Laws of Florida, 1951, CH. 27685, Sec. 5). The City has the following component unit:

The Lynn Haven Community Redevelopment Agency is operated by the City. The Agency was created on May 25, 2004 by City Resolution 2004-05-350 pursuant to Florida Statute 163.387.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Sections 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 City 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, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but 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 Joint Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants Panama City Beach, Florida

Caux Rigge & Ingram, L.L.C.

June 15, 2018



INDEPENDENT ACCOUNTANTS' REPORT

Carr, Riggs & Ingram, LLC 14101 Panama City Beach Parkway Suite 200 Panama City Beach, FL 32413

(850) 784-6733 (850) 784-4866 (fax) www.cricpa.com

Honorable Mayor and Members of the City Commission City of Lynn Haven, Florida

We have examined the City of Lynn Haven, Florida's (City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether compliance with the specified requirements listed above is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of compliance with the specified requirements listed above, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City's compliance with the aforementioned requirements for the year September 30, 2017 is presented in accordance with the specified criteria, in all material respects.

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

Certified Public Accountants

Can, Rigge & Ingram, L.L.C.

Panama City Beach, Florida

June 15, 2018



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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 City Commission
City of Lynn Haven, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lynn Haven, Florida (City), as of and for the year ended September 30, 2017, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 City'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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants Panama City Beach, Florida

Can, Rigge & Ingram, L.L.C.

June 15, 2018



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

Honorable Mayor and Members of the City Commission City of Lynn Haven, Florida

Report on Compliance for Each Major State Project

We have audited the City of Lynn Haven's (City) 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 on each of the City's major state projects for the year ended September 30, 2017. The City's major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Project

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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, State of Florida Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Certified Public Accountants

Can, Rigge & Ingram, L.L.C.

Panama City Beach, Florida

June 15, 2018

City of Lynn Haven, Florida Schedule of Expenditures of State Financial Assistance Year Ended September 30, 2017

State Projects	CSFA No.	Contract/ Grant Number	Expenditures	Transfers to Subrecipients
Florida Department of Environmental Protection				
Florida Recreation Development Assistance Program Florida Recreation Development Assistance	37.017	A17121	\$ 43,196	\$ -
Program Statewide Surface Water Restoration and	37.017	A17122	49,964	-
Wastewater Projects Statewide Surface Water Restoration and	37.039*	LP03027	227,050	-
Wastewater Projects Small Community Wastewater Facility Grant	37.039* 37.075	LP03028 DEP SG001	267,740 31,800	-
Total Florida Department of Environmental Protection			619,750	_
Florida Department of Economic Opportunity			•	
Division of Community Development	40.038	N/A	1,196	-
Division of Community Development	40.038	DEO-P0191	24,169	
Total Florida Department of Economic Opportunity			25,365	<u>-</u>
Florida Department of Transportation Florida Shared-use Nonmotorized (Sun) Trail				
Network Program	55.038*	439928-1-34-01	182,240	
Total Florida Department of Transportation			182,240	_
Florida Fish and Wildlife Conservation Commission				
Florida Boating Improvement Program	77.006	17-036	200,000	-
Total Florida Fish and Wildlife Conservation Commission			200,000	
Total expenditures of state financial assistance	ce		\$ 1,027,355	\$ -

^{*} denotes major project

Notes to Schedule

The schedule of expenditures of state financial assistance was prepared on the modified accrual basis of accounting. This method is consistent with preparation of the City's financial statements.

City of Lynn Haven, Florida Schedule of Findings and Questioned Costs Year Ended September 30, 2017

Section I - Summary of Auditor's Results

<u>Financial Statements</u>			
Type of auditors' report issued		Unmodified	
Internal control over financial reporting Material weakness(es) identified? Significant deficiency(ies) identified not considered to be material weaknesses?		yes	<u>X</u> no
		yes	X none reported
Noncompliance mate	rial to financial statements noted?	yes	X no
State Projects			
Internal control over			
Material weakness(es) identified?		yes	<u>X</u> no
Significant deficiency(ies) identified not considered to be material weaknesses?		yes	X none reported
Type of auditors' repo for major program	ort issued on compliance ns	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557 for local government entities?		yes	<u>X</u> no
Identification of major	or projects		
CFSA Number(s)	Name of State Project		
37.039	Statewide Surface Water Restoration and Wastewater Projects		
55.038	Florida Shared-use Nonmotorized (Sun) Trail Network Program		
	to distinguish between Type A		
and Type B projec	ts:		\$300,000
			(Continued)

City of Lynn Haven, Florida Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2017

Section II - Financial Statement Findings

There were no financial statement findings.

Section III - Financial Assistance Findings

There were no findings.

Section IV - Other Issues

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects.