



**CITY OF BARTOW, FLORIDA**  
**FINANCIAL STATEMENTS AND AUDITORS'**  
**REPORTS**

**September 30, 2018**

# City of Bartow, Florida

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, 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 Bartow, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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 did not audit the financial statements of the Police Officers' Pension Plan or the Firefighters' Pension Plan, which represent 41% and 19%, respectively, of the assets and expenditures/deductions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police Officers' Pension Plan and the Firefighters' Pension Plan, is based solely on the reports of the other auditors. 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. The financial statements of the Police Officers' Pension Plan and the Firefighters' Pension Plan were not audited in accordance with *Government Auditing Standards*.

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

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

## **INDEPENDENT AUDITORS' REPORT** *(Continued)*

### **Auditors' Responsibility (Concluded)**

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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents (collectively, the required supplementary information), 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 and the other auditors 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 other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from, and relates 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

**INDEPENDENT AUDITORS' REPORT**  
*(Concluded)*

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
May 30, 2019  
Sarasota, Florida

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities. The analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify the changes in the City's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues of concern.

Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the City's financial statements and independent auditors' report (beginning on Page 1).

### **Financial Highlights**

- The City's assets (plus deferred outflows of resources) exceeded its liabilities (plus deferred inflows of resources) at the close of fiscal year 2018 by \$85,128,322 (net position). Of this amount, \$9,750,639 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$4,202,816 during the year or a 5% increase compared to the prior year net position. Net position for governmental activities decreased by \$749,990, while the business-type activities' net position increased by \$4,952,806.
- Total combined revenues resulting from governmental activities and business-type activities decreased \$3,419,834 or 5% when compared to the prior year.
- Total combined expenses resulting from governmental activities and business-type activities decreased \$5,236,838 or 8% when compared to the prior year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,840,775 an increase of \$351,126 or 2% for the year.
- The City's business-type activities transferred \$7,416,751 to cover the cost of governmental activities not funded by taxes or user fees. This is a decrease from the 2017 transfer of \$9,916,751.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements focus on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The Statement of Net Position and Statement of Activities seek to give the user a combined overview of the City's financial position.

The financial statements use accrual accounting (which focuses on economic resources) in the government-wide statements, while maintaining modified accrual accounting (which focuses on current financial resources—budget basis) at the fund level (governmental funds only). 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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements.



**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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### **Government-wide Financial Statements**

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. Both statements represent an overview of the City as a whole, separating its operations between governmental and business-type activities. The governmental activities of the City include general government, law enforcement, fire control, building and zoning, public works, transportation, library, parks and recreation, and community development. The business-type activities of the City consist of electric, water, wastewater, sanitation, stormwater, information technology and airport services. All information is presented utilizing the economic resources measurement focus and accrual basis of accounting. This method better matches revenues and expenses to the period in which the revenue is earned and the expense incurred.

The City's Community Redevelopment Agency is shown as a "blended" component unit of the City, which is a governmental unit over which the City can exercise influence and/or may be obligated to provide financial subsidy. Blending refers to the fact that the component unit's funds and balances are combined with those of the primary government for financial reporting. Fiduciary funds, such as pension trust funds, are excluded from the government-wide financial statements as they represent funds legally set aside for use by the employee groups they benefit. Florida law requires municipalities to fund pension plans on an actuarially sound basis, making it important for the user to study the fund financial statements as well as the related notes.

The Statement of Net Position presents information on all the City's assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources), with the difference between the two reported as net position. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be like bottom line results for businesses. This statement combines and consolidates governmental fund current resources (short-term spendable resources) with capital assets and long-term obligations. Over time, the increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year, focusing on both the gross and net cost of various activities, both governmental and business-type, that are supported by the government's taxes and other general revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy by various business-type activities.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds. Traditional users of governmental financial statements may find the fund financial statement presentation more familiar.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four separate governmental funds – the General Fund, the Community Redevelopment Agency (CRA) Fund, the Transportation Fund, and the Fire Services Fund. The first two are considered major funds. Information is presented separately for the two major funds in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance which can be found by referring to the table of contents of this report. The Transportation and Fire Services Funds have been combined in the column entitled "non-major governmental funds" on these two statements. Separate schedules of the two non-major funds can be found in the "Other Supplementary Information" section by referring to the table of contents of this report.

The City adopts an annual appropriated budget each year in September. Budgetary comparison statements have been provided to demonstrate compliance with the budget. These can be found for the General Fund and the CRA Fund in the "Required Supplementary Information" section by referring to the table of contents of this report.

The basic governmental funds financial statements can be found by referring to the table of contents of this report and the presentation is on the current financial resources measurement focus. This is the way the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance for each fund.

**Proprietary Funds.** The City maintains only one of the two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its electric, water, wastewater, sanitation, information technology, stormwater, and airport activities. The basic proprietary fund financial statements can be found by referring to the table of contents of this report. On those pages, the Sanitation, Information Technology, and Stormwater Funds are combined and shown as non-major funds. Combining statements for these three funds can be found in the "Other Supplementary Information" section by referring to the table of contents of this report. The other proprietary fund type known as internal service funds is an accounting device used to accumulate and allocate costs internally among a government's various functions. The City does not presently utilize internal service funds.

**Fiduciary Funds.** Fiduciary funds are used to account for pension resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements and combining statements for the individual pension plans can be found by referring to the table of contents of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found by referring to the table of contents of this report.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

**Infrastructure assets.** The City has elected to record and depreciate its infrastructure, rather than use the optional "modified approach". The City's roads, sidewalks and drainage networks were determined to be significant enough to record.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the City's net position was \$85,128,322. The following table reflects a summary of net position compared to the prior year. For additional information, see the Statement of Net Position by referring to the table of contents of this report.

**Statement of Net Position (Summary)**  
**as of September 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current and other assets	\$23,431,778	\$ 24,137,826	\$47,793,503	\$ 48,440,991	\$71,225,281	\$ 72,578,817
Capital assets	23,055,374	22,829,814	65,449,540	66,755,907	88,504,914	89,585,721
<b>Total assets</b>	<b>46,487,152</b>	<b>46,967,640</b>	<b>113,243,043</b>	<b>115,196,898</b>	<b>159,730,195</b>	<b>162,164,538</b>
Deferred outflows	5,210,085	6,714,749	1,954,806	2,357,187	7,164,891	9,071,936
Current liabilities	863,613	1,843,857	10,616,679	11,207,769	11,480,292	13,051,626
Non-current liabilities	33,124,126	35,410,356	33,862,547	41,307,643	66,986,673	76,717,999
<b>Total liabilities</b>	<b>33,987,739</b>	<b>37,254,213</b>	<b>44,479,226</b>	<b>52,515,412</b>	<b>78,466,965</b>	<b>89,769,625</b>
Deferred inflows	2,477,050	445,738	822,749	95,605	3,299,799	541,343
Net position:						
Net investment in capital assets	20,530,198	20,487,570	42,277,781	41,822,016	62,807,979	62,309,586
Restricted	4,504,214	3,997,989	8,065,490	7,368,087	12,569,704	11,366,076
Unrestricted	(9,801,964)	(8,503,121)	19,552,603	15,752,965	9,750,639	7,249,844
<b>Total net position</b>	<b>\$15,232,448</b>	<b>\$ 15,982,438</b>	<b>\$69,895,874</b>	<b>\$ 64,943,068</b>	<b>\$85,128,322</b>	<b>\$ 80,925,506</b>

At September 30, 2018, approximately 74% of the City's net position reflects its investment in capital assets (land, buildings, improvements, infrastructure, vehicles and equipment) net of any related debt used to acquire those assets that is still outstanding, compared to 77% for the prior year. The City uses these capital assets to provide services to citizens; consequently, this component of net position is not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 15% of the City's net position represents resources that are subject to external restrictions on how they may be used. That compares to 14% in the prior year. The remaining balance of unrestricted net position, \$9,750,639 or 11% of the City's net position in 2018 may be used to meet the City's ongoing obligations to citizens and creditors. This is an increase in unrestricted net position of \$2,500,795 or 34% for the year. Total net position of the City increased by \$4,202,816 in 2018.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

**Statement of Activities.** The following table reflects a summary of the Statement of Activities which can be found by referring to the table of contents of this report.

**Statement of Activities (Summary)**  
**For the year ended September 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 2,451,651	\$ 2,337,136	\$50,052,322	\$53,480,446	\$52,503,973	\$55,817,582
Operating grants/contrib.	961,791	925,038	-	-	961,791	925,038
Capital grants/contrib.	272,317	223,722	1,406,218	1,882,381	1,678,535	2,106,103
<i>General revenues:</i>						
Property taxes - General	1,919,368	1,891,024	-	-	1,919,368	1,891,024
Property taxes - CRA	914,376	782,696	-	-	914,376	782,696
Pub svc tax/franchise fees	2,602,656	2,708,527	-	-	2,602,656	2,708,527
Transportation fuel taxes	1,048,216	997,921	-	-	1,048,216	997,921
State shared revenue	2,004,040	1,868,600	-	-	2,004,040	1,868,600
Other	455,208	356,459	544,030	598,077	999,238	954,536
<b>Total revenues</b>	<b>12,629,623</b>	<b>12,091,123</b>	<b>52,002,570</b>	<b>55,960,904</b>	<b>64,632,193</b>	<b>68,052,027</b>
<b>Expenses:</b>						
<i>Governmental activities:</i>						
General government	2,947,877	2,613,300	-	-	2,947,877	2,613,300
Law enforcement	5,628,299	5,826,326	-	-	5,628,299	5,826,326
Fire control	2,507,517	2,801,454	-	-	2,507,517	2,801,454
Building and zoning	404,108	401,018	-	-	404,108	401,018
Public works	1,318,811	1,041,707	-	-	1,318,811	1,041,707
Transportation	1,358,028	1,392,044	-	-	1,358,028	1,392,044
Library	1,242,044	1,259,437	-	-	1,242,044	1,259,437
Parks and recreation	4,841,983	4,934,333	-	-	4,841,983	4,934,333
Community redevelopment	485,575	481,339	-	-	485,575	481,339
Interest on long-term debt	62,122	60,941	-	-	62,122	60,941
<i>Business-type activities:</i>						
Electric	-	-	20,885,787	28,573,197	20,885,787	28,573,197
Water	-	-	4,857,182	4,086,573	4,857,182	4,086,573
Wastewater	-	-	4,105,306	3,942,095	4,105,306	3,942,095
Sanitation	-	-	3,278,463	2,600,478	3,278,463	2,600,478
Stormwater	-	-	488,397	489,166	488,397	489,166
Information technology	-	-	260,062	320,333	260,062	320,333
Airport	-	-	5,757,816	4,842,474	5,757,816	4,842,474
<b>Total expenses</b>	<b>20,796,364</b>	<b>20,811,899</b>	<b>39,633,013</b>	<b>44,854,316</b>	<b>60,429,377</b>	<b>65,666,215</b>
<b>Transfers in (out)</b>	<b>7,416,751</b>	<b>9,916,751</b>	<b>(7,416,751)</b>	<b>(9,916,751)</b>	<b>-</b>	<b>-</b>
Change in Net Position	(749,990)	1,195,975	4,952,806	1,189,837	4,202,816	2,385,812
Net position - Beginning	15,982,438	14,786,463	64,943,068	63,753,231	80,925,506	78,539,694
Net position - Ending	<b>\$15,232,448</b>	<b>\$15,982,438</b>	<b>\$69,895,874</b>	<b>\$64,943,068</b>	<b>\$85,128,322</b>	<b>\$80,925,506</b>

**Governmental activities**

On the Statement of Activities as referred to in the table of contents of this report, general revenues including transfers are reported separately after the total net expenses of the City's functions, ultimately arriving at the change in net position for the year. The City has in place fees and charges that are designed to recover in part or in whole the cost of providing services. Florida case law prevents recovery of more than the cost of services provided, except for proprietary activities.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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During 2018, governmental activities net position decreased by \$749,990 compared to an increase in 2017 of \$1,195,975, a net decrease of \$1,945,965. However, this required transfers from business-type activities of \$7,416,751 in 2018 and \$9,916,751 in 2017 to achieve these results. Overall, total revenues-governmental activities were up \$538,500 or 4% while total expenses were down \$15,535 or <1%, and transfers to the governmental activities declined by \$2,500,000. Following are key changes in the statement of activities from 2017 to 2018:

- Charges for service increased \$114,515 or 5% in 2018 compared to 2017.
- Operating grants and contributions increased \$36,753 or 4% in 2018 compared to 2017.
- Capital grants and contributions increased \$48,595 or 22% in 2018 compared to 2017, caused primarily by increased capital grants, including impact fee revenue.
- Property taxes are up \$160,024 or 6% in 2018 compared to 2017. The City's millage rate decreased from 3.8044 in 2017 to 3.6541 in 2018, but valuations were up in the City as a whole due to the continued improvement in the economy.
- Remaining program and general revenues increased \$178,613 or 3% for various reasons.

On the expense side:

- General government expenses increased by \$334,577 or 13% in 2018 compared to 2017.
- Law enforcement expenses decreased by \$198,027 or 3% in 2018 compared to 2017. The main cause of this decrease is attributable to decreased pension and OPEB expenses.
- Fire control expenses decreased by \$293,937 or 10% in 2018 compared to 2017. The main cause of this decrease is attributable to decreased pension and OPEB expenses.
- Public works expenses increased by \$277,104 or 27% in 2018 compared to 2017 mainly due to increased repair and maintenance expenses.
- Parks and recreation expenses decreased by \$92,350 or 2% in 2018 compared to 2017.
- Remaining program expenses decreased by \$42,902 or 1% in 2018 compared to 2017.

The extent of governmental fund reliance on proprietary fund transfers emphasizes the need for tighter controls on governmental fund spending. Slight fluctuations in the weather have a substantial impact on utility revenues and the ultimate transfers to support governmental activities. Growing personnel and operating costs in the service-oriented governmental funds make it difficult to adapt quickly to fluctuating utility revenues and profit margins. This lack of flexibility emphasizes the need for increased reserves and controlling costs.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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**Business-type activities**

Business-type activities experienced an increase in net position of \$4,952,806 compared to an increase of \$1,189,837 in the prior year, a decrease of \$3,762,969. This is after the transfer supporting governmental activities discussed above.

- Revenues decreased \$3,958,334 or 7% from 2017 to 2018, and expenses decreased by \$5,221,303 or 12%. Power costs in the City's Electric Fund are down \$5,339,992. The City purchased more kilowatt hours, but fuel prices were down in 2018 which more than offset the increased consumption. And because the City uses a power cost adjustment in its retail electric rates, those fuel cost reductions were passed on to the City's customers, causing revenues to drop by a similar amount.
- Charges for services revenue decreased by \$3,428,124 or 6% and capital grants and contributions decreased by \$476,163 or 25% due to decreased capital grant revenue.
- Total expenses decreased by \$5,221,303 or 12%, mainly as a result of the effects of Hurricane Irma that hit the City on September 9, 2017 which significantly increased 2017 operating expenses.
- Operating income for all business-type activities increased by \$1,582,085 or 17% for the year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City reports the General Fund and the Community Redevelopment Agency as major governmental funds.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$21,840,775. Of this amount, \$153,557 or 1% is non-spendable, \$4,504,214 or 21% is legally restricted for specific purposes, \$872,447 or 4% has been assigned by the City Commission for fire services (\$149,851) and amounts to be used during the 2018-2019 fiscal year (\$722,596), and \$16,310,557 or 74% is unassigned and available for spending at the City's discretion. Following is a discussion of individual major governmental funds.

*General Fund.* The General Fund is the chief operating fund of the City. At year end, unassigned and assigned fund balance of the General Fund totaled \$17,033,153, and total fund balance was \$18,080,190. This represents 109% and 116% respectively, of total General Fund expenditures for the year ended September 30, 2018.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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In the General Fund, the change in fund balance for the year declined from an increase of \$2,479,338 in 2017 to a decrease of \$85,710 in 2018, a decline of \$2,565,048. Following is a summary of the notable changes from 2017 to 2018:

- Revenues are up \$11,531 or <1%. The revenue category that was up the most was licenses and permits, which increased \$120,552 or 50% due to increased building permit and other construction related fees. The revenue categories that declined the most are charges for service revenue, which declined \$97,912 or 7% due to decreased greens fees at the City's golf course and tax revenue, which declined \$70,610 or 1% mainly due to decreased electric utility tax revenue that declined due to decreased revenue generated by the City's electric fund.
- Expenditures increased \$261,182 or 2%. The expenditure categories that changed the most include public safety, which increased \$133,269 or 2%, physical environment which increased \$87,833 or 9%, culture/recreation which increased \$232,516 or 4% and general government expenditures decreased by \$417,756 or 14%. The decline in general government expenditures and the increase in other categories was mainly due to increased allocations of administrative costs to the individual departments. Capital outlay expenditures also increased \$229,315 or 57% due to increased capital projects and purchases of equipment and other capital assets.
- Total transfers into the general fund from the electric fund and water fund remained consistent at \$9,316,751 and \$600,000, respectively but the general fund transferred \$2,500,000 to the information technology fund in 2018 which did not take place in 2017. This resulted in an overall decrease in the net transfers into the general fund of \$2,500,000 in 2018.

*The Community Redevelopment Agency.* The Community Redevelopment Agency (CRA) was created by City Ordinance No. 1547 pursuant to Florida Statutes Chapter 163. To satisfy the requirements of Section 163.387(8) of the Florida Statutes, the CRA is included in the primary government's report as a major fund. The CRA receives the incremental ad valorem taxes from the County and the City, generated by the increase in property values within the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA board consists of seven citizens appointed by the City Commission.

At year end, total fund balance in the CRA Fund totaled \$662,622. The change in fund balance for the year declined from An increase of \$121,409 in 2017 to a decrease of \$181,849 in 2018, a decrease of \$303,258. Following is a summary of the changes from 2017 to 2018:

- Revenues were up \$132,720 or 17% and expenditures increased by \$885,978 or 130%. Revenues were up due to increased property valuations within the CRA district and economic environment expenditures increased due to property purchases.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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**Proprietary Funds.** The City's proprietary funds provide essentially the same type of information found in the government-wide financial statements, but presented by fund, and is in more detail. The City's proprietary funds consist of seven enterprise funds, four of which are reported as major funds. An overall picture of the operating results of the combined enterprise funds was addressed above in the discussion of the City's business-type activities. Following are the highlights of the changes from 2017 to 2018, by major fund:

- In the Electric Fund, the change in net position improved from a decrease of \$1,816,087 in 2017 to an increase of \$1,030,294 in 2018, an improvement of \$2,846,381. The improvement was due to a decrease in operating expenses of \$7,685,390 or 27% which was mainly caused by costs caused in response to Hurricane Irma in 2017 that did not recur in 2018.
- In the Water Fund, the change in net position declined from an increase of \$1,105,244 in 2017 to an increase of \$58,326 in 2018, a decrease of \$1,046,918. The main reason for the decline is that the City paid their contribution for the Polk Regional Water Cooperative (joint venture) combined projects totaling \$796,516 in 2018 which is reported as a nonoperating expense. Operating revenue also decreased by \$150,913 or 3% and operating expenses increased by \$18,621 or 1%.
- In the Wastewater Fund, the change in net position declined from an increase of \$985,855 in 2017 to an increase of \$618,809 in 2018, a decline of \$367,046. Operating revenue decreased by \$25,547 or 1% and operating expenses increased by \$172,274 or 5%. Capital contributions decreased by \$178,107 or 28%.
- In the Airport Fund, the change in net position declined from an increase of \$21,930 in 2017 to an increase of \$380,329 in 2018, an increase of \$402,259. Operating revenue increased by \$388,159 or 10%, and operating expenses increased \$854,122 or 18%.
- In the combined Non-Major Funds, the change in net position improved from an increase of \$936,755 in 2017 to an increase of \$2,865,048 in 2018, an improvement of \$1,928,293. Operating revenues increased by \$108,338 or 3%, and operating expenses increased \$616,945 or 18%. The main reason for the increase is due to a \$2,500,000 transfer from the general fund in 2018. Combining statements can be found in the "Other Supplementary Information" section of the financial statements.
- The City's enterprise funds have incurred costs related to Hurricane Irma totaling \$3,909,674 since September 2017. The project worksheets obligated by the Federal Emergency Management Agency (FEMA) as of May 20, 2019 totals \$234,826 and the federal share totals \$178,414. The City received approximately \$167,000 from FEMA in March and April 2019.

**Fiduciary Funds.** The City uses Fiduciary Funds to report assets held in a trustee or agency capacity that are, therefore, not available to support City programs. The City maintains three single-employer defined benefit pension plans for its employees.

The three pension plans reported \$58,141,711 of net position restricted for pension benefits at September 30, 2018. This is an increase of \$3,881,343 or 7% for the year. The combined funds reported net investment income of \$4,547,457 for 2018. Combining statements can be found in the "Other Supplementary Information" section of the financial statements.



**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund budgetary comparison schedule can be found in the "Required Supplementary Information" section of the financial statements. As shown on that schedule, the original 2018 General Fund budget anticipated using \$977,108 of beginning fund balance during 2018. Amendments to the original budget during 2018 reduced anticipated expenditures and increased other financing sources resulting in a final budgeted deficit of \$972,172 (final budget), and included the following:

- The original budget for revenue and other financing sources were not amended.
- The original budget for expenditures was reduced by \$2,504,936. Amendments included reductions to the general government budget totaling \$1,175,686 (mostly commission and finance departments), reductions to public safety of \$479,500 (\$400,000 – police department and \$79,500 – fire department), reductions to the culture/recreation budget totaling \$208,750, and reductions to the physical environment ("public works") budget totaling \$500,000 and reductions to fleet maintenance totaling \$141,000.
- The original budget for other financing uses related to interfund transfers out was increased by \$2,500,000.

Actual results for 2018 decreased beginning fund balance by \$85,710 which is \$886,462 better than the final budget discussed above. Actual revenues came in \$142,418 or 1% less than the final amended budget. No single category was significantly over or under budget. Expenditures came in \$597,787 or 4% lower than the final amended budget, spread across all departments.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets includes land, buildings and improvements, infrastructure, and equipment, net of accumulated depreciation. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, totals \$88,504,914 (net of accumulated depreciation), a decrease of \$1,080,807 for the current year. Governmental net additions were \$1,680,541, depreciation was \$1,415,554 and the book value of assets disposed was \$39,427 for a net increase of \$225,560. Business-type net additions were \$3,151,988, depreciation was \$4,403,526, and the book value of assets disposed was \$54,829 for a net decrease of \$1,306,367. Following is a schedule of capital assets at the end of the current and prior year:

<b>Capital Assets Activity</b>						
(net of accumulated depreciation)						
as of September 30,						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Land	\$ 6,792,619	\$ 6,248,994	\$ 1,662,582	\$ 1,662,582	\$ 8,455,201	\$ 7,911,576
Buildings and improvements	15,761,302	14,925,971	134,702,281	132,609,416	150,463,583	147,535,387
Equipment	6,837,153	6,836,971	12,197,364	11,961,765	19,034,517	18,798,736
Infrastructure	30,138,516	30,138,516	-	-	30,138,516	30,138,516
Construction in progress	4,321	111,482	1,676,919	1,192,195	1,681,240	1,303,677
Accumulated Depreciation	(36,478,537)	(35,432,120)	(84,789,606)	(80,670,051)	(121,268,143)	(116,102,171)
Total	<u>\$ 23,055,374</u>	<u>\$ 22,829,814</u>	<u>\$65,449,540</u>	<u>\$ 66,755,907</u>	<u>\$ 88,504,914</u>	<u>\$ 89,585,721</u>

Additional information on the City's capital assets can be found in Note 6 of the Notes to the Financial Statements.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

**Long-term obligations.** At the end of the current fiscal year, the City's long-term obligations totaled \$68,921,675 compared to \$76,717,999 at the end of 2017. Long-term obligations include long-term debt and estimated workers compensation claims, other post-employment benefit liability, net pension liabilities and accumulated compensated absences. Long-term debt consists of bonds and notes.

<b>Long-Term Obligations</b>						
as of September 30,						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Bonds and notes payable	\$ 2,525,176	\$ 2,342,244	\$25,398,837	\$ 30,183,662	\$ 27,924,013	\$ 32,525,906
Estimated workers compensation claims	606,208	685,814	-	-	606,208	685,814
Other post employment benefits	18,884,016	19,512,433	6,828,688	7,010,299	25,712,704	26,522,732
Net pension liability	9,840,137	11,544,778	2,816,153	3,229,026	12,656,290	14,773,804
Compensated absences	1,268,589	1,325,087	753,871	884,656	2,022,460	2,209,743
<b>Total</b>	<b><u>\$ 33,124,126</u></b>	<b><u>\$ 35,410,356</u></b>	<b><u>\$35,797,549</u></b>	<b><u>\$ 41,307,643</u></b>	<b><u>\$ 68,921,675</u></b>	<b><u>\$ 76,717,999</u></b>

At the end of the current fiscal year, the City's long-term debt totaled \$27,924,013, compared to \$32,525,906 at the end of 2017, a decrease of \$4,601,893. Of the year-end balance, \$2,525,176 was in governmental activities and \$25,398,837 was in business-type activities. The net decrease in long-term debt for 2018 was attributable to scheduled principal payments, amortization of bond discounts and the repayment of the Airport Revenue Note, Series 2016 for \$2,900,000. Scheduled principal payments were \$267,069 in governmental activities and \$1,884,825 in the business-type activities.

Long-term obligations other than long-term debt consist of obligations related to workers compensation claims, total OPEB liability, accrued compensated absences and net pension liabilities. At the end of the current fiscal year, the City's long-term obligations other than long-term debt totaled \$40,997,662 compared to \$44,192,093 at the end of 2017. Of the year-end balance, \$30,598,950 was in governmental activities and \$10,398,712 was in business-type activities. The total OPEB liability decreased by \$810,028 during 2018 and the net pension liabilities decreased by \$2,117,514.

**CITY OF BARTOW, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
September 30, 2018

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Factors considered in preparing the City's 2018-19 fiscal year budget were:

- The unemployment rate for the Central Florida area as of October 2018 was 3.3% compared to 3.3% state-wide and 3.7% nationally.
- The operating millage rate for the 2018-2019 fiscal year decreased from \$3.6541 to \$3.5378 per \$1,000.00 of taxable value.
- The taxable value of commercial and residential property increased \$37,777,737 or 6% in the 2018 tax year (fiscal year ending September 30, 2019).
- The Fire Assessment enacted in 2009 was set at a level to recover 25% of the cost of fire services.
- Water and Sewer rates will remain unchanged beginning October 2018. Annual adjustments had been preset through the fiscal year ending September 30, 2016.
- There were no changes to Solid Waste rates.
- Electric rates remained the same for 2018-19. Electric rates were adjusted to reflect savings expected to be realized under new power supply contracts. The new power supply costs begin in January 2018 and it is projected that the average net savings to the customer will be 11.4%. Base rate adjustments took effect on April 1, 2018. Additional information can be found under Ordinance No. 2018-04 and in the 2017 Electric Rate Study.
- Stormwater rates remained the same for 2018-19. Rates increased slightly in 2015-16 for the first time in 10 years following an engineering Study. The City has relied on attrition to reduce its workforce. Some positions have been permanently eliminated and those changes were incorporated into the budget.
- This budget continues to reflect the City's Strategic Plan which relies on the prioritization of City services to allocate resources.
- The City's population has increased slightly to approximately 19,342 in 2018. No material increases or decrease is expected for the 2018-19 fiscal year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide users with a general overview of the City of Bartow's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P. O. Box 1069, Bartow, Florida 33831 or telephone (863) 534-0100. You can also access our website at [www.cityofbartow.net](http://www.cityofbartow.net).

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 17,766,515	\$ 25,473,940	\$ 43,240,455
Investment securities	-	886,975	886,975
Receivables, current:			
Customer accounts, net	418,584	5,748,469	6,167,053
Intergovernmental and other	499,964	88,478	588,442
Notes receivable, net	4,404	-	4,404
Inventory and prepaids	149,153	1,481,674	1,630,827
Restricted assets:			
Equity in pooled cash and cash equivalents	4,511,027	13,897,056	18,408,083
Customer receivable	82,131	216,911	299,042
Capital assets:			
Non-depreciable	6,796,940	3,339,501	10,136,441
Depreciable, net	16,258,434	62,110,039	78,368,473
<b>TOTAL ASSETS</b>	<b>46,487,152</b>	<b>113,243,043</b>	<b>159,730,195</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	3,403,766	866,827	4,270,593
Deferred outflows - loss on refunding	-	455,644	455,644
Deferred outflows related to OPEB	1,806,319	632,335	2,438,654
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,210,085</b>	<b>1,954,806</b>	<b>7,164,891</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	526,019	2,238,570	2,764,589
Construction costs payable	-	155,807	155,807
Accrued wages	130,216	60,733	190,949
Due to other governments	177,464	-	177,464
Unearned revenue	5,578	2,942,484	2,948,062
Accrued interest payable	24,336	217,190	241,526
Customer deposits	-	3,066,893	3,066,893
Long-term obligations:			
Due within one year	496,327	1,935,002	2,431,329
Due in more than one year	32,627,799	33,862,547	66,490,346
<b>TOTAL LIABILITIES</b>	<b>33,987,739</b>	<b>44,479,226</b>	<b>78,466,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	794,939	214,477	1,009,416
Deferred inflows related to OPEB	1,682,111	608,272	2,290,383
Total deferred inflows of resources	2,477,050	822,749	3,299,799
<b>NET POSITION</b>			
Net investment in capital assets	20,530,198	42,277,781	62,807,979
Restricted for:			
General government facilities	898,486	-	898,486
Community redevelopment	658,218	-	658,218
Transportation	2,947,510	-	2,947,510
Municipal Airport activities	-	1,528,976	1,528,976
Debt service	-	1,394,521	1,394,521
Water and wastewater improvements	-	5,141,993	5,141,993
Unrestricted	(9,801,964)	19,552,603	9,750,639
<b>TOTAL NET POSITION</b>	<b>\$ 15,232,448</b>	<b>\$ 69,895,874</b>	<b>\$ 85,128,322</b>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grant and Contributions	Capital Grant and Contributions	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT:</b>								
<b>Governmental activities:</b>								
General government	\$ 3,915,320	\$ (967,443)	\$ 58,224	\$ 9,400	\$ 68,360	\$ (2,811,893)	\$ -	\$ (2,811,893)
Law enforcement	5,628,299	-	140,011	285,427	-	(5,202,861)	-	(5,202,861)
Fire control	2,507,517	-	595,106	110,215	-	(1,802,196)	-	(1,802,196)
Building and zoning	404,108	-	357,219	-	-	(46,889)	-	(46,889)
Public works	1,351,727	(32,916)	-	-	-	(1,318,811)	-	(1,318,811)
Transportation	1,358,028	-	107,059	-	111,957	(1,139,012)	-	(1,139,012)
Library	1,242,044	-	16,429	556,749	-	(668,866)	-	(668,866)
Parks and recreation	4,841,983	-	1,154,426	-	-	(3,687,557)	-	(3,687,557)
Community development	485,575	-	23,177	-	92,000	(370,398)	-	(370,398)
Interest on long-term debt	62,122	-	-	-	-	(62,122)	-	(62,122)
<b>Total governmental activities</b>	<b>21,796,723</b>	<b>(1,000,359)</b>	<b>2,451,651</b>	<b>961,791</b>	<b>272,317</b>	<b>(17,110,605)</b>	<b>-</b>	<b>(17,110,605)</b>
<b>Business-type activities</b>								
Electric	20,506,020	379,767	30,935,444	-	-	-	10,049,657	10,049,657
Water	4,680,168	177,014	4,625,330	-	205,046	-	(26,806)	(26,806)
Wastewater	3,943,406	161,900	4,795,133	-	467,616	-	1,157,443	1,157,443
Sanitation	3,108,006	170,457	3,408,250	-	-	-	129,787	129,787
Stormwater	430,656	57,741	619,164	-	-	-	130,767	130,767
Information technology	206,582	53,480	232,555	-	-	-	(27,507)	(27,507)
Airport	5,757,816	-	5,436,446	-	733,556	-	412,186	412,186
<b>Total business-type activities</b>	<b>38,632,654</b>	<b>1,000,359</b>	<b>50,052,322</b>	<b>-</b>	<b>1,406,218</b>	<b>-</b>	<b>11,825,527</b>	<b>11,825,527</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 60,429,377</b>	<b>\$ -</b>	<b>\$ 52,503,973</b>	<b>\$ 961,791</b>	<b>\$ 1,678,535</b>	<b>\$ (17,110,605)</b>	<b>\$ 11,825,527</b>	<b>\$ (5,285,078)</b>
<b>GENERAL REVENUES</b>								
Taxes:								
Property taxes, levied for general purposes						1,919,368	-	1,919,368
Property taxes, levied for community redevelopment purposes						914,376	-	914,376
Public service taxes and franchise fees						2,602,656	-	2,602,656
Fuel taxes levied for transportation purposes						1,048,216	-	1,048,216
State shared revenue						2,004,040	-	2,004,040
Investment earnings						74,386	373,049	447,435
Miscellaneous						173,526	184,141	357,667
Gain (loss) on disposal of capital assets						207,296	(13,160)	194,136
<b>TRANSFERS</b>						<b>7,416,751</b>	<b>(7,416,751)</b>	<b>-</b>
Total general revenues and transfers						<b>16,360,615</b>	<b>(6,872,721)</b>	<b>9,487,894</b>
<b>CHANGE IN NET POSITION</b>						<b>(749,990)</b>	<b>4,952,806</b>	<b>4,202,816</b>
<b>NET POSITION, beginning of year</b>						<b>15,982,438</b>	<b>64,943,068</b>	<b>80,925,506</b>
<b>NET POSITION, end of year</b>						<b>\$ 15,232,448</b>	<b>\$ 69,895,874</b>	<b>\$ 85,128,322</b>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
September 30, 2018

	General Fund	Community Redevelopment Agency	Non-major Governmental Funds	Total
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ 17,766,515	\$ 669,037	\$ 1,904,481	\$ 20,340,033
Receivables, net				
Customer accounts, net	418,509	-	75	418,584
Intergovernmental and other	292,382	-	207,582	499,964
Notes receivable	-	4,404	-	4,404
Inventory	137,397	-	-	137,397
Prepaid expenditures	11,154	-	602	11,756
Restricted assets:				
Cash and cash equivalents	898,486	-	1,039,023	1,937,509
Customer receivables	35,722	-	46,409	82,131
<b>TOTAL ASSETS</b>	<b>\$ 19,560,165</b>	<b>\$ 673,441</b>	<b>\$ 3,198,172</b>	<b>\$ 23,431,778</b>
<b>LIABILITIES</b>				
Accounts payable	476,749	10,819	38,451	526,019
Accrued payroll	114,867	-	15,349	130,216
Accrued claims payable	606,208	-	-	606,208
Due to other governments	177,464	-	-	177,464
Unearned revenue	5,578	-	-	5,578
<b>TOTAL LIABILITIES</b>	<b>1,380,866</b>	<b>10,819</b>	<b>53,800</b>	<b>1,445,485</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	99,109	-	46,409	145,518
<b>FUND BALANCE</b>				
Nonspendable:				
Inventory	137,397	-	-	137,397
Prepays	11,154	-	602	11,756
Notes receivable	-	4,404	-	4,404
Restricted for:				
Transportation improvements	-	-	1,039,023	1,039,023
Transportation activities	-	-	1,908,487	1,908,487
Facilities improvements	898,486	-	-	898,486
Redevelopment	-	658,218	-	658,218
Assigned to:				
Fire services	-	-	149,851	149,851
Subsequent year budget	722,596	-	-	722,596
Unassigned	16,310,557	-	-	16,310,557
<b>TOTAL FUND BALANCES</b>	<b>18,080,190</b>	<b>662,622</b>	<b>3,097,963</b>	<b>21,840,775</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 19,560,165</b>	<b>\$ 673,441</b>	<b>\$ 3,198,172</b>	<b>\$ 23,431,778</b>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
September 30, 2018

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

<b>FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$ 21,840,775
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	23,055,374
Revenues not received within the "availability" period are deferred at the fund level and recognized in the statement of activities	145,518
Deferred outflows of resources represent an consumption of net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds	5,210,085
Deferred inflows of resources represent an increase in net position or fund balance that applies to a future period(s) and, therefore, are not reported in the governmental funds	(2,477,050)
Interest payable on long-term debt does not require current financial resources and therefore, is not reported as a liability in governmental funds.	(24,336)
Long-term liabilities (including bonds and notes payable, compensated absences liability, estimated workers' compensation claims, OPEB obligation, and net pension liabilities) are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
This is the amount of the long-term obligations	(33,124,126)
This is the amount of workers' comp liability recorded at the fund level	606,208
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 15,232,448</u></u>

The accompanying notes are an integral part of these financial statements



**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
For the year ended September 30, 2018

	<b>General Fund</b>	<b>Community Redevelopment Agency</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
<b>REVENUES:</b>				
Taxes	\$ 4,668,832	\$ 914,376	\$ 1,156,632	\$ 6,739,840
Licenses and permits	360,083	-	-	360,083
Intergovernmental revenue	2,388,240	-	185,663	2,573,903
Charges for services	1,362,249	-	699,920	2,062,169
Fines and forfeitures	133,201	-	375	133,576
Other	501,081	16,163	117,680	634,924
Total revenues	<u>9,413,686</u>	<u>930,539</u>	<u>2,160,270</u>	<u>12,504,495</u>
<b>EXPENDITURES:</b>				
General government	2,633,479	-	-	2,633,479
Public safety	5,584,370	-	2,203,947	7,788,317
Physical environment	1,032,333	-	-	1,032,333
Economic environment	135,279	1,325,330	-	1,460,609
Transportation	-	-	799,250	799,250
Culture/recreation	5,487,246	-	-	5,487,246
Capital outlay	627,021	-	45,690	672,711
Debt service	86,695	237,058	-	323,753
Total expenditures	<u>15,586,423</u>	<u>1,562,388</u>	<u>3,048,887</u>	<u>20,197,698</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(6,172,737)</u>	<u>(631,849)</u>	<u>(888,617)</u>	<u>(7,693,203)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	9,916,751	-	1,507,302	11,424,053
Transfers (out)	(4,007,302)	-	-	(4,007,302)
Loan proceeds	-	450,000	-	450,000
Sale of general capital assets	177,578	-	-	177,578
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>6,087,027</u>	<u>450,000</u>	<u>1,507,302</u>	<u>8,044,329</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(85,710)</u>	<u>(181,849)</u>	<u>618,685</u>	<u>351,126</u>
<b>FUND BALANCE, beginning of year</b>	<u>18,165,900</u>	<u>844,471</u>	<u>2,479,278</u>	<u>21,489,649</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 18,080,190</u>	<u>\$ 662,622</u>	<u>\$ 3,097,963</u>	<u>\$ 21,840,775</u>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
For the year ended September 30, 2018

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

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 351,126**

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

This is the amount of capital assets recorded in the current period.	1,680,541
This is the amount of depreciation recorded in the current period.	(1,415,554)
This is the book value of dispositions recorded in the current period.	(39,427)

Revenue not received within the "availability" period are not reported as revenues at the fund level and are recognized as revenue in the statement of activities.

This represents the change caused by the "availability" criterion	8,118
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Long-term obligations including bonds and notes payable, compensated absences and other post-employment benefit obligations are reported as liabilities in the government-wide statement of net position but are not reported as liabilities in the governmental funds because they do not require the use of current financial resources:

This is the repayment of bond principal reported as expenditures in governmental funds.	267,068
This is the current year proceeds from borrowings	(450,000)
This is the change in accrued interest payable on long-term obligations.	(5,442)
This is the change in accrued compensated absences during the year.	56,498

Other postemployment benefit (OPEB) expense is reported in the statement of activities which differs from OPEB expenditures as report in the governmental funds:

This amount represents the change in deferred inflows related to OPEB.	(1,682,111)
This amount represents the change in deferred outflows related to OPEB.	(194,843)
This amount represents the change in the total OPEB liability.	628,417

Pension expense is reported in the statement of activities which differs from pension expenditures as reported in the governmental funds:

This amount represents the change in deferred inflows related to pensions.	(349,201)
This amount represents the change in deferred outflows related to pensions.	(1,309,821)
This amount represents the change in the net pension liability.	1,704,641

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (749,990)</b>
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The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
September 30, 2018

	<b>Business Type Activities - Enterprise Funds</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Current assets:						
Equity in pooled cash and cash equivalents	\$ 9,947,769	\$ 2,422,232	\$ 3,383,648	\$ 3,367,788	\$ 6,352,503	\$ 25,473,940
Investment securities	-	886,975	-	-	-	886,975
Receivables:						
Customers, net	4,074,656	525,915	650,699	52,616	444,583	5,748,469
Intergovernmental and other	-	4,712	-	83,766	-	88,478
Inventory and prepaids	1,186,748	102,616	11,051	103,446	77,813	1,481,674
Total current assets	15,209,173	3,942,450	4,045,398	3,607,616	6,874,899	33,679,536
Noncurrent assets:						
Restricted assets:						
Equity in pooled cash and cash equivalents	2,676,850	5,949,514	5,270,692	-	-	13,897,056
Customer receivable	-	125,428	91,483	-	-	216,911
Capital assets:						
Non-depreciable	391,412	395,875	638,378	1,699,151	214,685	3,339,501
Depreciable, net	9,866,247	12,869,971	18,507,729	17,039,739	3,826,353	62,110,039
Total noncurrent assets	12,934,509	19,340,788	24,508,282	18,738,890	4,041,038	79,563,507
Total assets	28,143,682	23,283,238	28,553,680	22,346,506	10,915,937	113,243,043
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions	438,552	157,306	94,108	-	176,861	866,827
Deferred outflows - refunding loss	-	455,644	-	-	-	455,644
Deferred outflows related to OPEB	270,218	76,658	69,524	101,262	114,673	632,335
Total deferred outflows of resources	708,770	689,608	163,632	101,262	291,534	1,954,806
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,531,913	46,099	88,609	135,759	436,190	2,238,570
Construction costs payable	61,650	-	-	94,157	-	155,807
Accrued wages	25,144	7,597	4,890	13,861	9,241	60,733
Unearned revenue	-	-	2,766,698	175,786	-	2,942,484
Bonds and notes payable, current	87,021	1,411,699	436,282	-	-	1,935,002
Total current liabilities	1,705,728	1,465,395	3,296,479	419,563	445,431	7,332,596
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Customer deposits	2,676,850	-	-	390,043	-	3,066,893
Interest payable	5,273	190,841	21,076	-	-	217,190
Compensated absences	320,491	149,169	110,201	74,097	99,913	753,871
Post employment obligation payable	2,824,970	801,413	726,831	1,276,638	1,198,836	6,828,688
Net pension liability	1,424,771	511,056	305,739	-	574,587	2,816,153
Bonds and notes payable, noncurrent portion	566,603	17,084,506	5,812,726	-	-	23,463,835
Total noncurrent liabilities	7,818,958	18,736,985	6,976,573	1,740,778	1,873,336	37,146,630
Total liabilities	9,524,686	20,202,380	10,273,052	2,160,341	2,318,767	44,479,226
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions	108,510	38,922	23,285	-	43,760	214,477
Deferred inflows related to OPEB	251,637	71,387	64,743	113,718	106,787	608,272
Total deferred inflows of resources	360,147	110,309	88,028	113,718	150,547	822,749
<b>NET POSITION</b>						
Net investment in capital assets	9,542,385	(2,847,474)	12,897,099	18,644,733	4,041,038	42,277,781
Restricted for:						
Debt retirement	-	1,325,000	69,521	-	-	1,394,521
Utility system improvements (expendable)	-	2,637,114	2,504,879	-	-	5,141,993
Unrestricted	9,425,234	2,545,517	2,884,733	1,528,976	4,697,119	21,081,579
Total net position	\$ 18,967,619	\$ 3,660,157	\$ 18,356,232	\$ 20,173,709	\$ 8,738,157	\$ 69,895,874

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION – PROPRIETARY FUNDS**  
September 30, 2018

	<b>Business Type Activities - Enterprise Funds</b>					
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-major Funds</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 30,935,444	\$ 4,625,330	\$ 4,795,133	\$ 4,423,227	\$ 4,259,969	\$ 49,039,103
Total operating income	30,935,444	4,625,330	4,795,133	4,423,227	4,259,969	49,039,103
<b>OPERATING EXPENSES:</b>						
Personnel services	2,747,522	897,163	543,753	1,451,455	1,070,838	6,710,731
Purchased power	14,933,920	-	-	-	-	14,933,920
Operating expenses	2,601,233	1,872,197	2,086,777	3,001,941	2,527,450	12,089,598
Depreciation	585,937	823,708	1,332,386	1,232,861	428,634	4,403,526
Total operating expenses	20,868,612	3,593,068	3,962,916	5,686,257	4,026,922	38,137,775
<b>OPERATING INCOME</b>	<b>10,066,832</b>	<b>1,032,262</b>	<b>832,217</b>	<b>(1,263,030)</b>	<b>233,047</b>	<b>10,901,328</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Investment revenue	262,063	36,307	27,236	39,651	7,792	373,049
Interest expense	(17,175)	(467,598)	(142,390)	(71,559)	-	(698,722)
Gain (loss) on disposal of property	14,169	-	-	(54,829)	27,500	(13,160)
Insurance recoveries	-	-	-	1,013,219	-	1,013,219
Contribution to joint venture	-	(796,516)	-	-	-	(796,516)
Other, net	21,156	48,825	34,130	(16,679)	96,709	184,141
Total nonoperating revenues (expense)	280,213	(1,178,982)	(81,024)	909,803	132,001	62,011
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>10,347,045</b>	<b>(146,720)</b>	<b>751,193</b>	<b>(353,227)</b>	<b>365,048</b>	<b>10,963,339</b>
<b>CAPITAL CONTRIBUTIONS</b>						
Capital grants and contributions	-	177,046	163,096	733,556	-	1,073,698
Impact fees	-	28,000	304,520	-	-	332,520
Total capital contributions	-	205,046	467,616	733,556	-	1,406,218
<b>TRANSFERS IN (OUT)</b>	<b>(9,316,751)</b>	<b>-</b>	<b>(600,000)</b>	<b>-</b>	<b>2,500,000</b>	<b>(7,416,751)</b>
<b>CHANGE IN NET POSITION</b>	<b>1,030,294</b>	<b>58,326</b>	<b>618,809</b>	<b>380,329</b>	<b>2,865,048</b>	<b>4,952,806</b>
<b>NET POSITION, beginning of year</b>	<b>17,937,325</b>	<b>3,601,831</b>	<b>17,737,423</b>	<b>19,793,380</b>	<b>5,873,109</b>	<b>64,943,068</b>
<b>NET POSITION, end of year</b>	<b>\$ 18,967,619</b>	<b>\$ 3,660,157</b>	<b>\$ 18,356,232</b>	<b>\$ 20,173,709</b>	<b>\$ 8,738,157</b>	<b>\$ 69,895,874</b>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
For the year ended September 30, 2018

	Business Type Activities - Enterprise Funds				
	Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Non-major Funds
					Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$ 31,884,875	\$ 4,640,412	\$ 4,904,916	\$ 4,430,110	\$ 4,261,450
Payments to suppliers	(20,194,179)	(1,835,783)	(2,108,075)	(1,427,003)	(2,652,971)
Payments for salaries and benefits	(2,480,802)	(818,427)	(584,464)	(2,961,189)	(1,082,869)
Net cash flows from operating activities	9,209,894	1,986,202	2,212,377	41,918	525,610
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers to other funds	(9,316,751)	-	(600,000)	-	2,500,000
Insurance recoveries	-	-	-	1,013,219	-
Payments to joint venture	-	(796,516)	-	-	-
Increase (decrease) in deposits	51,300	-	-	43,152	-
Net cash flows from noncapital financing activities	(9,265,451)	(796,516)	(600,000)	1,056,371	2,500,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets, net of related payables	(720,788)	(163,112)	(571,355)	(1,386,669)	(266,682)
Loan proceeds	-	-	-	-	-
Principal paid on notes, bonds and lease obligations	(84,120)	(1,373,809)	(143,875)	(2,900,000)	-
Interest paid on borrowings and other debt costs	(17,853)	(402,380)	(426,896)	(81,898)	-
Prepayment penalty on early retirement of debt	-	-	-	(26,975)	-
Proceeds from the sale of assets	14,169	-	-	-	27,500
Capital contributions and impact fees received, net of change in related receivables	-	197,404	462,723	878,683	1,085
Net cash flows from capital and related financing activities	(808,592)	(1,741,897)	(679,403)	(3,516,859)	(238,097)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on invested funds	262,063	45,514	27,236	39,651	7,792
Other income	21,156	48,825	34,130	10,296	96,709
Net cash flows from investing activities	283,219	94,339	61,366	49,947	104,501
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(580,930)	(457,872)	994,340	(2,368,623)	2,892,014
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	13,205,549	8,829,618	7,660,000	5,736,411	3,460,489
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 12,624,619	\$ 8,371,746	\$ 8,654,340	\$ 3,367,788	\$ 6,352,503
<b>As shown in the Accompanying Financial Statements</b>					
Equity in cash and investments	\$ 9,947,769	\$ 2,422,232	\$ 3,383,648	\$ 3,367,788	\$ 6,352,503
Restricted equity in cash and investments	2,676,850	5,949,514	5,270,692	-	-
<b>Total cash and cash equivalents</b>	\$ 12,624,619	\$ 8,371,746	\$ 8,654,340	\$ 3,367,788	\$ 6,352,503
<b>Noncash financing and investing activities:</b>					
Donated land	\$ -	\$ -	\$ -	\$ -	\$ -

Continued...

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (concluded)**  
For the year ended September 30, 2018

	<b>Business Type Activities - Enterprise Funds</b>					<b>Total</b>
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Airport Fund</b>	<b>Non-major Funds</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 10,066,832	\$ 1,032,262	\$ 832,217	\$ (1,263,030)	\$ 233,047	\$ 10,901,328
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	585,937	823,708	1,332,386	1,232,861	428,634	4,403,526
(Increase) decrease in inventory and prepaids	(22,619)	11,812	(893)	(14,095)	(43,458)	(69,253)
(Increase) decrease in accounts receivable	949,431	15,082	109,783	(22,991)	1,481	1,052,786
Increase (decrease) in accounts payable	(2,636,407)	24,602	(20,405)	54,847	(82,063)	(2,659,426)
Increase (decrease) in accrued wages and compensated absences	(29,113)	3,078	(29,325)	(95,844)	12,640	(138,564)
(Increase) decrease in OPEB related deferred outflows	22,507	13,569	10,946	15,174	18,622	80,818
Increase (decrease) in the total OPEB liability	(72,036)	(31,894)	(23,439)	(8,596)	(45,645)	(181,610)
Increase (decrease) in OPEB related deferred inflows	251,637	71,387	64,743	113,718	106,787	608,272
(Increase) decrease in pension related deferred outflows	87,343	32,906	55,646	-	66,358	242,253
Increase (decrease) in the net pension liability	(56,079)	(32,614)	(129,160)	-	(195,022)	(412,875)
Increase (decrease) in pension related deferred inflows	62,461	22,304	9,878	-	24,229	118,872
Increase (decrease) in unearned revenue and other	-	-	-	29,874	-	29,874
Net cash flows from operating activities	<u>9,209,894</u>	<u>1,986,202</u>	<u>2,212,377</u>	<u>41,918</u>	<u>525,610</u>	<u>13,976,001</u>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
September 30, 2018

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	<b>Pension Trust Funds</b>
<b>ASSETS</b>	
Receivables:	
City and plan members	\$ 98,322
State of Florida	574
Accrued income	38,506
Total receivables	<u>137,402</u>
Prepaid expenses	151,031
Investments, at fair value:	
Short-term money market funds	2,450,281
Fixed income mutual funds	15,369,084
Equity securities	36,645,775
Real estate investments	3,402,232
Total investments	<u>57,867,372</u>
Total assets	<u>58,155,805</u>
<b>LIABILITIES</b>	
Accounts payable	11,714
Accrued benefits payable	2,380
Total Liabilities	<u>14,094</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u>\$ 58,141,711</u>

The accompanying notes are an integral part of these financial statements

**CITY OF BARTOW, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
For the year ended September 30, 2018

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	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
City	\$ 2,600,726
Plan members	398,807
State of Florida	260,543
	<hr/>
Total contributions	3,260,076
Investment income	4,743,328
	<hr/>
Less investment expenses:	
Performance evaluation	56,500
Custodial fees	32,286
Investment management fees	107,085
Total investment expenses	195,871
Net investment income	4,547,457
Total additions	7,807,533
	<hr/>
<b>DEDUCTIONS</b>	
Administrative expenses:	
Legal	33,715
Administrator fee	32,400
Actuarial	74,230
Travel, training and other	24,140
Accounting	11,145
Insurance	6,858
Audit	13,680
Total administrative expenses	196,168
Payments to retirees and participants	3,730,022
Total deductions	3,926,190
	<hr/>
<b>CHANGE IN NET POSITION</b>	3,881,343
	<hr/>
<b>NET POSITION, beginning of year</b>	54,260,368
	<hr/>
<b>NET POSITION, end of year</b>	\$ 58,141,711
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The accompanying notes are an integral part of these financial statements



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its statements (GASBS) and Interpretations (GASBI). The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Bartow, Florida (the "City") is a municipal corporation governed by a board of five (5) elected commissioners and was established by a special act of the Florida legislature, laws of the State of Florida Chapter 63-1109, House Bill No. 1953.

As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The City has one blended component unit, the Bartow Community Redevelopment Agency (the "CRA"). The CRA was created by City Ordinance No. 1547 pursuant to Chapter 163, Florida Statutes. The CRA is presented in the financial statements of the City as a special revenue fund. The CRA does not issue a separate set of financial statements.

These financial statements include the accounts and transactions of the following entities, which do not satisfy the definition of component units because they are not legally separate from the City:

- City of Bartow Municipal Firefighters' Retirement Trust Fund established pursuant to Florida Statute Chapter 175 and Ordinance No. 1805.
- City of Bartow Municipal Police Officers' Retirement Trust Fund established pursuant to Florida Statute Chapter 185 and Ordinance No. 1806.
- City of Bartow General Employees' Retirement Plan established pursuant to Ordinance No. 2002-33.

Related organizations are those legally separate entities for which the City is responsible for appointing the board members or Trustees and for which the City is not otherwise financially accountable. These organizations are not included in the primary government's financial statements as they are not considered to be part of the financial reporting entity. The only entities meeting these criteria are the Bartow Housing Authority (the "Housing Authority") and the Bartow Employees Internal Revenue Code (IRC) Section 457 deferred compensation plan. The Housing Authority is a Corporation established to provide affordable housing. The Bartow Employees I.R.C. 457 Deferred Compensation Trust Fund is a trust fund established solely for the benefit of the plan participants. All record keeping, administration and investing activities are handled by a third-party administrator.

**B. BASIS OF PRESENTATION**

The basic financial statements consist of the government-wide financial statements and fund financial statements.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**Government-wide Financial Statements** - The required government-wide financial statements are the Statement of Net Position and the Statement of Activities, which report information on all of the nonfiduciary activities of the City. The effects of interfund activity have been removed from these statements. The City's fiduciary funds are also excluded from the government-wide financial statements since by definition these assets are being held for the benefit of a third party and cannot be used to fund activities or obligations of the government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment, including depreciation. The City does not allocate the interest expense of governmental fund debt or indirect costs such as finance, personnel, legal, etc. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements** - The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures/expenses. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Cod. Sec 2200 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. Each major fund is presented in a separate column and all non-major funds are aggregated and presented in a single column. The City's fiduciary funds are presented in the fund financial statements by type (pension trust funds only) but as noted above are not included in the government-wide statements.

Funds are classified into three categories: governmental, proprietary and fiduciary. The funds used by the City are as follows:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City.

**Reported as Major Funds:**

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

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

- **Bartow Community Redevelopment Agency** (the "CRA") was created by City Ordinance No. 1547-A pursuant to Florida Statutes chapter 163. In order to comply with the audit requirements of Section 163.387(8), Florida Statutes, the City electively added the Bartow CRA as a major fund. The purpose of the CRA is to eliminate and prevent the spread of blight throughout the redevelopment area pursuant to the City of Bartow City Commission findings of blight, Chapter 163, Part III, of the Florida Statutes (The Florida Community Redevelopment Act) and the City of Bartow Community Redevelopment Plan adopted by the City of Bartow City Commission. The CRA receives the incremental ad valorem taxes generated in future years by the increase in property values in the redevelopment area. The CRA's property taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The CRA's Board members consist of seven citizens appointed by the City Commission.

**Reported as Non-Major Governmental Funds:**

- **Transportation Fund** is a special revenue fund of the City. It is used to account for all transportation revenues and the related expenses incurred for street and road construction, maintenance and repair.
- **Fire Service Fund** is a special revenue fund used to account for the proceeds of the City's fire services assessment and the cost of providing fire services to area residents.

**Proprietary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City.

**Reported as Major Enterprise Funds:**

- **Electric Fund** is used to account for operations associated with providing electric service to its customers inside and outside the City. The Electric Fund is a distribution utility, with no significant power generation assets.
- **Water Fund** is used to account for the operations associated with potable water supply, treatment, transmission and distribution services to area residents.
- **Wastewater Fund** is used to account for the operations associated with sewer collection, treatment and disposal services to area residents.
- **Airport Fund** is used to account for the operations associated with the costs and revenues of the Bartow Municipal Airport Development Authority.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**Reported as Non-Major Enterprise Funds:**

- **Sanitation Fund** is used to account for the operations associated with solid waste collection and disposal services for the residents of the City.
- **Information Technology** is used to account for the operations associated with fiber optic installation and broad band services to area residents.
- **Stormwater Fund** is used to account for the operations associated with the collection and distribution of stormwater.

**Fiduciary Funds:**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Pension trust funds are the only fiduciary fund type of the City. The City has three Pension Trust Funds which accumulate resources to provide retirement benefits to City employees. The three pension trust funds are the Police Officers' Retirement Trust Fund, Firefighters' Retirement Trust Fund, and the General Employees' Retirement Plan Pension Trust Fund.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements, the proprietary fund financial statements and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition under capital leases are reported as other financing sources.

Property taxes, franchise and public service taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Imposed nonexchange resources (property taxes, fines) are reported as deferred inflows if received before the tax is levied or before the date when use is first permitted. Government mandated nonexchange transactions and voluntary nonexchange transactions are reported as liabilities until the eligibility requirements (excluding time requirements) are met and as deferred inflows if received before time requirements are met and all other eligibility requirements have been satisfied.

Proprietary fund operating revenues generally result from producing or providing potable water and wastewater collection, treatment and disposal services to area residents. Operating expenses for these operations include all costs related to providing the service or product. These costs include billing and collection, personnel and purchased services, repairs and maintenance, depreciation, materials and supplies, and other expenses directly related to costs of services. All other revenue and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE**

**CASH AND CASH EQUIVALENTS** - The City maintains a central pooled cash account that is used by all operating funds of the City. In addition, deposits and investments are separately held by certain enterprise funds and the pension trust funds. Interest income earned in the pooled cash and investments account is allocated to the individual funds based on their respective monthly balances. Each fund's equity in pooled cash is recorded on its respective balance sheet in the caption "equity in pooled cash and cash equivalents." Amounts, if any, reported as deficits in pooled cash do not represent actual overdrawn balances in any bank account, but merely report a negative cash balance in the particular fund. The financial statement caption "equity in pooled cash and cash equivalents" includes all deposits with banks and financial institutions including certificates of deposit and all highly-liquid investments (with original maturities of three months or less), including repurchase agreements, short-term commercial paper and investments in state pools.

**INVESTMENTS** - Securities owned are reported at their quoted market value. Investments in pooled accounts, such as certain of the pension fund investments and the state pools are reported at fair value based on market prices provided by the money managers. Purchases and sales of investments are reflected on trade dates. Net realized gains or losses on sales of investments are based on the cost of investments applied on a first-in, first-out basis and are reflected in current operating results.

**CUSTOMER ACCOUNTS RECEIVABLE** - The City accrues unbilled service of its enterprise funds representing the estimated value of service from the last billing date to year-end, which totaled \$2,127,166 at September 30, 2018. A reserve for doubtful accounts is maintained in each fund equal to the value of the customer receivables that are not expected to be collected. As of September 30, 2018, business-type activities and governmental activities reserves for doubtful accounts totaled \$37,844 and \$498,810, respectively. Receivables are reported in the financial statements net of the reserve for doubtful accounts.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**NOTES RECEIVABLE** - In the Community Redevelopment Agency, represents loans to property owners to fund property improvements and are secured by first mortgage liens on the related properties with payment terms extending to six years. In some cases, the notes will be forgiven if certain conditions are met by the property owner. Certain of the loans are non-interest bearing and have been discounted to reflect a 5% annual interest rate which is being amortized to income over the life of the related loans. There was no discount amortization for 2018. The notes, which have a face value of \$434,404, are reduced by an allowance representing management's estimate of uncollectible amounts which totaled \$430,000 at September 30, 2018 resulting in a carrying value of \$4,404 at September 30, 2018.

**INTERFUND RECEIVABLES AND PAYABLES** - To the extent any interfund balances exist, management anticipates they will be settled in cash as opposed to a permanent transfer.

**INVENTORIES** - Inventories in governmental and enterprise funds consist of expendable supplies held for consumption and are recorded at the lower of cost or market computed on an average cost basis.

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

**CAPITAL ASSETS** - In the government-wide financial statements, capital assets include land, buildings, improvements, utility plant, furniture, equipment, and infrastructure assets (e.g., roads, sidewalks, streets, and drainage systems) with an individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

<u>Asset Type</u>	<u>Years</u>
Utility plant in service	30
Buildings and improvements	20-40
Machinery and equipment	5-15
Infrastructure	20-80

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**INTEREST COSTS** - Interest costs are capitalized when incurred on debt the proceeds of which were used to finance the construction of enterprise fund capital assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest cost was capitalized for the year ended September 30, 2018.

**RESTRICTED ASSETS** - Include cash, investments and other assets that are legally restricted to specific uses by law or contract. The customer restricted assets are reported in the water fund and wastewater fund and represent unpaid impact fees due the City. The City generally uses restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES** - In addition to assets, the statement of net 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 will *not* be recognized as an outflow of resources (expense/expenditure) until that time.

The City has three items that qualifies for reporting as deferred outflows of resources. The first item is the deferred outflows related to pensions. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The second item is a deferred charge on refunding that results from the difference in the carrying value of a 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 third item is deferred outflows related to OPEB (other-post employment benefits). The deferred outflows related to OPEB are an aggregate of other-post employment benefit items as calculated in accordance with GASB Cod. Sec. P52 and will be recognized as either OPEB expense or as a reduction in the other-post employment benefits liability.

In addition to liabilities, the statement of net position will sometimes report a section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City has three items that qualify for reporting as deferred inflows of resources. The first item of deferred inflows of resources is reported in the governmental funds balance sheet and represents unavailable revenues that were not received within 60 days of year-end. This type of deferred inflows only arises under the modified accrual basis of accounting. The second item is deferred inflows related to pensions. The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Cod. Sec. P20 and will be recognized as a reduction to pension expense in future reporting years. The third item is deferred inflows related to OPEB (other-post employment benefits). The deferred inflows related to OPEB are an aggregate of other-post employment benefit items as calculated in accordance with GASB Cod. Sec. P52 and will be recognized as a reduction in OPEB expense in future reporting years.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**LONG-TERM OBLIGATIONS** - In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Debt issuance costs are reported as an expense in the period incurred. Bond premiums and discounts are reported, net of amortization, in the related debt balances shown in the financial statements. For current refundings and advance refundings resulting in defeasance of debt reported by governmental activities, business-type activities, and proprietary funds, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is the shorter. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements; rather the debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

**COMPENSATED ABSENCES** – The City personnel policy provides for the payment of accrued vacation and sick pay upon separation of its employees. The liability for these compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured because of employee resignations, terminations or retirements.

**INTERFUND TRANSFERS** – Permanent reallocation of resources between the funds of the City is classified as interfund transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statement presentation.

**CONNECTION FEES AND IMPACT FEES** - Water and wastewater connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities and are recorded as operating revenue when received. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as capital contributions when received. Impact fees receivable are reduced by an allowance for estimated uncollectible amounts when management believes collectability is doubtful.

**ON-BEHALF PAYMENTS FOR FRINGE BENEFITS** - The City receives on-behalf payments from the State of Florida to be used for Municipal Police Officers' Pension Plan and Municipal Firefighters' Pension Plan contributions which totaled \$153,190 and \$96,424, respectively, for the fiscal year ended September 30, 2018. Such payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the government-wide and general fund financial statements but are not budgeted and therefore are not included in the general fund budgetary basis financial statements.

**PENSION COSTS** - The actuarially determined provision for pension costs is recorded on an accrual basis in the period for which the costs pertain, and the City's policy is to fund pension costs as they accrue.

**INDIRECT COST ALLOCATION** - The City allocates charges for indirect services provided by General Fund departments based on a cost allocation plan. The costs are included in the program expense reported by functional activity in the Statement of Activities.



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont...)

**EQUITY CLASSIFICATIONS -**

**Government-wide Statements** - The difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and displayed in three components:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. At September 30, 2018, the governmental activities had a deficit unrestricted net position of \$9,801,964.

When both restricted and unrestricted net position is available for use, it is the City's policy to use restricted net position first, and then unrestricted net position as they are needed.

In the fund financial statements, proprietary fund equity is classified the same as in the government-wide statements.

**Fund Statements** - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. Spendable resources are to be shown as restricted, committed, assigned and unassigned as considered appropriate in the City's circumstances. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has inventories, prepaid items and notes receivable as being non-spendable as these items are not expected to be converted to cash.
- *Restricted* — This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified debt service balances and impact fees as being restricted because their use is restricted by State Statute and/or local ordinance. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Impact fees are to be used for water and wastewater system improvements. The City also has restricted unexpended gas taxes in the transportation fund, and the unexpended community development resources of the Community Redevelopment Agency.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (concluded)

- *Committed* — This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. These amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of September 30, 2018.
- *Assigned* — This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- *Unassigned* — all other spendable amounts.

**USE OF ESTIMATES** – The preparation of the basic financial statements in conformity with generally accepted accounting principles, as applicable to government entities, requires management to make use of estimates that affect the reported amounts in the basic financial statements. Actual results could differ from estimates.

**NOTE 2 - PROPERTY TAX CALENDAR**

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. The tax levy of the City is established by the City Commission prior to October 1 of each year and the Polk County Property Appraiser incorporates the millages into the total tax levy, which includes the municipalities, the County, independent districts and the County School Board tax requirements. State statutes permit cities to levy property taxes at a rate of up to 10 mills. The City's millage rate in effect for the fiscal year ended September 30, 2018 was 3.6541.

All taxes are due and payable on November 1 (levy date) of each year and unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment as follows: 4% in of November, 3% in December, 2% in January, 1% in February. The taxes paid in March are without discount. Delinquent taxes on real and personal 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.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 3 - BUDGETARY LAW AND PRACTICE**

The budget is adopted by Resolution on a City-wide basis for all City funds on or before October 1 of each year as required by State Statute. City Ordinance establishes the legal level of budgetary control as set forth below:

Adjustment of Appropriations:

- *Supplemental appropriations* - If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City commission may make supplemental appropriations for the year up to the amount of such excess. Prior to making such supplemental appropriations, the City Commission shall advertise and hold a public hearing on the supplemental appropriations, in the manner prescribed for the public hearing on the budget, and shall follow such other procedures outlined for adoption of the budget in making supplemental appropriations as may be applicable.
- *Reduction of appropriations* - If at any time during the fiscal year the City Manager shall ascertain that the available income for the year will be less than the total appropriations, he shall reconsider the work programs and allotments of the various offices, departments, and agencies and revise the allotments so as to forestall the making of expenditures in excess of such income.
- *Transfer of appropriations* - At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance within a department, office or agency; provided, that no transfer of appropriations to the personnel services account shall be made without approval of the City Commission. Upon written recommendation by the City Manager, the City Commission may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency, to another.
- *Limitations; effective date* - No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- *Lapse of unencumbered appropriations* - All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

All final budget amounts presented in the accompanying supplementary information have been adjusted for legally authorized amendments.

**NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- *Compliance with Finance Related Legal and Contractual Provisions* - the City had no material violations of finance related legal and contractual provisions.
- *Deficit Fund Balance or Net Position of Individual Funds* - As of September 30, 2018, no individual fund had a deficit fund balance or net position deficit.
- *Excess of Expenditures Over Budget Appropriations in Individual Funds* - For the year ended September 30, 2018, no budgetary fund had an excess of expenditures over appropriations except for the Community Redevelopment Agency special revenue fund whose expenditures exceeded budgeted appropriations by \$390,065 mainly due to land purchase expenditures, financed with a note payable, were not included in the budgeted appropriations.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

**DEPOSITS IN FINANCIAL INSTITUTIONS** - Municipalities in Florida are required by State Statute Chapter 280 - "Security for Public Deposits Act", to deposit operating funds only with financial institutions who are members of the State of Florida collateral pool ("qualified public depositories"). The State of Florida collateral pool is a multiple financial institution collateral pool with the ability to make additional assessments to satisfy the claims of governmental entities if any member financial institution fails. This ability provides protection which is similar to depository insurance.

The captions on the government-wide statement of net position for "equity in pooled cash and cash equivalents" and "investments", both restricted and unrestricted, are comprised of the following:

**Equity in pooled cash and cash equivalents:**

Cash on hand	\$ 9,275
Cash deposits in financial institutions:	
Insured or fully collateralized bank deposits	61,118,010
Investments:	
Florida Safe - investment pool	521,253
Total equity in pooled cash and cash equivalents	<u>\$ 61,648,538</u>

**Investments:**

U.S. Government Agencies	<u>\$ 886,975</u>
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The "Florida Safe" investment pool is similar to a money market investment in that it strives to maintain a net asset value of \$1.00 per share. The pool is rated AAAM by Standard and Poors and the weighted average maturity of the underlying securities is not available, but the fund's policy is to stay below 60 days. The pool is not exposed to custodial credit risk because the investments are not evidenced by securities that exist in physical or book entry form.

The City also had investments in debt securities of the Federal Home Loan Mortgage Corporation, a U.S. Government agency.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)**

**INVESTMENTS** - The types of investments that the City may invest are governed by the City's investment policy which sets forth the following allowable investments and certain other specific criteria related to maximum permitted concentrations, maturities (interest rate risk), and minimum credit quality ratings (credit risk):

Authorized Investments	Maximum Portfolio Concentration	Maximum Maturity	Maximum Issuer Concentration	Lowest Permitted S&P Rating
Florida Local Government Surplus Funds Trust Fund	100%			
U. S. Government securities	100%	5 years		
U. S. Government Agency securities	50%	5 years	25%	
Federal Instrumentalities securities	80%	5 years	40%	
Non-negotiable interest bearing deposits in qualified public depositories	20%	2 years	15%	
Repurchase agreements 102% secured by securities of the U. S. Government its Agencies or Instrumentalities	50%	90 days	25%	
Commercial paper of any U. S. company	25%	270 days	15%	A-1
Corporate notes of any U. S. company	15%	2 years	5%	AA
Bankers Acceptances	25%	180 days	10%	A-1
State or local government obligations	20%	3 years		AA
Mutual funds (registered investment companies)	50%	90 days	25%	AAA
Intergovernmental investment pools	20%			

All of the City's investments were held in the City's name. Information concerning credit risk and interest rate risk for the City's investments at September 30, 2018 is presented below:

Investment Type	S&P Rating	Fair Value	Average Maturity Years
<b>Primary government</b>			
U.S. Government Agencies	AA+	\$ 886,975	2.40

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Cod. Sec. 3100. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)**

The City's investments have the following carrying values as of September 30, 2018, based on measurement criteria as specified:

	Fair Value	Level 1	Level 2	Level 3	Amortized Cost
U.S. Government Agencies	\$ 886,975	\$ -	\$ 886,975	\$ -	\$ -
Total investments	\$ 886,975	\$ -	\$ 886,975	\$ -	\$ -

The City's pension trust funds also held investment securities during the year and at September 30, 2018, which are reported at fair value. The City's pension trust funds have the following carrying values as of September 30, 2018, based on the measurement criteria as specified:

**General Employees' Retirement Plan Pension Trust Fund:**

	Fair Value	Level 1	Level 2	Level 3	Amortized Cost
<b>Investments at fair value</b>					
Short-term money market	\$ 2,295,850	\$ -	\$ -	\$ -	\$ 2,295,850
Fixed income investments	5,649,754	-	5,649,754	-	-
Real estate investment fund	149,668	149,668	-	-	-
Equity investments	16,858,488	2,971,671	13,886,817	-	-
Total investments by fair value level	24,953,760	\$ 3,121,339	\$ 19,536,571	\$ -	\$ 2,295,850
<b>Investments measured at the net asset value (NAV)</b>					
Real estate fund	3,252,564				
Total investments	\$ 28,206,324				

The General Employees' Pension Plan owns shares in a real estate investment fund which is a pooled investment fund that is a broadly diversified core real estate fund that reports its value at the net asset value (NAV) per share. The real estate investment fund allows a redemption frequency quarterly and requires a ten-day redemption notice. All investments of the real estate trust fund are appraised by an independent third-party, Appraisal Institute designated (MAI) appraiser, each and every quarter, commencing the quarter after the investment is made.

**Police Officers' Retirement Trust Fund:**

	Fair Value	Level 1	Level 2	Level 3	Amortized Cost
<b>Investments at fair value</b>					
Short-term money market	\$ 106,175	\$ -	\$ -	\$ -	\$ 106,175
Inflation protected bond funds	225,500	-	-	-	\$ 225,500
U.S. Government and agencies	1,730,938	-	1,730,938	-	-
Corporate and foreign obligations	1,757,559	-	1,757,559	-	-
Fixed income mutual funds	2,563,149	2,563,149	-	-	-
Equity investments	4,365,646	4,365,646	-	-	-
Equity mutual fund	8,566,186	8,566,186	-	-	-
<b>Total investments</b>	\$ 19,315,153	\$ 15,494,981	\$ 3,488,497	\$ -	\$ 331,675

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)**

**Firefighters' Retirement Trust Fund:**

	Fair Value	Level 1	Level 2	Level 3	Amortized Cost
<b>Investments at fair value</b>					
Short-term money market	\$ 48,256	\$ -	\$ -	\$ -	\$ 48,256
Inflation protected bond funds	44,500	-	-	-	\$ 44,500
Fixed income investments	3,397,684	3,397,684	-	-	-
Equity investments	6,855,455	6,855,455	-	-	-
<b>Total investments</b>	<b>\$ 10,345,895</b>	<b>\$ 10,253,139</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,756</b>

Equity investments and investments in mutual funds are valued using Level 1 inputs consisting of using prices quoted in active markets for identical securities. Government bonds, government asset backed securities and other fixed income investments are valued using Level 2 inputs consisting of quoted prices for similar assets; interest rates and yield curves at commonly quoted intervals; implied volatilities; credit spreads and market corroborated inputs.

Information related to each Plan's investment policy, and the custodial, concentration and interest rate risk for each plan is set forth below.

**General Employees Retirement Plan Pension Fund** - The types of investments in which the Plan may invest are governed by City policy which authorizes investment in the following instruments: federally-insured depositories, direct or guaranteed obligations of the United States; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation or any state or territory of the United States; structured mortgage products issued by the U.S. Government or government agency; mortgage related or asset backed securities not issued by the U.S. Government, government agency or instrumentally; bonds issued by municipal issuers, real estate and foreign securities. No more than 70%, at market value, of the Plans assets can be invested in equity securities nor more than 5% in any one issuer. Fixed income securities must be investment grade except 20% can be invested in securities not meeting these criteria and must have a minimum total portfolio weighted average credit rating of "A" by Standard and Poors or Moodys and no more than 3% of the fixed income portfolio in any one single corporate issuer. Foreign securities cannot exceed 25% of the total value at market value.

All the Plan's investments were held in the Plan's name. Information concerning the Plan's fixed income investments are presented below:

Investment Type	S&P Rating	Fair Value	Average Maturity Years
Short-term money market	AA+	<u>\$ 2,295,850</u>	0.0
Fixed income investments:			
Dodge & Cox Income Fund	Not Rated	2,588,251	4.4
Metropolitan West T/R Bond Fund	Not Rated	2,568,720	6.1
Templeton Global Total Return Fund	Not Rated	492,783	-1.3
		<u>\$ 5,649,754</u>	

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 5 - DEPOSITS AND INVESTMENTS (cont...)**

**Police Officers' Retirement Pension Trust Fund** - The types of investments in which the Plan may invest are governed by City Ordinance which authorizes investments in the following instruments: interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 65% of the Plan's assets, at market, can be invested in equity securities nor more than 5% in any one issuer.

All of the Plan's investments were held in the Plan's name. Information concerning Plan's fixed income investments, is presented below

Investment Type	S&P Rating	Fair Value	Average Maturity Years
Short-term money market	Not Rated	\$ 106,175	0.00
Fixed income investments:			
U.S. Government obligations	AA+	435,632	11.00
U.S. Government mortgaged-backed securities	AA+	1,185,229	23.00
U.S. Government mortgaged-backed securities	Not Rated	110,077	28.80
Inflation protected bond mutual fund	Not Rated	225,500	0.00
Other mutual funds	Not Rated	2,563,149	6.70
Corporate and foreign bonds	AAA to BBB+	1,757,559	7.27
		<u>\$ 6,277,146</u>	

**Firefighters' Retirement Pension Trust Fund** - The types of investments in which the Plan may invest are governed by City Ordinance which authorizes the Plan to invest in the following instruments: annuity or life insurance contracts, interest-bearing time deposits and savings accounts in federally-insured depositories, direct or guaranteed obligations of the United States and the State of Israel; stocks, commingled funds, mutual funds, bonds or other evidences of indebtedness issued by a U.S. Corporation, except that up to 25% may be invested in foreign securities. No more than 65% of the Plans assets, at cost, can be invested in equity securities nor more than 5% in any one issuer.

All of the Plan's investments were held in external investment pools or in the name of the Plan and therefore, were not subject to the custodial credit risk disclosures. No single issuer comprised 5% or more of the plan's investments and therefore the plan is not subject to the concentrations of credit risk disclosures. Information concerning the Plan's fixed income investments is presented below:

Investment Type	S&P Rating	Fair Value	Average Maturity Years
Short-term money market	Not Rated	\$ 48,256	0.00
Fixed income mutual funds:			
Inflation protected bond mutual fund	Not Rated	44,500	0.00
Templeton Global Total Return Fund	Not Rated	497,408	2.80
Dodge & Cox Income Fund	Not Rated	2,900,276	8.30
		<u>\$ 3,442,184</u>	



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018, was as follows:

	Balance October 1, 2017	Transfers	Increases	Decreases	Balance September 30, 2018
<b><u>Governmental Activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 4,660,781	\$ -	\$ 543,625	\$ -	\$ 5,204,406
Infrastructure - land	1,588,213	-	-	-	1,588,213
Construction in process	111,482	(109,983)	2,822	-	4,321
Total capital assets, not being depreciated	6,360,476	(109,983)	546,447	-	6,796,940
<b>Capital assets, being depreciated:</b>					
Buildings and improvements	14,925,971	109,983	868,723	(143,375)	15,761,302
Equipment	6,836,971	-	265,371	(265,189)	6,837,153
Infrastructure:					
Road netw ork	26,589,792	-	-	-	26,589,792
Sidew alk netw ork	3,548,724	-	-	-	3,548,724
Total capital assets, being depreciated	51,901,458	109,983	1,134,094	(408,564)	52,736,971
Less accumulated depreciation for:					
Buildings and improvements	(8,782,042)	-	(562,584)	103,947	(9,240,679)
Equipment	(5,722,849)	-	(442,539)	265,190	(5,900,198)
Infrastructure:					
Road netw ork	(18,531,273)	-	(377,084)	-	(18,908,357)
Sidew alk netw ork	(2,395,956)	-	(33,347)	-	(2,429,303)
Total accumulated depreciation	(35,432,120)	-	(1,415,554)	369,137	(36,478,537)
Total capital assets being depreciated, net	16,469,338	109,983	(281,460)	(39,427)	16,258,434
Governmental activities capital assets, net	\$ 22,829,814	\$ -	\$ 264,987	\$ (39,427)	\$ 23,055,374
<b><u>Business-type activities:</u></b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,662,582	\$ -	\$ -	\$ -	\$ 1,662,582
Construction-in-progress	1,192,195	(1,294,910)	1,779,634	-	1,676,919
Total capital assets, not being depreciated	2,854,777	(1,294,910)	1,779,634	-	3,339,501
<b>Capital assets, being depreciated:</b>					
Buildings, utility plant and improvements	132,609,416	1,294,910	979,715	(181,760)	134,702,281
Equipment	11,961,765	-	392,639	(157,040)	12,197,364
Total capital assets, being depreciated	144,571,181	1,294,910	1,372,354	(338,800)	146,899,645
Less accumulated depreciation	(80,670,051)	-	(4,403,526)	283,971	(84,789,606)
Total capital assets being depreciated, net	63,901,130	1,294,910	(3,031,172)	(54,829)	62,110,039
Business-type activities capital assets, net	\$ 66,755,907	\$ -	\$ (1,251,538)	\$ (54,829)	\$ 65,449,540

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 6 - CAPITAL ASSETS** (concluded)

Depreciation expense was charged to the following programs and functions:

Governmental Activities:

General government	\$ 55,353
Library	53,086
Law enforcement	175,387
Fire control	166,272
Building and zoning	1,740
Public works	35,805
Transportation	535,658
Parks and recreation	351,255
Community redevelopment	40,998
Total depreciation expense - governmental activities	<u>\$ 1,415,554</u>

Business-type Activities:

Electric	\$ 585,937
Water	823,708
Wastewater	1,332,386
Airport	1,232,861
Sanitation	256,040
Information Technology	72,485
Stormwater	100,109
Total depreciation expense - business-type activities	<u>\$ 4,403,526</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2018:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018	Amounts Due within One Year
<b><u>Governmental Activities:</u></b>					
<b><u>Long-term debt:</u></b>					
BB&T Refunding Series 2014-A	\$ 2,342,244	\$ -	\$ (267,068)	\$ 2,075,176	\$ 276,278
Land purchase note payable	-	450,000	-	450,000	220,049
Total long-term debt	2,342,244	450,000	(267,068)	2,525,176	496,327
<b><u>Other liabilities:</u></b>					
Estimated workers compensation claims	685,814	-	(79,606)	606,208	-
Other postemployment benefits	19,512,433	-	(628,417)	18,884,016	-
Net pension liability	11,544,778	-	(1,704,641)	9,840,137	-
Compensated absences	1,325,087	-	(56,498)	1,268,589	-
Total other liabilities	33,068,112	-	(2,469,162)	30,598,950	-
Total long-term obligations	\$ 35,410,356	\$ 450,000	\$ (2,736,230)	33,124,126	\$ 496,327
Less amounts due in one year				(496,327)	
Total noncurrent obligations due in more than one year				<u>\$ 32,627,799</u>	
<b><u>Business-type Activities:</u></b>					
<b><u>Long-term debt:</u></b>					
BB&T Refunding Series 2014-A	\$ 1,472,755	\$ -	\$ (167,929)	\$ 1,304,826	\$ 173,719
SRF Construction Loan (No. WW 755040)	5,456,302	-	(336,529)	5,119,773	344,008
SRF Preconstruction Loan (No. WW 75504P)	1,219,605	-	(90,367)	1,129,238	92,275
Water and sewer, Series 2016	19,135,000	-	(1,290,000)	17,845,000	1,325,000
Airport Revenue Note, Series 2017A	2,900,000	-	(2,900,000)	-	-
Total bonds and notes payable	30,183,662	-	(4,784,825)	25,398,837	1,935,002
<b><u>Other liabilities:</u></b>					
Other postemployment benefits	7,010,299	-	(181,611)	6,828,688	-
Net pension liability	3,229,026	-	(412,873)	2,816,153	-
Compensated absences	884,656	-	(130,785)	753,871	-
Total other liabilities	11,123,981	-	(725,269)	10,398,712	-
Total long-term liabilities	\$ 41,307,643	\$ -	\$ (5,510,094)	35,797,549	\$ 1,935,002
Less amounts due in one year				(1,935,002)	
Net long-term liabilities in excess of one year				<u>\$ 33,862,547</u>	

**Notes to Long-Term Obligations Table**

Long term liabilities, including accumulated compensated absences are typically liquidated by the individual fund to which the liability is directly associated.

**Interest Included as Direct Expense:**

None of the interest on governmental activities long-term debt has been included in the direct expenses of any of the various programs.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

**Governmental and Business-Type Activities:**

- BB & T Refunding Series 2014-A, par value \$4,665,000, is secured by all non-advalorem revenues of the City, essentially all legally available revenues of the City except taxes on real and personal property. The bonds were issued May 16, 2014 to advance refund the Florida Municipal Loan Council Series 2005A and 2005D bonds.
- The 2014-A bonds bear interest at 2.4% payable semi-annually on June 1 and December 1 with principal payments annually on June 1 and a final maturity on June 1, 2025. The Florida Municipal Loan Council Revenue Bonds, Series 2005D were paid off in 2016 and were originally issued in 2005. The 2005A bonds bore interest at 4.00% and the 2005D bonds bear interest at 4.06%.
- The land purchase note payable is a promissory note that is secured by a mortgage on the property that was purchased with the promissory note. The promissory note bears interest at 4.50% per annum and requires two annual payments of principal and interest on May 17, 2019 and upon maturity on May 17, 2020.

**Business-Type Activities:**

- Water and Sewer Refunding Revenue Bank Loan, Series 2016 - These bonds were issued September 22, 2016 to refund the Water and Sewer Revenue Bonds, Series 2006. The bonds bear interest at 2.08% payable semiannually October 1 and April 1 with a final maturity on October 1, 2029. The Series 2016 bonds are secured by a senior lien on the net revenues of the water and sewer systems and require the maintenance of a principal and interest sinking fund. The Series 2016 bonds also require \$1,928,239 of the bond proceeds to be placed in a construction fund account to be used on system improvements within a three-year period beginning on September 22, 2016. As of September 30, 2018, the City has \$1,928,239 in the construction fund account and this amount is reported as a component of restricted equity in pooled cash and cash equivalents in the water fund and business-type activities.
- SRF Loans - These loans are from the State of Florida Revolving Loan Program ("SRF") to fund pre-construction costs and construction of improvements to the wastewater systems. Agreement No. WW75504P bears interest at 2.38%. Agreement No. WW755040 bears interest at 1.97%. Both loans are payable semi-annually as to principal and interest of each year with the final payment due August 15, 2031. The loans are secured by a junior lien on the net revenues of the water and sewer systems.
- Airport Revenue Note, Series 2017A - The City entered into a loan agreement with BB&T, a North Carolina banking corporation, on August 15, 2017 relating to the issuance of the Airport Revenue Note, Series 2017A (the "Note") in the amount of \$2,900,000. The Note was issued to fund transportation improvements at the Bartow Airport. The Note bore interest at 2.79% with principal due monthly beginning on October 1, 2017 with an original maturity on July 1, 2032. Due to a delay in the planned transportation improvements, the Authority fully repaid the Note in September 2018. In connection with the early retirement of the Note, the Authority paid \$26,975 as an early retirement penalty.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 7 - LONG-TERM OBLIGATIONS** (cont...)

Maturities:

Annual requirements to repay all long-term debt as of September 30, 2018, were as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 496,327	\$ 70,469	\$ 1,935,002	\$ 523,463
2020	512,368	53,881	1,973,458	481,845
2021	291,626	36,698	2,019,052	439,353
2022	294,696	29,641	2,061,001	395,880
2023	300,836	22,509	2,105,101	351,516
2024-2028	629,323	22,955	10,592,013	1,073,412
2029-2033	-	-	4,713,210	121,789
Total	<u>\$ 2,525,176</u>	<u>\$ 236,153</u>	<u>\$ 25,398,837</u>	<u>\$ 3,387,258</u>

**Pledged Revenues:**

The City has pledged certain future revenues, net of operation and maintenance expenses, for payment of debt. The following table provides a summary of the pledged revenues for the City's outstanding debt issues for which specific revenues have been pledged:

<u>Pledged Revenue</u>	<u>Revenue Pledged Through</u>	<u>Total Principal and Interest Outstanding</u>	<u>Current Year Principal and Interest Paid</u>	<u>Current Year Net Revenue</u>	<u>Percentage of Net Revenues to Principal and Interest Paid</u>
Water and sewer revenue	8/15/2031	\$ 27,352,018	\$ 2,245,363	\$ 4,167,071	185.59%

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 8 – INTERFUND TRANSACTIONS**

There were no interfund receivables and payables as of September 30, 2018.

Interfund transfers in (out) for the year ending September 30, 2018, consisted of:

	<b>Transfer In:</b>			
	General Fund	Information Technology Fund	Fire Services Fund	Total
<b>Transfers Out:</b>				
Electric Fund	\$ 9,316,751	\$ -	\$ -	\$ 9,316,751
Wastewater Fund	600,000	-	-	600,000
General Fund	-	2,500,000	1,507,302	4,007,302
Total	<u>\$ 9,916,751</u>	<u>\$ 2,500,000</u>	<u>\$ 1,507,302</u>	<u>\$ 13,924,053</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 9 – PENSION TRUST FUNDS**

**Plan Descriptions** - The City of Bartow contributes to three single-employer defined benefit pension plans: the General Employees Retirement Plan ("GE Plan"), the Police Officers' Retirement Trust Fund ("Police Plan"), and the Municipal Firefighters' Retirement Trust Fund ("Fire Plan"). Each plan provides retirement and disability benefits to plan members and beneficiaries. The plans are established by City Ordinance and the benefits and contribution requirements can be amended by the City Commission through ordinance. All three plans are administered by separate boards of trustees who are either appointed by the City Commission or elected by the plan members. It is the City's policy to annually fund the annual required contribution amount for each plan. Contributions are also provided to the Firefighters' and Police Officers' plans by the State of Florida from a tax collected on insurance premiums. Each plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for that plan. Those reports may be obtained by contacting the City of Bartow Finance Department, 450 North Wilson Avenue, Bartow, FL 33830.

In the government-wide and proprietary statement of net position, liabilities are recognized for the City's share of each defined benefit pension plan's net pension liability. 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 City's sponsored single employer plans and additions to/deductions from the City's sponsored single employer plans have been determined on the same basis as they are reported by the City's sponsored single employer plans. For this purpose, defined benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Benefits Provided** - The City's pension plans provide retirement and disability benefits. Benefits for members of all plans vest after six years of credited service. Retirement benefits are calculated based upon a certain percentage of average earnings for the highest five consecutive years of the preceding ten-year period times the number of years of credited service. The certain retirement percentage for the GE Plan is 2.53% and 3.15% for the Police and Fire Plans. Early retirement is available for members who have completed ten years of credited service at reduced benefits. Normal retirement for the GE Plan is the earlier of age sixty-two with ten years credited service or attainment of twenty-five years of credited service. Normal retirement for the Police Plan is the earlier of age fifty-five with ten years of credited service or attainment of twenty years of credited service regardless of age. Normal retirement for the Fire Plan is the earlier of age fifty-five with ten years credited service, age fifty-two with twenty-five years of credited service or the completion of twenty-eight years of credited service regardless of age. The GE Plan does not provide post-employment benefit adjustments and the Police and Fire Plans contain provisions for automatic cost-of-living adjustments.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS** (cont...)

**Contributions** - It is the City's policy to annually fund the actuarially determined required contributions representing the difference between the actuarially determined amount and the contributions of plan members.

	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Contribution rates:			
City and State	17.5%	56.7%	57.0%
Plan members	4.0%	4.0%	2.0%
Actuarially determined contribution	\$ 1,415,155	\$ 869,617	\$ 553,564
Contributions made	\$ 1,380,716	\$ 895,005	\$ 585,548

**Plan Membership** - Participant data for the City pension plans as of the current actuarial valuation date was as follows:

	as of October 1, 2017		
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund
Inactive plan members or beneficiaries currently receiving benefits	90	38	15
Inactive plan members entitled to but not yet receiving benefits	113	21	5
Active plan members	188	32	19
Total	391	91	39

**Net Pension Liability** – The components of the changes in the net pension liability for all three pension trust funds for the year ended September 30, 2018 are shown below. The net pension liability as of September 30, 2018 for financial reporting purposes was determined by actuarial valuations as of October 1, 2016 updated to September 30, 2017 (the measurement date).



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS (cont...)**

**General Employees' Retirement Trust Fund:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2017	\$ 31,586,643	\$ 22,989,654	\$ 8,596,989
Changes for the year:			
Service cost	626,030	-	626,030
Interest	2,445,146	-	2,445,146
Difference between actual and expected experience	(285,652)	-	(285,652)
Change in assumptions	687,125	-	687,125
Contributions - Buy Back	50,733	50,733	-
Contributions - City	-	1,530,529	(1,530,529)
Contributions - employee	-	306,285	(306,285)
Net investment income	-	2,653,336	(2,653,336)
Benefit payments, including refunds of employee contributions	(1,324,802)	(1,324,802)	-
Administrative expense	-	(45,409)	45,409
Net changes	2,198,580	3,170,672	(972,092)
Reporting period ending 9/30/2018	<u>\$ 33,785,223</u>	<u>\$ 26,160,326</u>	<u>\$ 7,624,897</u>

**Police Officers' Retirement Trust Fund:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2017	\$ 20,731,113	\$ 17,083,664	\$ 3,647,449
Changes for the year:			
Service cost	397,225	-	397,225
Interest	1,637,023	-	1,637,023
Difference between actual and expected experience	(18,331)	-	(18,331)
Changes in the excess State money	13,219	-	13,219
Contributions - Buy Back	26,843	26,843	-
Contributions - City	-	669,668	(669,668)
Contributions - State	-	144,854	(144,854)
Contributions - employee	-	62,586	(62,586)
Net investment income	-	1,906,472	(1,906,472)
Benefit payments, including refunds of employee contributions	(1,329,052)	(1,329,138)	86
Administrative expense	-	(69,868)	69,868
Net changes	726,927	1,411,417	(684,490)
Reporting period ending 9/30/2018	<u>\$ 21,458,040</u>	<u>\$ 18,495,081</u>	<u>\$ 2,962,959</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS** (cont...)

**Firefighters' Retirement Trust Fund:**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Reporting period ending 9/30/2017	\$ 11,129,521	\$ 8,600,155	\$ 2,529,366
Changes for the year:			
Service cost	250,467	-	250,467
Interest	874,820	-	874,820
Difference between actual and expected experience	(97,077)	-	(97,077)
Changes of assumptions	-	-	-
Changes in the excess State money	21,629	-	21,629
Contributions - City	-	423,994	(423,994)
Contributions - State	-	98,062	(98,062)
Contributions - employee	-	21,525	(21,525)
Net investment income	-	1,037,633	(1,037,633)
Benefit payments, including refunds of employee contributions	(505,965)	(505,965)	-
Administrative expense	-	(70,443)	70,443
Net changes	543,874	1,004,806	(460,932)
Reporting period ending 9/30/2018	\$ 11,673,395	\$ 9,604,961	\$ 2,068,434

**Actuarial Assumptions** - The actuarial valuation date and significant actuarial assumptions used to measure the total pension liability were as follows:

	General Employees' Retirement Trust Fund	Police Officers' Retirement Trust Fund	Firefighters' Retirement Trust Fund
Actuarial valuation date	October 1, 2016	October 1, 2016	October 1, 2016
Measurement date	September 30, 2017	September 30, 2017	September 30, 2017
Inflation	2.50%	2.50%	2.50%
Projected salary increases	Service Based	6.00%	6.00%
Investment rate of return	7.50%	8.00%	8.00%
Discount rate	7.50%	8.00%	8.00%
Date of actuarial experience study	August 23, 2017	November 13, 2017	November 13, 2017

Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS (cont...)**

**Long-term Expected Rate of Return on Pension Plan Investments** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table

	<b>General Employees' Retirement Trust Fund</b>	<b>Police Officers' Retirement Trust Fund</b>	<b>Firefighters' Retirement Trust Fund</b>
<b>Asset Class</b>	<b>Long-Term Expected Real Rates of Return</b>		
Domestic equity	7.50%	7.50%	7.50%
International equity	8.50%	8.50%	8.50%
Broad market fixed income	2.50%	2.50%	2.50%
Global fixed income	2.50%	3.50%	3.50%
Real estate	4.50%	NA	NA
	<b>Target Asset Allocations</b>		
Domestic equity	45%	45%	45%
International equity	15%	15%	15%
Broad market fixed income	30%	35%	35%
Global fixed income	NA	5%	5%
Real estate	10%	NA	NA

**Investments and Rate of Return** - The Plans' investment policy and information related to concentrations and custodial and credit risk is discussed in Note 5 to the financial statements. For the year ended September 30, 2018, the net money-weighted rate of return, adjusted for the changing amounts actually invested, for each of the Plans was as follows:

	<b>General Employees' Retirement Trust Fund</b>	<b>Police Officers' Retirement Trust Fund</b>	<b>Firefighters' Retirement Trust Fund</b>
Money-weighted Rate of Return	8.80%	7.96%	8.32%

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS** (cont...)

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension** - For the year ended September 30, 2018, the City recognized pension expense of \$2,758,346 consisting of pension expense for the general employees' pension plan of \$1,366,146, the police officers' pension plan \$808,902 and the firefighters' pension plan of \$583,298. At September 30, 2018, the City reported deferred outflows and deferred inflows of resources related to pensions, combined and individually for all three plans, was as follows:

**Combined All Pension Trust Funds:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,333	\$ 634,905
Change in assumptions	1,306,423	-
Net difference between projected and actual earnings on Plan investments	30,568	374,511
City contributions subsequent to the measurement date	2,861,269	-
Total	<u>\$ 4,270,593</u>	<u>\$ 1,009,416</u>

**General Employees' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 53,604	\$ 369,151
Change in assumptions	912,661	-
Difference between projected and actual earnings on Plan investments	-	211,556
City contributions subsequent to the measurement date	1,380,716	-
Total	<u>\$ 2,346,981</u>	<u>\$ 580,707</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS (cont...)**

**Police Officers' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 89,828
Change in assumptions	179,687	-
Net difference between projected and actual earnings on Plan investments	-	162,955
City contributions subsequent to the measurement date	895,005	-
Total	<u>\$ 1,074,692</u>	<u>\$ 252,783</u>

**Firefighters' Pension Trust Fund:**

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,729	\$ 175,926
Change in assumptions	214,075	-
Net difference between projected and actual earnings on Plan investments	30,568	-
City contributions subsequent to the measurement date	585,548	-
Total	<u>\$ 848,920</u>	<u>\$ 175,926</u>

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2017 will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Remaining amounts reported as deferred inflows and outflows of resources will be recognized in pension expense in the years and amounts shown below:

Year ending September 30,	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Fire- Fighters' Pension Trust Fund	Total
2019	\$ 361,328	\$ 117,295	\$ 74,201	\$ 552,824
2020	357,885	105,332	116,163	579,380
2021	(162,711)	(183,990)	(32,832)	(379,533)
2022	(170,944)	(111,733)	(70,086)	(352,763)
	<u>\$ 385,558</u>	<u>\$ (73,096)</u>	<u>\$ 87,446</u>	<u>\$ 399,908</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 9 – PENSION TRUST FUNDS** (cont...)

**Discount Rate** – a rate of 7.50% for the General Employees Retirement Trust Fund and 8.00% for both the Police Officers' and Firefighters' Retirement Trust Funds was used to measure the total pension liability of each of the three plans as of September 30, 2017, which is the measurement date for financial reporting purposes. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City as of the measurement date (September 30, 2017), calculated using the current discount rates discussed above for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	<b>Net Pension Liability at Measurement Date</b>		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.50%	\$ 11,736,075	\$ 7,624,897	\$ 4,163,236
Police Officers'	8.00%	5,438,897	2,962,959	911,752
Firefighters'	8.00%	3,446,546	2,068,434	918,981
City's Net Pension Liability		<u>\$ 20,621,518</u>	<u>\$ 12,656,290</u>	<u>\$ 5,993,969</u>

The following presents the net pension liability of the City as of the financial reporting date (September 30, 2017), calculated using the current discount rates discussed above for each plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate used by each plan.

	Current Discount Rate	<b>Net Pension Liability at Financial Reporting Date</b>		
		1% Decrease	Current Discount	1% Increase
General Employees'	7.50%	\$ 12,329,589	\$ 7,918,319	\$ 4,217,183
Police Officers'	8.00%	5,335,743	2,784,067	670,861
Firefighters'	8.00%	3,688,807	2,213,911	983,386
City's Net Pension Liability		<u>\$ 21,354,139</u>	<u>\$ 12,916,297</u>	<u>\$ 5,871,430</u>
Change in City's net pension liability between measurement date and reporting date		<u>\$ 732,621</u>	<u>\$ 260,007</u>	<u>\$ (122,539)</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN**

The City has a policy of paying the cost of post-employment Medicare supplement health insurance upon reaching age 65, and \$1,000 face value life insurance for its retirees' upon reaching age 62. The City follows GASB Cod. Sec. P50 for certain post-employment health care and dental benefits provided by the City.

**Plan Description** – Under the provisions of the Plan, retirees who are eligible to retire under one of the City's pension plans and have at least 10 years of continuous service are eligible to receive subsidized health insurance beginning at age 65. In order to be eligible for the subsidy beginning at age 65, retirees must continue to be on the City's insurance prior to age 65 and pay 100% of the active premium. At age 65, depending on which health plan the retiree chooses, the City will pay the retiree premium up to the cap set by the City each year. For the fiscal year ended September 30, 2017, the cap was \$492 per month and for fiscal year September 30, 2018, the cap was increased to \$546 per month. The retiree is responsible for the remaining amount not covered by the City, if any. In addition, retirees must pay the full cost of coverage for spouses and dependents. The City also provides a full insured \$1,000 life insurance benefit to each retiree, regardless of whether the retiree elects other postemployment benefit coverage. The Plan does not issue a stand-alone financial report.

**Funding Policy** – The City currently pays for post-employment health care benefits on a pay-as-you-go basis. The contribution requirements of the City and plan members are established and may be amended by the City Commission. These contributions are neither guaranteed nor mandatory. The City has retained the right to unilaterally modify its payments towards retiree health care benefits. For the year ended September 30, 2018, the City's contribution totaled \$347,733, approximately 3% of actual payroll.

Participant data as of the most recent actuarial valuation:

Inactive plan members of beneficiaries currently receiving benefits	69
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>263</u>
Total	<u>332</u>

**Total OPEB liability** – The City's total OPEB liability was measured as of September 30, 2017 and was determined by an actuarial valuation as of October 1, 2016. The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study dated January 11, 2012.

**Actuarial assumptions** - Significant actuarial assumptions used to measure the total OPEB liability were as follows:

Inflation	3.00%
Salary inflation	6.00% per year for Police Officers' and Firefighters' and 4.75% per year for all other employees.
Discount rate	3.64%
Investment rate of return	0.00%
Healthcare cost trend rates	8.50% in 2018, grading down to the ultimate trend rate of 4.00% in 2073.

Mortality rates were based on the RP-2000 Generational for males or females, as appropriate, with adjustment for mortality improvements based on Scale BB.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN** (cont...)

**Discount rate** – The discount rate was based on a high quality municipal bond rate of 3.46%. The high-quality bond rate was based on the week closest but not later than the measure date of the Bond Buyer 20 – Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly the equivalent to Moody's Investor Service's Aa2 rating and Standard & Poor's Corp's AA. All future benefits were discounted using the above discount rate.

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Reporting period ending September 30, 2017</b>	26,522,732
<b>Changes for the year:</b>	
Service cost	1,433,413
Interest	849,073
Changes of assumptions	(2,672,114)
Benefit payments	(420,400)
<b>Net changes</b>	<u>(810,028)</u>
<b>Reporting period ending September 30, 2018</b>	<u>25,712,704</u>

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability	\$ 30,567,500	\$ 25,712,704	\$ 21,876,381



**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN** (cont...)

**Sensitivity of the Total OPEB Liability to changes in the healthcare cost trend rates** – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent decreasing to 3.00 percent) or 1-percentage-point higher (9.50 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (7.50% decreasing to 3.00%)	Healthcare Cost Trend Rates (8.50% decreasing to 4.00%)	1% Increase (9.50% decreasing to 5.00%)
Total OPEB liability	\$ 21,236,131	\$ 25,712,704	\$ 31,540,066

**OPEB expenses and deferred outflows of resources related to OPEB** – For the year ended September 30, 2018, the City recognized OPEB expense of \$2,082,896. At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 2,002,321	\$ 2,290,383
City contributions subsequent to the measurement date	436,333	-
Total	<u>\$ 2,438,654</u>	<u>\$ 2,290,383</u>

Deferred outflows of resources related to City contributions subsequent to the measurement date of September 30, 2017 will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	\$ 18,733
2020	18,733
2021	18,733
2022	18,733
2023	18,733
Thereafter	(381,727)
Total	<u>\$ (288,062)</u>

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

**NOTE 11 – OTHER EMPLOYEE BENEFIT PLANS**

The City contributes to a defined contribution money purchase plan established for the benefit of the City Manager. The contributions are 100% vested and amounted to 10% of the City Manager's. The City also offers its employees, who have completed one year of continuous service, an optional non-contributory deferred compensation plan created pursuant to Internal Revenue Code Section 457. Both Plans are administered by third-party custodians and the plans' assets are not considered part of the reporting entity and are not included in these financial statements.

**NOTE 12 – RISK MANAGEMENT**

**INSURANCE** - Commercial insurance protection with normal deductibles is in place to limit the City's exposure from losses arising from liability and property damages for which there has been no significant reduction in coverages, nor have settlement amounts exceeded the City's coverages during the year ended September 30, 2018 or the previous two years. All of the City's insurance is from commercial carriers and there is no self-insurance other than for workers' compensation which is discussed below.

**SELF-INSURED WORKERS' COMPENSATION** - The City provides its employees with workers' compensation coverage for job-related claims expenses through a self-funded plan administered by a third-party administrator. The Plan carries specific stop-loss insurance against catastrophic losses exceeding \$450,000 per incident and for aggregate claims over a two-year period exceeding \$2 million. Actual costs incurred, including administrative and claims expenses, are allocated to the respective departments and funds based on standard workers compensation classification rates applied to the payroll costs of the respective departments and funds within the City.

The City records an estimated liability for reported workers' compensation claims based on loss reserves estimated by the third-party administrator and for loss reserves for claims incurred but not reported, based on actuarially determined estimates of the ultimate cost of such claims (including future claims adjustment expenses) provided by outside consulting actuaries. The liability for the estimated workers' compensation costs is recorded in the general fund because it is fully funded. The liability is also reported as long-term in the governmental activities because the maturities are expected to exceed one year.

Changes in the aggregate workers' compensation liabilities for the years ended September 30, 2018 and 2017, were as follows:

	2018	2017
Claims liability balance, October 1	\$ 685,814	\$ 707,554
Claims and changes in estimates	72,738	146,925
Claims payments	<u>(152,344)</u>	<u>(168,665)</u>
Claims liability balance, September 30	<u>\$ 606,208</u>	<u>\$ 685,814</u>
Cash set aside to pay claims at September 30	<u>\$ 923,768</u>	<u>\$ 911,348</u>

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**UNEMPLOYMENT CLAIMS** - The City reimburses the State directly for its unemployment claims rather than participate in the State insurance fund for this purpose. As a result, the cost for unemployment claims is deducted when paid. Such costs have been insignificant in the past and no provisions for potential claims have been made in the financial statements.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES** (cont...)

**LITIGATION** - The City is a party to various claims and assessments arising from its actions while carrying out its public services. The City carries general liability coverage and management believes its coverage is sufficient to cover all significant losses arising from the unsuccessful outcome of any pending and/or threatened litigation.

**ELECTRICAL POWER PURCHASE AGREEMENT** - The City owns its electrical distribution systems and purchases its power under an agreement with Orlando Utilities Commission (OUC) which expires December 31, 2017. Effective January 1, 2018, the City has entered into power purchase agreements with the Florida Municipal Power Agency (FMPA) and OUC for the purchase and sale of electricity and entered into an agreement with Duke Energy for network integration transmission services.

**WASTEWATER TREATMENT AGREEMENT WITH POLK COUNTY** - The City entered into an agreement through October 6, 2038 to process up to 1.0 MGD of wastewater for the County at a rate of \$2.88/1000 gallon. To secure the capacity in the City's existing facilities, the County is paying a portion of the City's debt service (\$16,768 per month) related to certain existing wastewater treatment capital improvements made by the City in cooperation with the County. These payments are reported as capital contributions when received. In addition, the County has paid the City \$2,766,698, towards future improvements to secure capacity up to 2.5 MGD when the facilities are built. This money is reported as unearned revenue until the planned improvements are implemented.

**CONSTRUCTION COMMITMENTS** - The City has construction commitments of \$637,400 as of September 30, 2018 related to the wastewater facility expansion project in the wastewater fund.

**NOTE 14 – JOINT VENTURE**

**Background** - The Polk Regional Water Cooperative (PRWC) was created on April 1, 2016 by an interlocal agreement between the City of Bartow, City of Auburndale, City of Davenport, City of Eagle Lake, City of Fort Meade, City of Frostproof, City of Haines City, City of Lake Alfred, City of Lakeland, City of Lake Wales, City of Mulberry, Polk City, City of Winter Haven, Town of Dundee, Town of Lake Hamilton and Polk County in accordance with Chapters 163 and 373 of the Florida Statutes. These local government units are collectively considered the Member Governments. The PRWC is a separate legal entity organized under the laws of the State of Florida, and the Member Governments have no equity ownership in the PRWC.

The PRWC is devoted to encouraging the development of fully integrated, robust public water supply systems comprised of diverse sources managed in a manner that take full advantage of Florida's intense climatic cycles to ensure reliable, sustainable and drought resistant systems which maximize the use of alternative water supplies to the greatest extent practicable. The PRWC will evaluate, plan and implement water projects and coordinate partnerships with other water users.

**Membership fees** - The terms of the interlocal agreement require each Member Government to contribute their proportionate share of the PRWC's annual working capital needs which are established annually by a resolution of the PRWC's Board of Directors. For the year ended September 30, 2018, the total annual working capital needs of the PRWC was \$195,000 of which the City's proportionate share was \$9,035.

**CITY OF BARTOW, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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**NOTE 14 – JOINT VENTURE** (cont...)

**Combined projects background** - The Member Governments, except for the City of Frostproof, entered into a combined projects implementation agreement on March 16, 2017. This agreement established three combined projects to be pursued by the PRWC with a total estimated cost of \$23,000,000. The South West Florida Water Management District (SWFWMD) is funding 50% of the total estimated cost and the remainder is funded by the Member Governments based upon their average water use in comparison to the total average water use by all Member Governments.

**Combined projects funding** - The City's required contribution for the combined projects totaled \$796,516 and is reported as a nonoperating expense in the water fund statement of revenues, expenses and changes in fund net position for the year ended September 30, 2018.

**Litigation** - The PRWC is involved with ongoing litigation with SWFWMD and the Peace River Manasota Regional Water Supply Authority. These litigation costs are being funded by the Member Governments based upon their pro-rata share of water use as compared to the water use of all Member Governments. The City's costs for this litigation for the year ended September 30, 2018 totaled \$7,386.

**Contact** - Complete financial statements of the PRWC may be obtained from the PRWC's Executive Director at 330 W. Church Street, P.O. Box 9005, Drawer CA01, Bartow, FL 33831-9005.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
For the year ended September 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>RESOURCES:</b>				
Taxes	\$ 4,503,804	\$ 4,503,804	\$ 4,668,832	165,028
Licenses and permits	284,599	284,599	360,083	75,484
Intergovernmental revenue	2,639,586	2,639,586	2,388,240	(251,346)
Charges for services	1,516,214	1,516,214	1,362,249	(153,965)
Fines and forfeitures	92,104	92,104	133,201	41,097
Other	519,797	519,797	501,081	(18,716)
Total revenues	<u>9,556,104</u>	<u>9,556,104</u>	<u>9,413,686</u>	<u>(142,418)</u>
<b>CHARGES TO APPROPRIATIONS:</b>				
General government:				
Commission	2,499,615	1,583,587	1,476,118	107,469
City manager	591,497	467,241	464,824	2,417
City clerk	194,658	195,502	186,824	8,678
Finance	270,440	180,968	172,117	8,851
Personnel	197,592	155,166	148,026	7,140
Purchasing	36,121	38,903	37,097	1,806
Planning	141,259	134,129	129,141	4,988
Fleet maintenance	179,884	38,884	35,331	3,553
Public safety:				
Police	5,945,542	5,545,542	5,372,873	172,669
Building	473,554	394,054	372,920	21,134
Physical environment:				
Public works	1,774,899	1,274,899	1,225,156	49,743
Economic environment:				
Community development	135,559	135,559	135,279	280
Culture/recreation:				
Library	621,066	709,066	639,697	69,369
Library Coop - County	168,188	82,938	78,740	4,198
Library Coop - State aid	557,718	394,718	383,568	11,150
Parks and recreation	3,154,802	3,054,802	2,977,207	77,595
Golf course	1,071,112	1,176,612	1,156,502	20,110
Golf course - restaurant	675,640	621,640	595,003	26,637
Total expenditures	<u>18,689,146</u>	<u>16,184,210</u>	<u>15,586,423</u>	<u>597,787</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ (9,133,042)</u>	<u>\$ (6,628,106)</u>	<u>\$ (6,172,737)</u>	<u>\$ 455,369</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,760,817)	(4,260,817)	(4,007,302)	253,515
Transfers in	9,916,751	9,916,751	9,916,751	-
Sale of general capital assets	-	-	177,578	177,578
Total other financing sources (uses)	<u>8,155,934</u>	<u>5,655,934</u>	<u>6,087,027</u>	<u>431,093</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (977,108)</u>	<u>\$ (972,172)</u>	<u>\$ (85,710)</u>	<u>\$ 886,462</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE –**  
**COMMUNITY REDEVELOPMENT AGENCY**  
For the year ended September 30, 2018

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 932,986	\$ 932,986	\$ 914,376	\$ (18,610)
Other	2,000	2,000	16,163	14,163
Total revenues	934,986	934,986	930,539	(4,447)
<b>EXPENDITURES:</b>				
Economic environment	935,265	935,265	1,325,330	(390,065)
Debt service	237,060	237,060	237,058	2
Total expenditures	1,172,325	1,172,325	1,562,388	(390,063)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(237,339)</u>	<u>(237,339)</u>	<u>(631,849)</u>	<u>(394,510)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan proceeds	-	-	450,000	450,000
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (237,339)</u>	<u>\$ (237,339)</u>	<u>\$ (181,849)</u>	<u>\$ 55,490</u>

See Auditors' Report



**CITY OF BARTOW, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**GENERAL EMPLOYEES' RETIREMENT TRUST FUND**

City reporting period date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 724,848	\$ 626,030	\$ 594,932	\$ 582,546	\$ 613,352
Interest	2,520,111	2,445,146	2,285,926	2,218,251	2,079,693
Change in assumptions	-	687,125	794,635	-	-
Change in funding standard account	-	-	(33,336)	(224,714)	-
Difference between expected and actual experience	1,003,115	(285,652)	107,208	(387,282)	-
Benefit payments, including refunds of employee contributions	(1,817,188)	(1,324,802)	(2,127,216)	(775,295)	(973,494)
Employee buy-back	-	50,733	-	123,299	-
Net change in total pension liability	2,430,886	2,198,580	1,622,149	1,536,805	1,719,551
Total pension liability, beginning	33,785,223	31,586,643	29,964,494	28,427,689	26,708,138
Total pension liability, ending (a)	<u>\$ 36,216,109</u>	<u>\$ 33,785,223</u>	<u>\$ 31,586,643</u>	<u>\$ 29,964,494</u>	<u>\$ 28,427,689</u>
Plan fiduciary net position					
Contributions - City	\$ 1,380,716	\$ 1,530,529	1,305,948	\$ 1,212,429	\$ 1,278,269
Contributions - Employee	315,137	306,285	301,356	414,836	300,454
Contributions - Employee buy-back	-	50,733	-	-	-
Net investment income (loss)	2,302,808	2,653,336	2,094,864	(214,127)	1,464,081
Benefit payments, including refunds Of employee contributions	(1,817,188)	(1,324,802)	(2,127,216)	(775,295)	(973,494)
Administrative expenses	(44,009)	(45,409)	(58,891)	(34,720)	(23,527)
Net change in plan fiduciary net position	2,137,464	3,170,672	1,516,061	603,123	2,045,783
Plan fiduciary net position, beginning	26,160,326	22,989,654	21,473,593	20,870,470	18,824,687
Plan fiduciary net position, ending (b)	<u>\$ 28,297,790</u>	<u>\$ 26,160,326</u>	<u>\$ 22,989,654</u>	<u>\$ 21,473,593</u>	<u>\$ 20,870,470</u>
Net pension liability (asset) (a)-(b)	<u>\$ 7,918,319</u>	<u>\$ 7,624,897</u>	<u>\$ 8,596,989</u>	<u>\$ 8,490,901</u>	<u>\$ 7,557,219</u>
Plan fiduciary net position as a percentage of total pension liability	78.14%	77.43%	72.78%	71.66%	73.42%
Covered payroll	\$ 7,878,494	\$ 7,657,098	\$ 7,557,033	\$ 8,049,198	\$ 6,833,856
Net pension liability as a percentage of covered payroll	100.51%	99.58%	113.76%	105.49%	110.58%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND**  
**RELATED RATIOS**  
**GENERAL EMPLOYEES' RETIREMENT TRUST FUND**

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***Changes of Assumptions:***

For measurement date September 30, 2017:

1. The assumed rates of mortality were changed from those in the July 1, 2015 Florida Retirement System (FRS) valuation report to those used in the July 1, 2016 FRS valuation report.
2. The assumed rate of investment return was lowered from 7.75% to 7.5% per year, net of investment related expenses.
3. The assumed rate of salary increases was amended from a flat rate of 4.75% per year to a service-based table.
4. The assumed rates of retirement and rates of withdrawal were amended at certain age and service points.
5. A "fresh start" to the existing UAAL layers into one single layer which will be amortized over a 15-year period. Future UAAL layers will be amortized over a 15-year period.

For measurement date September 30, 2016:

6. The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
7. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment cons

**CITY OF BARTOW, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**POLICE OFFICERS' RETIREMENT TRUST FUND**

City reporting period date Measurement date	9/30/2019 9/30/2018	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total pension liability					
Service cost	\$ 392,286	\$ 397,225	\$ 409,524	\$ 442,727	\$ 449,350
Interest	1,691,917	1,637,023	1,545,529	1,472,475	1,386,713
Change in excess State money	21,555	13,219	(58,130)	-	-
Change in benefit terms	-	-	6,937	88,018	-
Difference between expected and actual experience	42,199	(18,331)	(232,824)	(48,806)	-
Change of assumptions	-	-	539,060	-	-
Contributions - Buy Back	-	26,843	7,200	-	-
Benefit payments, including refunds of employee contributions	(1,374,240)	(1,329,052)	(895,977)	(957,923)	(732,947)
Net change in total pension liability	773,717	726,927	1,321,319	996,491	1,103,116
Total pension liability, beginning	21,458,040	20,731,113	19,409,794	18,413,303	17,310,187
Total pension liability, ending (a)	<u>\$ 22,231,757</u>	<u>\$ 21,458,040</u>	<u>\$ 20,731,113</u>	<u>\$ 19,409,794</u>	<u>\$ 18,413,303</u>
Plan fiduciary net position					
Contributions - City	\$ 741,815	\$ 669,668	\$ 706,919	\$ 728,233	\$ 826,682
Contributions - State of Florida	153,190	144,854	132,660	123,940	118,257
Contributions - Employee	63,130	62,586	67,573	67,585	71,421
Contributions - Buy Back	-	26,843	7,200	-	-
Net investment income (loss)	1,452,125	1,906,472	1,600,571	(213,507)	1,582,990
Benefit payments, including refunds of employee contributions	(1,374,240)	(1,329,138)	(895,977)	(957,923)	(735,413)
Administrative expenses	(83,411)	(69,868)	(73,437)	(68,672)	(42,255)
Net change in plan fiduciary net position	952,609	1,411,417	1,545,509	(320,344)	1,821,682
Plan fiduciary net position, beginning	18,495,081	17,083,664	15,538,155	15,858,499	14,036,817
Plan fiduciary net position, ending (b)	<u>\$ 19,447,690</u>	<u>\$ 18,495,081</u>	<u>\$ 17,083,664</u>	<u>\$ 15,538,155</u>	<u>\$ 15,858,499</u>
Net pension liability (asset) (a)-(b)	<u>\$ 2,784,067</u>	<u>\$ 2,962,959</u>	<u>\$ 3,647,449</u>	<u>\$ 3,871,639</u>	<u>\$ 2,554,804</u>
Plan fiduciary net position as a percentage of total pension liability	87.48%	86.19%	82.41%	80.05%	86.13%
Covered payroll	\$ 1,578,253	\$ 1,564,644	\$ 1,689,305	\$ 1,981,362	\$ 1,785,535
Net pension liability as a percentage of covered payroll	176.40%	189.37%	215.91%	195.40%	143.08%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND**  
**RELATED RATIOS**  
**POLICE OFFICERS' RETIREMENT TRUST FUND**

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***Changes of benefit terms:***

For measurement date September 30, 2016:

1. The automatic cost-of-living adjustment (COLA) increased from 1.98% to 2.00% for future retirees (those who terminate employment or enter the DROP after September 30, 2016).

For measurement date September 30, 2015:

1. The automatic cost-of-living adjustment (COLA) increased from 1.77% to 1.98% for future retirees (those who terminate employment or enter the DROP after September 30, 2015).

***Changes of Assumptions:***

For measurement date September 30, 2016:

1. The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
2. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF BARTOW, FLORIDA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FIREFIGHTERS' RETIREMENT TRUST FUND**

City reporting period date	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability					
Service cost	\$ 268,455	\$ 250,467	\$ 251,243	\$ 255,726	\$ 254,405
Interest	916,733	874,820	798,268	767,473	721,136
Change in excess State money	31,984	21,629	21,617	18,674	26,346
Difference between expected and actual experience	258,169	(97,077)	31,215	(206,235)	-
Change of assumptions	-	-	356,791	-	-
Benefit payments, including refunds of employee contributions	(538,594)	(505,965)	(453,717)	(401,380)	(393,888)
Net change in total pension liability	936,747	543,874	1,005,417	434,258	607,999
Total pension liability, beginning	11,673,395	11,129,521	10,124,104	9,689,846	9,081,847
Total pension liability, ending (a)	<u>\$ 12,610,142</u>	<u>\$ 11,673,395</u>	<u>\$ 11,129,521</u>	<u>\$ 10,124,104</u>	<u>\$ 9,689,846</u>
Plan fiduciary net position					
Contributions - City	\$ 478,195	\$ 423,994	\$ 414,052	\$ 448,832	\$ 420,397
Contributions - State of Florida	107,353	98,062	102,375	104,779	112,451
Contributions - Employee	20,540	21,525	21,034	20,448	19,518
Net investment income (loss)	792,524	1,037,633	550,637	(100,005)	783,353
Benefit payments, including refunds of employee contributions	(538,594)	(505,965)	(453,717)	(401,380)	(393,888)
Administrative expenses	(68,748)	(70,443)	(64,703)	(51,597)	(43,332)
Net change in plan fiduciary net position	791,270	1,004,806	569,678	21,077	898,499
Plan fiduciary net position, beginning	9,604,961	8,600,155	8,030,477	8,009,400	7,110,901
Plan fiduciary net position, ending (b)	<u>\$ 10,396,231</u>	<u>\$ 9,604,961</u>	<u>\$ 8,600,155</u>	<u>\$ 8,030,477</u>	<u>\$ 8,009,400</u>
Net pension liability (asset) (a)-(b)	<u>\$ 2,213,911</u>	<u>\$ 2,068,434</u>	<u>\$ 2,529,366</u>	<u>\$ 2,093,627</u>	<u>\$ 1,680,446</u>
Plan fiduciary net position as a percentage of total pension liability	82.44%	82.28%	77.27%	79.32%	82.66%
Covered payroll	\$ 1,027,021	\$ 1,076,259	\$ 1,051,732	\$ 1,025,578	\$ 975,911
Net pension liability as a percentage of covered payroll	215.57%	192.19%	240.50%	204.14%	172.19%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND**  
**RELATED RATIOS**  
**FIREFIGHTERS' RETIREMENT TRUST FUND**

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***Changes of Assumptions:***

For measurement date September 30, 2016:

1. The assumed rates of mortality were changed from the RP-2000 Combined Healthy Tables to the mortality tables for special risk employees used by the Florida Retirement System.
2. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**CITY OF BARTOW, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS**

Year Ended September 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess (Deficiency)	Covered Payroll	Contributions as a % of Covered Payroll
<b>General Employees' Plan</b>					
2018	\$ 1,415,155	\$ 1,380,716	\$ (34,439)	\$ 7,878,494	17.53%
2017	\$ 1,315,737	\$ 1,350,176	\$ 34,439	\$ 7,657,098	17.63%
2016	\$ 1,339,284	\$ 1,339,284	\$ -	\$ 7,557,033	17.72%
2015	\$ 1,437,143	\$ 1,437,143	\$ -	\$ 8,049,198	17.85%
2014	\$ 1,499,813	\$ 1,499,813	\$ -	\$ 6,833,856	21.95%
<b>Police Officers' Plan</b>					
2018	\$ 869,617	\$ 873,450	\$ 3,833	\$ 1,578,253	55.34%
2017	\$ 785,451	\$ 801,304	\$ 15,853	\$ 1,564,644	51.21%
2016	\$ 821,002	\$ 857,739	\$ 36,737	\$ 1,689,305	50.77%
2015	\$ 832,990	\$ 832,990	\$ -	\$ 1,981,362	42.04%
2014	\$ 944,548	\$ 944,548	\$ -	\$ 1,785,535	52.90%
<b>Firefighters' Plan</b>					
2018	\$ 553,564	\$ 553,564	\$ -	\$ 1,027,021	53.90%
2017	\$ 511,223	\$ 500,427	\$ (10,796)	\$ 1,076,259	46.50%
2016	\$ 499,572	\$ 510,368	\$ 10,796	\$ 1,051,732	48.53%
2015	\$ 519,379	\$ 519,379	\$ -	\$ 1,025,578	50.64%
2014	\$ 506,498	\$ 506,498	\$ -	\$ 975,911	51.90%

Additional years will be added to this schedule annually until 10 years' data is presented.

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**NOTES TO SCHEDULE OF CONTRIBUTIONS**

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**Significant methods and assumptions used in calculated the actuarially determined contributions:**

- Valuation Date: October 1, 2016 for fiscal year 2018 contributions.
- Actuarial Cost Method: Entry age normal, level percentage of pay, closed.
- Asset Valuation Method; Historic geometric four-year average market value (net of fees).
- Salary Increases: 4.75% for the general employees' plan and 6.00% for the police officers' and firefighters' plans.
- Investment Rate of Return; 7.75% for the general employees' plan and 8.00% for the police officers' and firefighters' plans.
- Payroll Growth: Up to 3% for the firefighters' plan and zero for the general employees' and police officers' plans.
- General Employees' Plan Retirement Age: Varies depending on years of service and employee age.
- Police Officers' Plan Retirement Age: Earlier of age 55 with 10 years of credited service or 20 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
- Firefighters' Plan Retirement Age: Earlier of age 55 with 10 years of credited service, age 52 with 25 years of credited service, or 28 years of credited service, regardless of age. Also, any member who has reached normal retirement is assumed to continue employment for one additional year.
- Mortality: Mortality rates were based on the RP-2000 mortality tables for active, inactive and disabled males or females, as appropriate, with adjustments for mortality improvements based on Scale BB.
- Termination and disability rate tables:

General Employees' Plan			Police Officers' Plan			Firefighters' Plan		
Age	% terminating during year	% disabled during year	Age	% terminating during year	% disabled during year	Age	% terminating during year	% disabled during year
25	12.00%	0.09%	20	11.40%	0.03%	20	6.00%	0.03%
30	12.00%	0.10%	30	9.50%	0.40%	30	5.00%	0.04%
35	11.20%	0.15%	40	4.90%	0.70%	40	2.60%	0.07%
40	8.40%	0.24%	50	1.50%	1.80%	50	0.80%	0.18%
45	5.40%	0.38%						
50	3.00%	0.67%						
55	1.60%	1.00%						

See Auditors' Report



**CITY OF BARTOW, FLORIDA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

Reporting date	9/30/2018	9/30/2017
Measurement date	9/30/2017	9/30/2016
<b>Total OPEB Liability</b>		
Service cost	\$ 1,433,413	\$ 1,141,412
Interest	849,073	856,101
Changes in assumptions	(2,672,114)	2,803,250
Benefit payments	(420,400)	(420,400)
<b>Net change in total OPEB Liability</b>	(810,028)	4,380,363
<b>Total OPEB Liability - beginning</b>	26,522,732	22,142,369
<b>Total OPEB Liability - ending</b>	<u>\$ 25,712,704</u>	<u>\$ 26,522,732</u>
<b>Covered-employee payroll</b>	\$ 11,595,783	\$ 11,595,783
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	221.74%	228.73%

Notes to Schedule:

No assets are being accumulated in a trust to pay for plan benefits.

Additional years will be added to this schedule annually until 10 years' data is presented.

***Changes of Assumptions:***

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used for each measurement date.

Measurement Date	Discount Rate
September 30, 2018	3.64%
September 30, 2017	3.06%
September 30, 2016	3.71%

*Other changes of assumptions:*

For measurement date September 30, 2017:

- The annual per capital claims costs have been updated and the premium rates have also been updated. The annual per capita claims costs utilize an updated manual rate tool that includes more recent claims data from which to develop expected Pre-Medicare costs, and higher expected discounts from providers in-network as compare to rates used in prior valuations.
- The trend assumption has been updated to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries.
- The assumed mortality rates have been updated to be consistent with the October 1, 2016 General Employees, Police Officers and Firefighters pension valuations.

See Auditors' Report

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF BARTOW, FLORIDA**  
**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**  
as of September 30, 2018

	<b>Transportation Fund</b>	<b>Fire Services Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 1,713,126	\$ 191,355	\$ 1,904,481
Receivables, net			
Customer accounts, net	-	75	75
Intergovernmental and other	207,582	-	207,582
Prepaid expenditures	-	602	602
Restricted assets:			
Cash and cash equivalents	1,039,023	-	1,039,023
Customer receivables	46,409	-	46,409
<b>TOTAL ASSETS</b>	<b>\$ 3,006,140</b>	<b>\$ 192,032</b>	<b>\$ 3,198,172</b>
<b>LIABILITIES</b>			
Accounts payable	10,947	27,504	38,451
Accrued payroll	1,274	14,075	15,349
<b>TOTAL LIABILITIES</b>	<b>12,221</b>	<b>41,579</b>	<b>53,800</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	46,409	-	46,409
<b>FUND BALANCE</b>			
Nonspendable:			
Prepaid expenditures	-	602	602
Restricted for:			
Transportation improvements	1,039,023	-	1,039,023
Transportation activities	1,908,487	-	1,908,487
Assigned to:			
Fire services	-	149,851	149,851
<b>TOTAL FUND BALANCES</b>	<b>2,947,510</b>	<b>150,453</b>	<b>3,097,963</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 3,006,140</b>	<b>\$ 192,032</b>	<b>\$ 3,198,172</b>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**  
for the year ended September 30, 2018

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	<b>Transportation Fund</b>	<b>Fire Services Fund</b>	<b>Total</b>
<b>REVENUES:</b>			
Taxes	\$ 1,048,216	\$ 108,416	\$ 1,156,632
Intergovernmental revenue	183,864	1,799	185,663
Charges for services	104,814	595,106	699,920
Fines and forfeitures	-	375	375
Other	117,099	581	117,680
Total revenues	<u>1,453,993</u>	<u>706,277</u>	<u>2,160,270</u>
<b>EXPENDITURES:</b>			
Public safety	-	2,203,947	2,203,947
Transportation	799,250	-	799,250
Capital outlay	36,058	9,632	45,690
Total expenditures	<u>835,308</u>	<u>2,213,579</u>	<u>3,048,887</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>618,685</u>	<u>(1,507,302)</u>	<u>(888,617)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	1,507,302	1,507,302
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>1,507,302</u>	<u>1,507,302</u>
<b>NET CHANGE IN FUND BALANCE</b>	618,685	-	618,685
<b>FUND BALANCE, beginning of year</b>	<u>2,328,825</u>	<u>150,453</u>	<u>2,479,278</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 2,947,510</u></u>	<u><u>\$ 150,453</u></u>	<u><u>\$ 3,097,963</u></u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – TRANSPORTATION FUND**  
for the year ended September 30, 2018

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes	\$ 993,652	\$ 993,652	\$ 1,048,216	\$ 54,564
Intergovernmental revenue	181,076	181,076	183,864	2,788
Charges for service	104,814	104,814	104,814	-
Other	125,459	125,459	117,099	(8,360)
Total revenues	<u>1,405,001</u>	<u>1,405,001</u>	<u>1,453,993</u>	<u>48,992</u>
<b>EXPENDITURES:</b>				
Transportation	1,405,001	847,001	799,250	47,751
Capital outlay	-	-	36,058	(36,058)
Total expenditures	<u>1,405,001</u>	<u>847,001</u>	<u>835,308</u>	<u>11,693</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 558,000</u>	<u>\$ 618,685</u>	<u>\$ 60,685</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE – FIRE SERVICES FUND**  
for the year ended September 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES:</b>				
Taxes	\$ 102,375	\$ 102,375	\$ 108,416	\$ 6,041
Intergovernmental revenue	1,800	1,800	1,799	(1)
Charges for service	587,539	587,539	595,106	7,567
Fines and forfeitures	-	-	375	375
Other	-	-	581	581
Total revenues	<u>691,714</u>	<u>691,714</u>	<u>706,277</u>	<u>14,563</u>
<b>EXPENDITURES:</b>				
Public safety	2,316,963	2,259,963	2,203,947	56,016
Capital outlay	135,568	71,000	9,632	61,368
Total expenditures	<u>2,452,531</u>	<u>2,330,963</u>	<u>2,213,579</u>	<u>117,384</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,760,817)</u>	<u>(1,639,249)</u>	<u>(1,507,302)</u>	<u>131,947</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,760,817	1,760,817	1,507,302	(253,515)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 121,568</u>	<u>\$ -</u>	<u>\$ (121,568)</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION – NON-MAJOR ENTERPRISE FUNDS**  
as of September 30, 2018

	<b>Business Type Activities - Non-Major Enterprise Funds</b>			
	<b>Information</b>			
	<b>Sanitation Fund</b>	<b>Technology Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 2,591,637	\$ 2,631,343	\$ 1,129,523	\$ 6,352,503
Receivables:				
Customers, net	393,891	50,692	-	444,583
Inventory and prepaids	-	77,813	-	77,813
Total current assets	2,985,528	2,759,848	1,129,523	6,874,899
Noncurrent assets:				
Capital assets:				
Non-depreciable	154,279	-	60,406	214,685
Depreciable, net	1,313,302	442,953	2,070,098	3,826,353
Total noncurrent assets	1,467,581	442,953	2,130,504	4,041,038
Total assets	4,453,109	3,202,801	3,260,027	10,915,937
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	145,849	18,193	12,819	176,861
Deferred outflows related to OPEB	89,710	10,945	14,018	114,673
Total deferred outflows of resources	235,559	29,138	26,837	291,534
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	413,923	853	21,414	436,190
Accrued wages	7,960	945	336	9,241
Total current liabilities	421,883	1,798	21,750	445,431
Noncurrent liabilities:				
Compensated absences	68,180	27,107	4,626	99,913
Post employment obligation payable	937,862	114,424	146,550	1,198,836
Net pension liability	473,835	59,105	41,647	574,587
Total noncurrent liabilities	1,479,877	200,636	192,823	1,873,336
Total liabilities	1,901,760	202,434	214,573	2,318,767
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	36,087	4,501	3,172	43,760
Deferred inflows related to OPEB	83,541	10,192	13,054	106,787
Total deferred inflows of resources	119,628	14,693	16,226	150,547
<b>NET POSITION</b>				
Net investment in capital assets	1,467,581	442,953	2,130,504	4,041,038
Unrestricted	1,199,699	2,571,859	925,561	4,697,119
Total net position	\$ 2,667,280	\$ 3,014,812	\$ 3,056,065	\$ 8,738,157

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET**  
**POSITION – NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2018

	<b>Business Type Activities - Non-Major Enterprise Funds</b>			
	<b>Information</b>			
	<b>Sanitation</b>	<b>Technology</b>	<b>Stormwater</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 3,408,250	\$ 232,555	\$ 619,164	\$ 4,259,969
Total operating income	3,408,250	232,555	619,164	4,259,969
<b>OPERATING EXPENSES:</b>				
Personnel services	906,538	100,707	63,593	1,070,838
Operating expenses	2,115,885	86,870	324,695	2,527,450
Depreciation	256,040	72,485	100,109	428,634
Total operating expenses	3,278,463	260,062	488,397	4,026,922
<b>OPERATING INCOME</b>	<b>129,787</b>	<b>(27,507)</b>	<b>130,767</b>	<b>233,047</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment revenue	4,290	1,546	1,956	7,792
Gain on disposal of property	-	-	27,500	27,500
Other, net	19,846	-	76,863	96,709
Total nonoperating revenues (expense)	24,136	1,546	106,319	132,001
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>153,923</b>	<b>(25,961)</b>	<b>237,086</b>	<b>365,048</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>2,500,000</b>	<b>-</b>	<b>2,500,000</b>
<b>CHANGE IN NET POSITION</b>	<b>153,923</b>	<b>2,474,039</b>	<b>237,086</b>	<b>2,865,048</b>
<b>NET POSITION, beginning of year</b>	<b>2,513,357</b>	<b>540,773</b>	<b>2,818,979</b>	<b>5,873,109</b>
<b>NET POSITION, end of year</b>	<b>\$ 2,667,280</b>	<b>\$ 3,014,812</b>	<b>\$ 3,056,065</b>	<b>\$ 8,738,157</b>

See Auditors' Report



**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS– NON-MAJOR ENTERPRISE FUNDS**  
for the year ended September 30, 2018

	<b>Business Type Activities - Non-Major Enterprise Funds</b>			
	<b>Sanitation</b>	<b>Information</b>	<b>Stormwater</b>	
	<b>Fund</b>	<b>Technology</b>	<b>Fund</b>	<b>Total</b>
		<b>Fund</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 3,459,703	\$ 182,583	\$ 619,164	\$ 4,261,450
Payments to suppliers	(2,162,350)	(175,925)	(314,696)	(2,652,971)
Payments for salaries and benefits	(844,322)	(90,060)	(148,487)	(1,082,869)
Net cash flows from operating activities	453,031	(83,402)	155,981	525,610
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	-	2,500,000	-	2,500,000
Net cash flows from noncapital financing activities	-	2,500,000	-	2,500,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets, net of related payables	(266,682)	-	-	(266,682)
Proceeds from the sale of assets	-	-	27,500	27,500
Capital contributions and impact fees received, net of change in related receivables	-	-	1,085	1,085
Net cash flows from capital and related financing activities	(266,682)	-	28,585	(238,097)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on invested funds	4,290	1,546	1,956	7,792
Other income	19,846	-	76,863	96,709
Net cash flows from investing activities	24,136	1,546	78,819	104,501
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	210,485	2,418,144	263,385	2,892,014
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	2,381,152	213,199	866,138	3,460,489
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 2,591,637</u>	<u>\$ 2,631,343</u>	<u>\$ 1,129,523</u>	<u>\$ 6,352,503</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 129,787	\$ (27,507)	\$ 130,767	\$ 233,047
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	256,040	72,485	100,109	428,634
(Increase) decrease in accounts receivable	51,453	(49,972)	-	1,481
Increase (decrease) in accounts payable	(46,465)	(45,597)	9,999	(82,063)
Increase (decrease) in accrued wages and compensated absences	9,238	87	3,315	12,640
(Increase) decrease in OPEB related deferred outflows	13,740	839	4,043	18,622
Increase (decrease) in the total OPEB liability	(17,457)	255	(28,443)	(45,645)
Increase (decrease) in OPEB related deferred inflows	83,541	10,192	13,054	106,787
(Increase) decrease in pension related deferred outflows	40,676	5,234	20,448	66,358
Increase (decrease) in the net pension liability	(87,899)	(8,371)	(98,752)	(195,022)
Increase (decrease) in pension related deferred inflows	20,377	2,411	1,441	24,229
Increase (decrease) in unearned revenue and other	-	-	-	-
Net cash flows from operating activities	453,031	(83,402)	155,981	525,610
<b>As shown in the Accompanying Financial Statements</b>				
Equity in cash and investments	\$ 2,591,637	\$ 2,631,343	\$ 1,129,523	\$ 6,352,503
<b>Total cash and cash equivalents</b>	<u>\$ 2,591,637</u>	<u>\$ 2,631,343</u>	<u>\$ 1,129,523</u>	<u>\$ 6,352,503</u>
<b>Noncash financing and investing activities:</b>				
Donated land	\$ -	\$ -	\$ 92,000	\$ 92,000

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUNDS**  
as of September 30, 2018

	Pension Trust Funds			
	General Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	Firefighters' Pension Trust Fund	Total
<b>ASSETS</b>				
Receivables:				
City and plan members	\$ 95,653	\$ -	\$ 2,669	\$ 98,322
State of Florida	-	-	574	574
Accrued income	9,907	28,462	137	38,506
Total receivables	105,560	28,462	3,380	137,402
Prepaid expenses	-	104,075	46,956	151,031
Investments, at fair value:				
Short-term money market funds	2,295,850	106,175	48,256	2,450,281
Fixed income investments	5,649,754	6,277,146	3,442,184	15,369,084
Equity investments	16,858,488	12,931,832	6,855,455	36,645,775
Real estate investments	3,402,232	-	-	3,402,232
Total investments	28,206,324	19,315,153	10,345,895	57,867,372
Total assets	28,311,884	19,447,690	10,396,231	58,155,805
<b>LIABILITIES</b>				
Accounts payable	11,714	-	-	11,714
Accrued benefits payable	2,380	-	-	2,380
Total Liabilities	14,094	-	-	14,094
<b>NET POSITION</b>				
Restricted for pension benefits	<u>\$ 28,297,790</u>	<u>\$ 19,447,690</u>	<u>\$ 10,396,231</u>	<u>\$ 58,141,711</u>

See Auditors' Report

**CITY OF BARTOW, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION**  
**TRUST FUNDS**  
for the year ended September 30, 2018

	<b>Pension Trust Funds</b>			
	<b>General Employees' Pension Trust Fund</b>	<b>Police Officers' Pension Trust Fund</b>	<b>Firefighters' Pension Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Contributions:				
City	\$ 1,380,716	\$ 741,815	\$ 478,195	\$ 2,600,726
Plan members	315,137	63,130	20,540	398,807
State of Florida	-	153,190	107,353	260,543
Total contributions	1,695,853	958,135	606,088	3,260,076
Investment income	2,393,955	1,530,778	818,595	4,743,328
Less investment expenses:				
Performance evaluation	20,500	18,500	17,500	56,500
Custodial fees	8,130	15,585	8,571	32,286
Investment management fees	62,517	44,568	-	107,085
Total investment expenses	91,147	78,653	26,071	195,871
Net investment income	2,302,808	1,452,125	792,524	4,547,457
Total additions	3,998,661	2,410,260	1,398,612	7,807,533
<b>DEDUCTIONS</b>				
Administrative expenses:				
Legal	14,241	11,110	8,364	33,715
Administrator fee	-	21,000	11,400	32,400
Actuarial	21,943	27,612	24,675	74,230
Travel, training and other	-	10,911	13,229	24,140
Accounting	2,625	4,260	4,260	11,145
Insurance	-	4,278	2,580	6,858
Audit	5,200	4,240	4,240	13,680
Total administrative expenses	44,009	83,411	68,748	196,168
Payments to retirees and participants	1,817,188	1,374,240	538,594	3,730,022
Total deductions	1,861,197	1,457,651	607,342	3,926,190
<b>CHANGE IN NET POSITION</b>	2,137,464	952,609	791,270	3,881,343
<b>NET POSITION, beginning of year</b>	26,160,326	18,495,081	9,604,961	54,260,368
<b>NET POSITION, end of year</b>	<u>\$28,297,790</u>	<u>\$19,447,690</u>	<u>\$10,396,231</u>	<u>\$ 58,141,711</u>

See Auditors' Report

## **GOVERNMENT AUDITING SECTION**

**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***

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, 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 Bartow, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 30, 2019. Our report includes a reference to other auditors who audited the financial statements of the City's Police Officers' and the Firefighters' Pension Plans, as described in our report on the City's financial statements. This report does include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Police Officers' Pension Plan and the Firefighters' Pension Plan were not audited in accordance with *Government Auditing Standards*. However, this report insofar as it related to the results of the other auditors, is based solely on the reports of the other auditors.

**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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

**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*  
(Concluded)**

**Internal Control over Financial Reporting (Concluded)**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, the other auditors reported significant deficiencies pertaining only to their audits of the City's Police Officers' and the Firefighters' Pension Plans that have been identified in the schedule of audit findings and questioned costs. These two plans operate under their own separate control structure and, therefore, do not apply to the City and to the General Employees' Pension Plan as a whole.

**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.

  
May 30, 2019  
Sarasota, Florida

**CITY OF BARTOW  
BARTOW, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

The following Significant Deficiency is limited to the other auditors' audits of the City's Police Officers' Retirement Trust Fund and the Firefighters' Retirement Trust Fund.

**Reported by Component Auditor on May 29, 2019**

**2018-001 SOC Report with a Qualified Opinion on Fiduciary Trust Company International**

The Plan utilizes the services of Fiduciary Trust Company International (FTCI) as the Plan's asset custodian. FTCI engages specially trained auditors to perform an annual audit of their internal controls relevant to financial reporting and present the results of the audit in a Service Organizational Control (SOC) report. This SOC report also covers supporting controls performed by Franklin Templeton Services (FTS). Both FTCI and FTS are wholly owned subsidiaries of Franklin Resources, Inc.

The SOC report contains a qualified audit opinion because certain internal controls were not designed properly and/or not operating effectively to satisfy the relevant control objectives.

The other auditors recommended that the Board of Trustees of both plans review the SOC report for the period October 1, 2017 to September 30, 2018, dated February 20, 2019, to determine whether the matters identified in the report affects the services provided by FTCI and to act as necessary.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

We have examined the City of Bartow, Florida (the City)'s compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2018. City 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 the City complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2018.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Honorable Mayor and Members of the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

May 30, 2019  
Sarasota, Florida

**Certified Public Accountants**

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## MANAGEMENT LETTER

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Bartow, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 30, 2019. Our report includes a reference to other auditors who audited the financial statements of the City's Police Officers' and the Firefighters' Pension Plans, as described in our report to the City's financial statements. This report does not include matters related to these separate audits.

### 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 Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated May 28, 2019, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding 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 has disclosed this information in the notes to the financial statements.

### Certified Public Accountants

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

The Honorable Mayor and  
Members of the City Commission  
City of Bartow  
Bartow, Florida

**MANAGEMENT LETTER**  
*(Concluded)*

**Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report 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 identification of 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. 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 the review of financial information provided by same.

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

**Special District Component Units**

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

**Additional Matters**

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

**Purpose of this Letter**

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

We would like to take this opportunity to express our appreciation for the professionalism and courtesies which were extended to our staff. If you have any questions or comments about the contents of this letter, or the information accompanying this letter, please do not hesitate to contact us.



May 30, 2019  
Sarasota, Florida