

CITY OF BRISTOL, FLORIDA
AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

**CITY OF BRISTOL, FLORIDA
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
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INDEPENDENT AUDITOR'S REPORT

To the City Members of
City of Bristol, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Bristol, Florida (the "City"), as of and for the fiscal 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund 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 accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT

(concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section and the combining nonmajor fund statements are presented for purposes of additional analysis, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, is also not a required part of the basic financial statements. The combining nonmajor fund statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund statements and the schedule of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the 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.

Moran & Smith LLP

Moran & Smith LLP

June 10, 2019

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

As management of the City of Bristol, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018.

FINANCIAL HIGHLIGHTS

The assets of the City as reported in the government-wide financial statements exceeded the liabilities as of September 30, 2018, by \$6,597,159 (net position). This amount represents a decrease of \$60,963, from the prior year.

The ½ cent voted Fire Services Sales Surtax ("Fire Surtax") was assessed in Liberty County beginning January 1, 2017. The City received \$25,584 in Fire Surtax revenue in FY 16/17 and \$37,303 in FY 17/18. The Fire Surtax is restricted for the use of expenses or capital related to providing emergency fire services. In FY 16/17 the City spent \$25,584 of the Fire Surtax received. In FY 17/18 the City spent \$23,798 of the Fire Surtax revenue it received. The restricted fund balance as of September 30, 2018 is \$13,505.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The basic financial statements comprise 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 themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, physical environment, and culture and recreation. The business-type activities of the City include water, wastewater, and garbage operations.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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 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 a government's near-term financing requirements.

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 present for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City maintains one individual governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financials statements. The City uses the enterprise fund to account for its water, wastewater and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and garbage operations, which is considered to be a major fund.

The basic proprietary fund financial statements can be on pages 17-19 of this report.

Notes to the Basic 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 to the financial statements can be found on pages of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information and pension liability. Required information can be found on pages 43-46 of this report.

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,597,159 at the close of the most recent fiscal year.

A large portion of the City's net position 96.60% reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bristol, Florida's Net Position

| | 2018 | | |
|-----------------------------------|----------------------------|-----------------------------|-------------|
| | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$233,682 | \$532,440 | \$766,122 |
| Capital assets, net | 1,444,915 | 7,708,309 | 9,153,224 |
| Total assets | 1,678,596 | 8,240,749 | 9,919,345 |
| Deferred outflows | 90,162 | 103,718 | 193,880 |
| Long-term liabilities outstanding | 133,124 | 2,719,000 | 2,852,124 |
| Other liabilities | 20,817 | 113,758 | 134,575 |
| Net pension liability | 192,583 | 221,979 | 414,562 |
| Total liabilities | 346,524 | 3,054,738 | 3,401,261 |
| Deferred inflows | 52,929 | 61,875 | 114,804 |
| Net position: | | | |
| Net investment in capital assets | 1,384,137 | 4,989,309 | 6,373,446 |
| Restricted | 72,382 | 261,206 | 333,588 |
| Unrestricted | (87,213) | (22,661) | (109,874) |
| Total net position | \$ 1,369,305 | \$5,227,854 | \$6,597,159 |

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

City of Bristol, Florida's Net Position

| | 2017 | | |
|-----------------------------------|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 177,651 | \$ 425,424 | \$ 603,075 |
| Capital assets, net | 1,489,323 | 7,924,618 | 9,413,940 |
| Total assets | 1,666,974 | 8,350,042 | 10,017,015 |
| Deferred outflows | 130,559 | 151,141 | 281,700 |
| Long-term liabilities outstanding | 161,298 | 2,774,000 | 2,935,298 |
| Other liabilities | 17,890 | 109,797 | 127,687 |
| Net pension liability | 251,736 | 291,419 | 543,155 |
| Total liabilities | 430,924 | 3,175,216 | 3,606,140 |
| Deferred inflows | 15,968 | 18,486 | 34,454 |
| Net position: | | | |
| Net investment in capital assets | 1,389,052 | 5,150,618 | 6,539,669 |
| Restricted | 51,600 | 248,465 | 300,065 |
| Unrestricted | (90,011) | (91,602) | (181,613) |
| Total net position | \$ 1,350,641 | \$ 5,307,481 | \$ 6,658,122 |

An additional portion of the City's net position, \$333,588, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

Governmental activities increased the City's net position by \$18,664 in the most recent fiscal year.

Key elements of this change include: additional investments in capital assets and the implementation of new accounting pronouncement regarding pension liabilities.

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

City of Bristol's Changes in Net Position

| | 2018 | | |
|-------------------------------------|----------------------------|-----------------------------|-------------|
| | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$78,148 | \$690,026 | \$768,173 |
| Operating grants and contributions | - | - | - |
| Capital grants and contributions | - | - | - |
| General revenues: | | | |
| Taxes, licenses and permits | 304,715 | - | 304,715 |
| Intergovernmental and other | 81,806 | 664 | 82,470 |
| Total revenues | 464,669 | 690,689 | 1,155,358 |
| Expenses: | | | |
| General Government | 317,223 | - | 317,223 |
| Transportation | 78,902 | - | 78,902 |
| Public safety | 26,307 | - | 26,307 |
| Physical environment | 16,000 | - | 16,000 |
| Culture and recreation | 1,827 | - | 1,827 |
| Interest on long-term debt | 5,746 | - | 5,746 |
| Business-type activities | - | 770,316 | 770,316 |
| Total expenses | 446,005 | 770,316 | 1,216,321 |
| Increase (decrease) in net position | 18,664 | (79,627) | (60,963) |
| Net position, beginning of year | 1,350,641 | 5,307,481 | 6,658,122 |
| Net position, end of year | \$1,369,305 | \$5,227,854 | \$6,597,159 |

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

City of Bristol's Changes in Net Position

| | 2017 | | |
|-------------------------------------|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 67,191 | \$ 696,134 | \$ 763,325 |
| Operating grants and contributions | - | - | - |
| Capital grants and contributions | 339,003 | 4,980 | 343,983 |
| General revenues: | | | |
| Taxes, licenses and permits | 270,307 | - | 270,307 |
| Intergovernmental and other | 78,194 | 430 | 78,624 |
| Total revenues | <u>754,695</u> | <u>701,544</u> | <u>1,456,238</u> |
| Expenses: | | | |
| General Government | 274,986 | - | 274,986 |
| Transportation | 66,020 | - | 66,020 |
| Public safety | 51,232 | - | 51,232 |
| Physical environment | 14,000 | - | 14,000 |
| Culture and recreation | 3,353 | - | 3,353 |
| Interest on long-term debt | 13,170 | - | 13,170 |
| Business-type activities | - | 825,257 | 825,257 |
| Total expenses | <u>422,761</u> | <u>825,257</u> | <u>1,248,018</u> |
| Increase (decrease) in net position | 331,934 | (123,714) | 208,221 |
| Net position, beginning of year | <u>1,018,707</u> | <u>5,431,195</u> | <u>6,449,902</u> |
| Net position, end of year | <u>\$ 1,350,641</u> | <u>\$ 5,307,481</u> | <u>\$ 6,658,123</u> |

Business-type Activities

Business-type activities decreased the City's net position by \$79,627 in the most recent fiscal year.

They key element of this change is decreasing grant revenue.

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 fund 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.

As of the end of the current fiscal year, the City's governmental fund reported an ending fund balance of \$1,369,305, an increase of \$18,664 in comparison with the prior year. (\$87,213) of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The general fund is the chief operating fund of the City.

Proprietary Funds

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year amounted to (\$22,661). The total decrease in net position for the fund was \$79,627. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

GENERAL BUDGETARY HIGHLIGHTS

The City's expenditures continue to be less than amounts budgeted for expenditures. The City did not amend its budget during the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to \$6,373,446 (net of accumulated depreciation.) This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and roads. The City's investment in capital assets decreased \$165,723 in the current year.

Additional information on the City's capital assets can be found in Note 4, on page 28 of this report.

**CITY OF BRISTOL, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Long-term Debt

At the end of the current fiscal year, the City had long-term debt outstanding of \$2,875,584.

**City of Bristol, Florida Outstanding Debt,
Capital Improvement and Revenue Bonds**

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|---------------------|
| Termination benefits | \$ 38,284 | \$ - | \$ 38,284 |
| Revenue bonds payable | - | 2,719,000 | 2,719,000 |
| Note payable | 94,840 | - | 94,840 |
| General obligation bonds payable | - | - | - |
| Accrued annual leave | 5,715 | 17,745 | 23,460 |
| | <u>\$ 138,839</u> | <u>\$ 2,736,745</u> | <u>\$ 2,875,584</u> |

Additional information on the City's long-term debt can be found in Note 5 on pages 29-31 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

All of the following factors were considered in preparing the City's budget for the 2019 fiscal year:

- Anticipated receipt of 100% of ad-valorem assessments
- Anticipated intergovernmental revenue based upon revenue accounting estimates calculated by the Florida Department of Revenue's Office of Tax Research
- Balances carried forward from prior year
- Principal and interest payments due on a road loan which obligates the City's road tax and MOA revenue received from Transfield Services
- Estimated revenue for water, sewer, and solid waste services based upon historical data and the current rate schedule
- Payment of principal and interest on a 2004 Bond Series and a 2007 Bond Series obligating water and sewer revenue; and reserve balances required by the Bond Issuance Covenants
- Vehicle and equipment needs of the City
- Wastewater and water testing requirements
- Anticipated FRS Employer Contribution Rates
- Other anticipated operating expenses including repair and maintenance of the City's lift station and water/sewer plants

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Bristol, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Clerk, P.O. Box 207, Bristol, FL 32321.

CITY OF BRISTOL, FLORIDA
BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

CITY OF BRISTOL, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

| | Primary Government | | |
|--|---------------------|---------------------|---------------------|
| | Governmental | Business-Type | |
| | Activities | Activities | Total |
| Assets | | | |
| Cash and Cash Equivalents | \$ 54,229 | \$ 181,182 | \$ 235,411 |
| Certificates of Deposit | 48,784 | - | 48,784 |
| Accounts Receivables, Net | 75 | 79,969 | 80,043 |
| Due from Other Governments | 44,010 | - | 44,010 |
| Inventories | - | 10,083 | 10,083 |
| Prepays | 14,202 | - | 14,202 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 41,759 | 261,206 | 302,965 |
| Certificate of Deposit | 30,623 | - | 30,623 |
| Capital Assets, Not Being Depreciated | 71,597 | 122,921 | 194,518 |
| Capital Assets, Being Depreciated | 1,373,318 | 7,585,388 | 8,958,706 |
| Total Assets | <u>1,678,596</u> | <u>8,240,749</u> | <u>9,919,345</u> |
| Deferred Outflows of Resources | | | |
| Deferred Outflows Related to Pensions | <u>90,162</u> | <u>103,718</u> | <u>193,880</u> |
| Liabilities | | | |
| Accounts Payable and Other Current Liabilities | 15,102 | 24,822 | 39,924 |
| Compensated Absences | 5,715 | 17,744 | 23,459 |
| Accrued Interest Payable | - | 9,999 | 9,999 |
| Utility Deposits | - | 61,193 | 61,193 |
| Net Pension Liability | 192,583 | 221,979 | 414,562 |
| Internal Balances | - | - | - |
| Noncurrent Liabilities: | | | |
| Due within one year | 72,346 | 57,000 | 129,346 |
| Due in more than one year | 60,778 | 2,662,000 | 2,722,778 |
| Total Liabilities | <u>346,524</u> | <u>3,054,738</u> | <u>3,401,261</u> |
| Deferred Inflows of Resources | | | |
| Deferred Inflows Related to Pensions | <u>52,929</u> | <u>61,875</u> | <u>114,804</u> |
| Net Position | | | |
| Net Investment in Capital Assets | - | 4,989,309 | 4,989,309 |
| Restricted for: | | | |
| Debt Service | 72,382 | 261,206 | 333,588 |
| Infrastructure | 1,384,137 | - | 1,384,137 |
| Unrestricted | (87,213) | (22,661) | (109,874) |
| Total Net Position | <u>\$ 1,369,305</u> | <u>\$ 5,227,854</u> | <u>\$ 6,597,159</u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------------|--|--|--|------------------------------|------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Governmental Activities: | | | | | | |
| General Government | \$ 317,223 | \$ 1,551 | \$ - | \$ (315,671) | \$ - | \$ (315,671) |
| Transportation | 78,901 | 39,293 | - | (39,608) | - | (39,608) |
| Public Safety | 26,307 | 37,303 | - | 10,997 | - | 10,997 |
| Physical Environment | 16,000 | - | - | (16,000) | - | (16,000) |
| Culture and Recreation | 1,827 | - | - | (1,827) | - | (1,827) |
| Interest on Long-term Debt | 5,746 | - | - | (5,746) | - | (5,746) |
| Total Governmental Activities | 446,003 | 78,148 | - | (367,856) | - | (367,856) |
| Business- Type Activities | | | | | | |
| | 770,316 | 690,026 | - | - | (80,290) | (80,290) |
| Total Primary Government | \$ 1,216,319 | \$ 768,173 | \$ - | (367,856) | (80,290) | (448,146) |
| General Revenues | | | | | | |
| Taxes | | | | 135,267 | - | 135,267 |
| Property Taxes | | | | 78,348 | - | 78,348 |
| Franchise and Utility Taxes | | | | 44,824 | - | 44,824 |
| Discretionary Sales surtax | | | | 46,276 | - | 46,276 |
| Local Option Gas Tax | | | | 68,999 | - | 68,999 |
| Sales tax and Other Shared Revenues | | | | 12,807 | 664 | 13,471 |
| Unrestricted Investment Earnings and Other | | | | - | - | - |
| Transfers | | | | 386,521 | 664 | 387,185 |
| Total General Revenues and Transfers | | | | 18,664 | (79,627) | (60,961) |
| Change in Net Position | | | | 1,350,641 | 5,307,481 | 6,658,122 |
| Net Position, Beginning of Year | | | | \$ 1,369,305 | \$ 5,227,854 | \$ 6,597,159 |
| Net Position, End of Year | | | | | | |

See accompanying notes to Financial Statements

**CITY OF BRISTOL, FLORIDA
BALANCE SHEET-GOVERNMENTAL FUND
SEPTEMBER 30, 2018**

| | General Fund |
|---|--------------------------|
| Assets | |
| Cash and Cash Equivalent | \$ 54,229 |
| Certificates of Deposit | 48,784 |
| Receivables (Net) | 75 |
| Due from Other Governments | 44,010 |
| Prepaid Items | 14,202 |
| Restricted: | |
| Cash and Cash Equivalent | 41,759 |
| Certificate of Deposit | 30,623 |
| Total Assets | <u>233,682</u> |
| Liabilities and Fund Balance | |
| Liabilities | |
| Accounts Payable and Accrued Expenses | <u>15,102</u> |
| Fund Balance | |
| Nonspendable | 14,202 |
| Restricted for Debt Service | 72,382 |
| Restricted for Fire Protection | 13,505 |
| Unassigned | 118,492 |
| Total Fund Balance | <u>218,580</u> |
| Total Liabilities and Fund Balance | <u>\$ 233,682</u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | |
|--|------------|
| Total Fund Balances of Governmental Funds | \$ 218,580 |
|--|------------|

Amounts Reported for Governmental Activities in the Statement
of Net Position are Different Because:

| | |
|--|-----------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | 1,444,915 |
|--|-----------|

Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.

| | | | |
|-----------------------|-----------|--|-----------|
| Deferred outflows | 90,162 | | |
| Net pension liability | (192,583) | | |
| Deferred inflows | (52,929) | | (155,350) |

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

| | | | |
|---------------------------|----------|--|-----------|
| Accrued Annual Leave | (5,715) | | |
| Notes Payable - Equipment | (35,485) | | |
| Note payable - roads | (59,355) | | |
| Termination benefits | (38,284) | | (138,839) |

| | |
|--|---------------------|
| Total Net Position of Governmental Activities | \$ 1,369,305 |
|--|---------------------|

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | General Fund |
|--|-------------------------|
| Revenues | |
| Taxes | \$ 253,874 |
| Licenses and Permits | 52,392 |
| Intergovernmental Revenues | 106,302 |
| Charges for Services | 15,282 |
| Miscellaneous Revenues | 36,818 |
| Total Revenues | <u>464,669</u> |
| Expenditures | |
| Current: | |
| General Government | 284,453 |
| Transportation | 9,901 |
| Public Safety | 26,307 |
| Physical Environment | 16,000 |
| Culture and Recreation | 1,827 |
| Debt Service: | |
| Principal | 65,372 |
| Interest | 5,746 |
| Capital Outlay | 37,826 |
| Total Expenditures | <u>447,432</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>17,237</u> |
| Other Financing Sources (Uses) | |
| Proceeds from Long-term Debt | 37,198 |
| Total Other Financing Sources (Uses) | <u>37,198</u> |
| Net Change in Fund Balances | 54,435 |
| Fund Balances, Beginning of Year | <u>164,145</u> |
| Fund Balances, End of Year | <u>\$ 218,580</u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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

| | | |
|--|-----------------|-------------------------|
| Net Change in Fund Balances - Total Governmental Funds. | | \$ 54,435 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period: | | |
| Capital Outlay | 37,826 | |
| Depreciation Expense | <u>(82,234)</u> | (44,408) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. | | |
| Changes in: | | |
| Net Pension Liability | 59,153 | |
| Deferred outflows related to net pension liability | (40,397) | |
| Deferred inflows related to net pension liability | <u>(36,961)</u> | (18,205) |
| The issuance of long-term debt provides current financial resources to the governmental funds, while it has no effect on the statement of activities. | | (37,198) |
| The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This amount is the net effect of the differences in the treatment of long-term debt in the current period: | | |
| Principal Repayments: | | |
| Notes Payable - Equipment | 1,713 | |
| Note Payable - Roads | 55,919 | |
| Accrued Annual Leave | <u>(1,331)</u> | 56,301 |
| Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds: | | |
| Termination Benefits | | 7,740 |
| Change in Net Position of Governmental Activities | | <u><u>\$ 18,664</u></u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
STATEMENT OF NET POSITION
PROPREITARY FUND
SEPTEMBER 30, 2018

| | <u>Utility Fund</u> |
|--|---------------------|
| Assets | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 181,182 |
| Receivables (Net) | 79,969 |
| Inventories | 10,083 |
| Total Current Assets | <u>271,234</u> |
| Noncurrent Assets | |
| Restricted Assets: | |
| Cash and Cash Equivalents | 261,206 |
| Capital Assets, Net | 7,708,309 |
| Total Noncurrent Assets | <u>7,969,515</u> |
| Total Assets | <u>8,240,749</u> |
| Deferred Outflows | |
| Deferred Outflows related to pensions | <u>103,718</u> |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable and Accrued Expenses | 24,822 |
| Compensated Absences | 17,744 |
| Payable from Restricted Assets: | |
| Current Portion of Long-term Debt | 57,000 |
| Accrued Interest | 9,999 |
| Utility Deposits | 61,193 |
| Total Current Liabilities | <u>170,758</u> |
| Noncurrent Liabilities | |
| Revenue Bonds Payable, Long-term Portion | 2,662,000 |
| Net Pension Liability | 221,979 |
| Total Noncurrent Liabilities | <u>2,883,979</u> |
| Total Liabilities | <u>3,054,738</u> |
| Deferred Inflows | |
| Deferred Inflows related to pensions | <u>61,875</u> |
| Net Position | |
| Net Investment in Capital Assets | 4,989,309 |
| Restricted for Debt Service | 261,206 |
| Unrestricted | (22,661) |
| Total Net Position | <u>\$ 5,227,854</u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>Utility Fund</u> |
|---|--------------------------------|
| Operating Revenues | \$ 264,077 |
| Water revenue | 281,101 |
| Wastewater revenue | 144,848 |
| Garbage revenue | <u>690,026</u> |
| Total Operating Revenue | |
| Operating Expenses | 135,441 |
| Garbage contract | 216,309 |
| Depreciation | 139,685 |
| Salaries | 44,995 |
| Utilities | 42,508 |
| Employee benefits | 4,528 |
| Auto and truck | 27,191 |
| Repairs and maintenance | - |
| Insurance | 12,906 |
| Supplies | - |
| Professional fees | 9,975 |
| Water testing and permits | 13,134 |
| Office expense | 4,188 |
| Telephone | - |
| Travel | <u>650,860</u> |
| Total Operating Expenses | <u>39,166</u> |
| Operating Income (Loss) | <u></u> |
| Non-Operating Revenues (Expenses) | 664 |
| Investment earnings | (119,456) |
| Interest expense | <u>(118,793)</u> |
| Total Non-Operating Revenues (Expenses) | <u>(79,627)</u> |
| Income Before Transfers and Capital Contribution | <u></u> |
| Capital Grant Contribution | <u></u> |
| Change in Net Position | <u>(79,627)</u> |
| Net Position, Beginning of Year | 5,307,481 |
| Net Position, End of Year | <u><u>\$ 5,227,854</u></u> |

See accompanying notes to Financial Statements

**CITY OF BRISTOL, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

| | <u>Utility Fund</u> |
|--|---------------------|
| Cash Flows from Operating Activities | |
| Cash received from customers | \$ 631,302 |
| Cash paid to employees | (182,193) |
| Cash paid to suppliers | (162,633) |
| Net Cash Provided by (Used in) Operating Activities | <u>286,476</u> |
| Cash Flows from Noncapital Financing Activities | |
| Operating transfers in | - |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Proceeds from long-term debt | 2,449 |
| Principal paid on long-term debt | (55,000) |
| Interest paid on long-term debt | (119,456) |
| Net Cash Provided by (Used in) Capital and Related Financing Activities | <u>(172,007)</u> |
| Cash Flows from Investing Activities | |
| Interest on investments | 664 |
| Net Cash Provided from Investing | <u>664</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 115,132 |
| Cash and Cash Equivalents, Beginning of Year | 327,256 |
| Cash and Cash Equivalents, End of Year | <u>\$ 442,388</u> |

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities

| | |
|---|-------------------|
| Cash Flows from Operating Activities | |
| Operating Income (Loss) | \$ 39,166 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities: | |
| Depreciation | 216,309 |
| Decrease in accounts receivable | (8,116) |
| Decrease in net pension liability | (69,440) |
| Increase in deferred inflows | 50,281 |
| Decrease in deferred outflows | 54,315 |
| Increase in accounts payable and accrued expenses | 1,498 |
| Increase in utility deposits | 2,464 |
| Total adjustments | <u>247,310</u> |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 286,476</u> |

See accompanying notes to Financial Statements

CITY OF BRISTOL, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Bristol, Florida (the "City") was originally established by Chapter 165, Laws of Florida, and is a political subdivision of the State of Florida located in Liberty County. The legislative branch of the City is composed of a five-member elected City Council and an elected Mayor. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the City Clerk.

The City's major operations include water, wastewater and garbage utility service, as well as public safety, transportation, culture and recreation, physical environment and general government services. As required by accounting principles generally accepted in the United States of America, these financial statements present the City only, since there are no entities for which the City is considered to be financially accountable.

Government-wide and Fund Financial Statements

The government-wide statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary 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.

Basis of Presentation

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water, sewer, and garbage functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 1 – Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental fund:

- General Fund – The government's primary operating fund. It accounts for all financial resources of the general government, except those require to be accounted for in another fund.

The City reports the following major proprietary fund:

- Utility Fund – The fund accounts for the activities of the government's water distribution operations, sewer collection operations, and garbage pick-up services.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected 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 under capital leases are reported as other financing sources.

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 1 – Summary of Significant Accounting Policies (Continued)

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). 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.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. The appropriated budget is prepared by fund, function, and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in direct obligations of the U.S. Treasury, Local Government Surplus Funds Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, SEC registered money market funds with the highest credit quality rating and savings and certificate of deposit accounts in state-certified public depositories.

Investments for the City are reported at fair value.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of the governmental fund are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank account and their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For financial reporting purposes, capital assets are defined by the City as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. For financial reporting purposes, infrastructure assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) acquired after September 30, 2003, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

| <u>Assets</u> | <u>Years</u> |
|--|--------------|
| Buildings and Improvements | 40 |
| Public Domain Infrastructure | 20-40 |
| System Infrastructure | 10-50 |
| Vehicles, Furniture, Equipment, and Software | 5-7 |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

All full-time, permanent employees are granted vacation benefits in varying amounts depending on tenure with the City. Sick leave accrues to full-time, permanent employees. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and a maximum of 160 hours accrued vacation leave upon termination.

Vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and for the proprietary fund type in the 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Net Pension Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making City. The City Council is the highest level of decision-making City for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Deferred Outflows/Inflows of Resources and Pensions

In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Also included in deferred outflows are amounts contributed to the pension plans subsequent to the measurement date. See Note 8 for more information on Pension Related Deferred Inflows and Outflows

For purposes of measuring the new 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 Florida Retirement System (FRS) and additions to/deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 1 – Summary of Significant Accounting Policies (Concluded)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided
- Operating grants and contributions
- Capital grants and contributions, including special assessments

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Property Taxes

Property taxes are billed and collected for the City, by the Liberty County Tax Collector, according to Florida Statute under the following calendar:

| | |
|-------------------|-------------------------------|
| Lien Date: | January 1 |
| Levy Date: | October 1 |
| Due Date: | November 1 |
| Delinquency Date: | April 1 of the following year |

Proprietary Funds Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 2 – Deposits

At year end, the carrying amount of the City's deposits was \$617,784. The bank balance was covered by Federal depository insurance or by collateral held by the City's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

Note 3 – Receivables

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

| | General Fund | Utility Fund | Total |
|---------------------------------|------------------|------------------|-------------------|
| Accounts Receivable, net | \$ 75 | \$ 79,969 | \$ 80,043 |
| Due From Other Governments, net | 44,010 | - | 44,010 |
| Net Total Receivables | <u>\$ 44,085</u> | <u>\$ 79,969</u> | <u>\$ 124,054</u> |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATMENTS
SEPTEMBER 30, 2018

Note 4 - Capital Assets

| | Balance September 30, 2017 | Increase | Decrease | Balance September 30, 2018 |
|--|----------------------------------|----------------------------|--------------------|----------------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 71,597 | \$ - | \$ - | \$ 71,597 |
| Construction in progress | - | - | - | - |
| Total Capital Assets, Not Being Depreciated | <u>71,597</u> | <u>-</u> | <u>-</u> | <u>71,597</u> |
| Capital Assets, Being Depreciated: | | | | |
| Building and Improvements | 341,063 | - | - | 341,063 |
| Improvements other than Buildings | 1,720,124 | - | - | 1,720,124 |
| Infrastructure | - | - | - | - |
| Equipment and Other | 281,253 | 37,826 | - | 319,079 |
| Total Capital Assets, Being Depreciated | <u>2,342,440</u> | <u>37,826</u> | <u>-</u> | <u>2,380,266</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (200,239) | (9,375) | - | (209,614) |
| Improvements other than Buildings | (448,282) | (67,203) | - | (515,485) |
| Infrastructure | - | - | - | - |
| Equipment and Other | (276,193) | (5,656) | - | (281,849) |
| Total Accumulated Depreciation | <u>(924,714)</u> | <u>(82,234)</u> | <u>-</u> | <u>(1,006,948)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>1,417,726</u> | <u>(44,408)</u> | <u>-</u> | <u>1,373,318</u> |
| Total Governmental Capital Assets, Net | <u><u>1,489,323</u></u> | <u><u>(44,408)</u></u> | <u><u>-</u></u> | <u><u>1,444,915</u></u> |
| <u>Business-Type Activities:</u> | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | 122,921 | - | - | 122,921 |
| Construction in progress | - | - | - | - |
| Total Capital Assets, Not Being Depreciated | <u>122,921</u> | <u>-</u> | <u>-</u> | <u>122,921</u> |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 6,000 | - | - | 6,000 |
| Utility, Plant Equipment and Improvements | 10,372,427 | - | - | 10,372,427 |
| Total Capital Assets, Being Depreciated | <u>10,378,427</u> | <u>-</u> | <u>-</u> | <u>10,378,427</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (1,300) | (150) | - | (1,450) |
| Utility, Plant Equipment and Improvements | (2,575,430) | (216,159) | - | (2,791,589) |
| Total Accumulated Depreciation | <u>(2,576,730)</u> | <u>(216,309)</u> | <u>-</u> | <u>(2,793,039)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>7,801,697</u> | <u>(216,309)</u> | <u>-</u> | <u>7,585,388</u> |
| Total Business-Type Capital Assets, Net | <u><u>\$ 7,924,618</u></u> | <u><u>\$ (216,309)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 7,708,309</u></u> |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 4 – Capital Assets (Concluded)

Depreciation expense was charged to functions/programs as follows:

| | |
|---------------------------|-------------------|
| Governmental Activities: | |
| General Government | \$ 13,234 |
| Transportation | <u>69,000</u> |
| Total | <u>82,234</u> |
| Business-type Activities: | |
| Water | 49,179 |
| Wastewater | <u>167,130</u> |
| Total | <u>\$ 216,309</u> |

Note 5 – Long-term Debt

Note Payable

\$350,000 note payable, due on demand, if no demand is made, then payable in monthly installment of 5.9% interest only beginning April 2012 through September 2012, then payable in monthly installments of \$5,110, including principal and interest of 5.9%, through September 1, 2019. The note is secured by City annual revenues from road and tax revenue sharing, local option fuel taxes, and Transfield services road work contract. The amount outstanding at September 30, 2018 was \$59,355.

Bank Notes Payable

The City borrowed \$37,198 to purchase a new John Deere Tractor and road sweeper attachment. The Loan was taken out on June 18, 2018 (Loan number 02757569072) and the interest rate is 4%. Payments are \$686 each month. The outstanding balance at September 30, 2018 was \$35,485.

Termination Benefits

During prior year, the City agreed to provide termination benefits to its former City Clerk. Under the agreement, benefits of \$645 will be paid monthly for life of the former City Clerk. The liability for future payments was calculated based on the life expectancy of the former City Clerk and then discounted to present value on an imputed interest rate of 3.21%. The Computed liability at September 30, 2018 was \$38,284.

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 5 – Long-term Debt (Continued)

Business-type Activities

Revenue Bonds

The City also issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Amounts outstanding at the end of the current fiscal year related to these issues in prior years totaled \$ 2,719,000.

Water and sewer revenue bonds outstanding at September 30, 2018 are comprised of the following:

\$1,500,000 Water and Sewer System Revenue Bonds, Series 2004 payable in annual installments ranging from \$17,000 to \$76,000 through September 1, 2043, plus interest at 4.375%, collateralized by a first lien on net revenues of the water and sewer system. Amount Outstanding at September 30, 2018 was \$ 1,222,000.

\$1,732,000 Water and Sewer System Revenue Bonds, Series 2007 payable in annual installments ranging from \$19,000 to \$86,000, through September 1, 2046, plus interest at 4.25%, collateralized by a first parity lien on net revenues of the water and sewer system. Amount Outstanding at September 30, 2018 was \$ 1,497,000.

Revenue bonds debt service requirements to maturity are as follows:

| <u>Year Ending September 30,</u> | <u>Governmental Principal</u> | <u>Utility Fund Principal</u> | <u>Utility Fund Interest</u> |
|--------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| 2019 | \$ 66,276 | \$ 57,000 | \$ 117,076 |
| 2020 | 7,204 | 60,000 | 114,619 |
| 2021 | 7,504 | 63,000 | 112,031 |
| 2022 | 7,814 | 65,000 | 109,315 |
| 2023 | 6,043 | 67,000 | 107,315 |
| 2024-2028 | - | 385,000 | 502,210 |
| 2029-2033 | - | 475,000 | 415,501 |
| 2034-2038 | - | 584,000 | 308,611 |
| 2039-2043 | - | 719,000 | 177,101 |
| 2044-2046 | - | 244,000 | 37,705 |
| | <u>\$ 94,840</u> | <u>\$ 2,719,000</u> | <u>\$ 2,001,484</u> |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 5 – Long-term Debt (Concluded)

Changes in Long-term Liabilities:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|--|----------------------|------------------|------------------|---------------------|------------------------|
| Governmental Activities: | | | | | |
| Note Payable-Roads | \$ 115,274 | \$ - | \$ 55,919 | \$ 59,355 | \$ 59,355 |
| Note Payable (Tractor / Sweeper) | - | 37,198 | 1,713 | 35,485 | 6,921 |
| Termination Benefits | 46,024 | - | 7,740 | 38,284 | 6,147 |
| Accrued Annual Leave | 4,384 | 1,331 | - | 5,715 | 1,429 |
| Governmental Activity Long-term Liabilities: | <u>\$ 165,682</u> | <u>\$ 38,529</u> | <u>\$ 65,372</u> | <u>\$ 138,839</u> | <u>\$ 73,775</u> |
| Business-type Activities: | | | | | |
| Revenue Bond Series 2003 | \$ 1,249,000 | \$ - | \$ 27,000 | \$ 1,222,000 | \$ 28,000 |
| Revenue Bond Series 2007 | 1,525,000 | - | 28,000 | 1,497,000 | 29,000 |
| Accrued Annual Leave | 15,296 | 2,449 | - | 17,745 | 4,436 |
| Business-type Activity Long-term Liabilities: | <u>\$ 2,789,296</u> | <u>\$ 2,449</u> | <u>\$ 55,000</u> | <u>\$ 2,736,745</u> | <u>\$ 61,436</u> |

Note 6 – Commitments

The City has minor office equipment lease commitments.

Note 7 – Contingent Liabilities

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects amounts, if any, to be immaterial.

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 8 – Florida Retirement System

General Information about the Florida Retirement System

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the City are eligible to enroll as members of the State-administered FRS. Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112 Part IV, Florida Statutes; Chapter 238 Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system and consists of two cost-sharing, multiple-employer defined-benefit plans and other nonintegrated programs. Comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' web site (www.dms.myflorida.com).

FRS Pension Plan

Plan Description

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a DROP for eligible employees. The general classes of membership applicable to the City are as follows:

- Regular Class- Members of the FRS who do not qualify for membership in other classes.
- Elected County Officer Class- Members who hold specified elective offices in local government
- Senior Management Service Class (SMSC) - Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All vested members enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

| Class, Initial Enrollment, and Retirement Age/Years of Service | Percent Value |
|--|------------------|
| <i>Regular Class Members Initially Enrolled Before July 1, 2011:</i> | |
| Retirement up to age 62 or up to 30 years of service | 1.60 |
| Retirement at age 63 or with 31 years of service | 1.63 |
| Retirement at age 64 or with 32 years of service | 1.65 |
| Retirement at age 65 or with 33 or more years of service | 1.68 |
| <i>Regular Class Members Initially Enrolled on or After July 1, 2011:</i> | |
| Retirement up to age 65 or up to 33 years of service | 1.60 |
| Retirement at age 66 or with 34 years of service | 1.63 |
| Retirement at age 67 or with 35 years of service | 1.65 |
| Retirement at age 68 or with 36 or more years of service | 1.68 |
| <i>Elected County Officers</i> | 3.00 |
| <i>Senior Management Service Class</i> | 2.00 |

**CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

Note 8 – Florida Retirement System (Continued)

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the City's 2017-2018 fiscal year were as follows:

| Class | Year Ended June 30, 2018 | | Year Ended June 30, 2019 | |
|-----------------------------|--------------------------|----------|--------------------------|----------|
| | Percent of Gross Salary | | Percent of Gross Salary | |
| | Employee | Employer | Employee | Employer |
| FRS, Regular | 3.00 | 6.20 | 3.00 | 6.54 |
| FRS, Elected County Officer | 3.00 | 43.78 | 3.00 | 46.78 |
| FRS, Senior Management | | | | |
| Service | 3.00 | 20.99 | 3.00 | 22.34 |
| DROP-Applicable to | | | | |
| Members from All of the | | | | |
| Above Classes | 0.00 | 11.60 | 0.00 | 12.37 |
| FRS, Reemployment Retiree | (1) | (1) | (1) | (1) |

Notes: (1) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions (employer) to the FRS Plan totaled \$ 32,643 for the fiscal year ended September 30, 2018. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City reported a liability of \$344,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the City's proportion was 0.001145387%, which was a decrease of 0.000449647% from its proportion measured as of June 30, 2018.

For the year ended September 30, 2018, the City recognized pension expense of \$ 67,553 related to the Plan.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|------------------------------------|
| Inflation | 2.60% |
| Salary Increases | 3.25% Average, Including Inflation |
| Discount Rate | 7.00% |
| Long-term Expected Rate of Return | 7.00% Net of Investment Expense |

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

| Asset Class | Annual Target Allocation | Annual Arithmetic Return ⁽¹⁾ | Geometric Return | Standard Deviation |
|------------------------|--------------------------|---|------------------|--------------------|
| Cash | 1% | 2.9% | 2.9% | 1.8% |
| Fixed Income | 18% | 4.4% | 4.3% | 4.0% |
| Global Equity | 54% | 7.6% | 6.3% | 17.0% |
| Real Estate (Property) | 11% | 6.6% | 6.0% | 11.3% |
| Private Equity | 10% | 10.7% | 7.8% | 26.5% |
| Strategic Investments | 6% | 6.0% | 5.7% | 8.6% |
| Total | 100% | | | |
| | | | 2.6% | 1.9% |
| Assumed Inflation-Mean | | | | |

Note: (1) As outlined in the Plan's Investment Policy

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate was 7.10% in the July 1, 2017 valuation.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|--|---------------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 629,633 | \$ 344,997 | \$ 108,589 |

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description

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

Benefits Provided

For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes, to be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the Plan fiscal years ended June 30, 2018 and 2017, the contribution rate was 1.66% of payroll, pursuant to Section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The City's contributions to the HIS Plan totaled \$ 3,564 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2018, the City's reported a net pension liability of \$69,565 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The City's proportionate share of the net pension liability was based on the City's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the City's proportionate share was 0.000657255%, which was a decrease of 0.0000100814% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2018, the City recognized pension expense of \$4,526, related to the HIS Plan.

Actuarial Assumptions

The total pension liability for the HIS Pension Plan was determined by an actuarial valuation as of July 1, 2017, and recalculated as of June 30, 2018, using a standard actuarial roll-forward technique. The following actuarial assumptions, applied to all periods included in the measurement, were used to determine the total pension liability:

| | |
|-----------------------------------|------------------------------------|
| Inflation | 2.60% |
| Salary Increases | 3.25% Average, Including Inflation |
| Discount Rate | 3.87% |
| Long-term Expected Rate of Return | N/A |
| Municipal Bond Index | 3.87% |

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

The actuarial assumptions used to determine the total pension liability as of June 30, 2018, were based on certain results of an actuarial experience study of the FRS for the period July 1, 2008, through June 30, 2013.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Discount Rate

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

| | 1% Decrease (2.87%) | Current Discount Rate (3.87%) | 1% Increase (4.87%) |
|---|---------------------------|--|---------------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 79,230 | \$ 69,565 | \$ 61,508 |

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Additional Disclosures-Defined Benefits Plan

| | <u>Net Pension Liability</u> | | |
|--|---------------------------------------|------------------|-------------------|
| | <u>FRS</u> | <u>HIS</u> | <u>Total</u> |
| Net Pension Liability | <u>\$ 344,997</u> | <u>\$ 69,565</u> | <u>\$ 414,562</u> |
| | <u>Deferred Outflows of Resources</u> | | |
| | <u>FRS</u> | <u>HIS</u> | <u>Total</u> |
| Employer Contributions After Measurement Date | \$ 7,526 | \$ 866 | \$ 8,392 |
| Difference Between Expected and Actual Experience | 29,226 | 1,065 | 30,291 |
| Changes in Assumptions | 112,728 | 7,736 | 120,464 |
| Changes in Proportion | 34,690 | - | 34,690 |
| Net Difference Between Projected and Actual Earnings on Investments | - | 43 | 43 |
| Total Deferred Outflows of Resources | <u>\$ 184,170</u> | <u>\$ 9,710</u> | <u>\$ 193,880</u> |
| | <u>Deferred Inflows of Resources</u> | | |
| | <u>FRS</u> | <u>HIS</u> | <u>Total</u> |
| Difference Between Expected and Actual Experience | \$ 1,061 | \$ 118 | \$ 1,179 |
| Changes in Proportion | 76,786 | 2,829 | 79,615 |
| Changes in Assumptions | - | 7,355 | 7,355 |
| Net Difference Between Projected and Actual Earnings on Investments | 26,655 | - | 26,655 |
| Total Deferred Inflows of Resources | <u>\$ 104,502</u> | <u>\$ 10,302</u> | <u>\$ 114,804</u> |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Continued)

Deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date totaling \$8,392, will be recognized as a reduction of the net pension liability in the year ending September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending | FRS | HIS | Total |
|-----------------------|------------------|-------------------|------------------|
| 2019 | \$ 52,646 | \$ 307 | \$ 52,953 |
| 2020 | 25,607 | 304 | 25,911 |
| 2021 | (9,170) | 70 | (9,100) |
| 2022 | 5,766 | (244) | 5,522 |
| 2023 | 305 | (1,297) | (992) |
| Thereafter | (3,011) | (599) | (3,610) |
| | <u>\$ 72,143</u> | <u>\$ (1,459)</u> | <u>\$ 70,684</u> |

There were certain changes in assumptions from the previous valuation related to the two plans described above. The assumption changes include the following:

- FRS – In the July 1, 2018 actuarial valuation, the discount rate used to determine total pension liability decreased from 7.10% to 7.00%.
- HIS - In the July 1, 2018 actuarial valuation, the municipal rate used to determine total pension liability increased from 3.58% to 3.87%.

FRS-Defined Contribution Pension Plan

The City contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances amount various approved investment choices.

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 8 – Florida Retirement System (Concluded)

Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

| Class | Year Ended June 30, 2018 | | Year Ended June 30, 2019 | |
|--------------------------------|--------------------------|----------|--------------------------|----------|
| | Percent of Gross Salary | | Percent of Gross Salary | |
| | Employee | Employer | Employee | Employer |
| FRS, Regular | 3.00 | 3.30 | 3.00 | 3.30 |
| FRS, Elected County Officer | 3.00 | 8.34 | 3.00 | 8.34 |
| FRS, Senior Management Service | 3.00 | 4.67 | 3.00 | 4.67 |

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

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

Note 9 – Fire Services Sales Surtax

The City received a portion of a local option surtax that was adopted by Liberty County to fund local fire protection. The Fire Services Sales Surtax is restricted for use of expenses or capital related to providing emergency fire protection.

| | |
|--|-----------------|
| Beginning Restricted Fund Balance | \$ - |
| Amount Received as of September 30, 2018 | 37,303 |
| Amount Spent as of September 30, 2018 | <u>23,798</u> |
| Ending Restricted Fund Balance | <u>\$13,505</u> |

CITY OF BRISTOL, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

Note 10 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Insurance against losses is provided for the following types of risks: workers' compensation and employer's liability; general liability; automobile liability; public officials' liability; and property coverage.

Note 11 – Subsequent Events

On October 10, 2018, Hurricane Michael passed through the City causing extensive damage to property, businesses, and buildings. At the time of the issuance of these financial statements the impact of the damages and their effects on the City's financial statements cannot be determined.

CITY OF BRISTOL, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

CITY OF BRISTOL, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | Budgeted Amounts | | Actual | Variance With |
|---|-------------------------|-------------------|-------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes | \$ 270,781 | \$ 270,781 | \$ 253,874 | \$ (16,907) |
| Licenses and Permits | 450 | 450 | 52,392 | 51,942 |
| Intergovernmental Revenues | 127,531 | 127,531 | 106,302 | (21,229) |
| Charges for services | 62,794 | 62,794 | 15,282 | (47,512) |
| Miscellaneous Revenues | 6,260 | 6,260 | 36,818 | 30,558 |
| Total Revenues | <u>467,816</u> | <u>467,816</u> | <u>464,669</u> | <u>(3,147)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 286,808 | 286,808 | 284,453 | 2,355 |
| Transportation | 18,595 | 18,595 | 9,901 | 8,694 |
| Public Safety | 46,967 | 46,967 | 26,307 | 20,660 |
| Physical Environment | 16,000 | 16,000 | 16,000 | - |
| Culture and Recreation | 5,000 | 5,000 | 1,827 | 3,173 |
| Debt Service | | | | |
| Principal | 61,320 | 61,320 | 65,372 | (4,052) |
| Interest | - | - | 5,746 | (5,746) |
| Capital Outlay | 45,708 | 45,708 | 37,826 | 7,882 |
| Total Expenditures | <u>480,398</u> | <u>480,398</u> | <u>447,432</u> | <u>32,966</u> |
| Excess (Deficiency) of Revenues Over | | | | |
| (Under) Expenditures | <u>(12,582)</u> | <u>(12,582)</u> | <u>17,237</u> | <u>29,819</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Long-term Debt | - | - | 37,198 | 37,198 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>37,198</u> | <u>37,198</u> |
| Net Change in Fund Balance | <u>(12,582)</u> | <u>(12,582)</u> | <u>54,435</u> | <u>67,017</u> |
| Fund Balance, Beginning of Year | <u>118,606</u> | <u>118,606</u> | <u>164,145</u> | <u>45,539</u> |
| Fund Balance, End of Year | <u>\$ 106,024</u> | <u>\$ 106,024</u> | <u>\$ 218,580</u> | <u>\$ 112,556</u> |

**CITY OF BRISTOL, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

Note 1 – Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year-end.

The City follows their procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City Council receives a proposed operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council.
5. The legal level of budgetary control is the fund level.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF BRISTOL, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

| | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|
| Florida Retirement System (FRS) | | | | |
| Proportion of the net pension liability (asset) | 0.0011454% | 0.0015950% | 0.0016902% | 0.0016902% |
| Proportionate share of the net pension liability (asset) | \$ 344,997 | \$ 471,800 | \$ 418,807 | \$ 218,312 |
| Covered-employee payroll | \$ 213,418 | \$ 219,203 | \$ 210,250 | \$ 59,639 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 161.65% | 215.23% | 199.19% | 366.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% |
| Health Insurance Subsidy Program (HIS) | | | | |
| Proportion of the net pension liability (asset) | 0.065725500% | 0.000006673% | 0.000680986% | 0.000682010% |
| Proportionate share of the net pension liability (asset) | \$ 69,565 | \$ 71,355 | \$ 79,366 | \$ 69,555 |
| Covered-employee payroll | \$ 213,418 | \$ 219,203 | \$ 210,250 | \$ 597,639 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 32.60% | 32.55% | 37.75% | 11.64% |
| Plan fiduciary net position as a percentage of the total pension liability | 2.15% | 1.64% | 0.97% | 0.50% |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

CITY OF BRISTOL, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

| | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|---------------------|
| Florida Retirement System (FRS) | | | | |
| Contractually required contribution | \$ 32,643 | \$ 42,303 | \$ 40,591 | \$ 36,516 |
| Contributions in relation to the contractually required contribution | (32,643) | (42,303) | (40,591) | (36,516) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | | | | |
| Contributions as a percentage of covered-employee payroll | \$ 213,418 15.30% | \$ 219,203 19.30% | \$ 210,250 19.31% | \$ 597,639 6.11% |
| Health Insurance Subsidy Program (HIS) | | | | |
| Contractually required contribution | \$ 3,532 | \$ 3,545 | \$ 3,570 | \$ 7,530 |
| Contributions in relation to the contractually required contribution | (3,532) | (3,545) | (3,570) | (7,530) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Covered-employee payroll | | | | |
| Contributions as a percentage of covered-employee payroll | \$ 213,418 1.65% | \$ 219,203 1.62% | \$ 210,250 1.70% | \$ 597,639 1.26% |

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF BRISTOL, FLORIDA
OFFICIALS
SEPTEMBER 30, 2018**

Steve Cutshaw
Mayor

Durwood "Woody" Stewart
Chairman

Thomas G. Clemons
Vice Chairman

John Ritter.
Councilmember

Brigham S. Shuler
Councilmember

Ellen R. Lewis
Councilmember

Robin M. Hatcher
City Clerk

CITY OF BRISTOL, FLORIDA

COMPLIANCE SECTION

SEPTEMBER 30, 2018

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

To the Honorable City Council,
City of Bristol, 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 and each major fund of City of Bristol, Florida (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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

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

(concluded)

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
June 10, 2019
Quincy, FL

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES**

To the Honorable City Council,
City of Bristol, Florida:

We have examined the City of Bristol, Florida (the "City"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2018, as required by Section 10.556(10)(a), *Rules of the Auditor General*. 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 with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of 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 for the fiscal year ended September 30, 2018.

Moran & Smith LLP

Moran & Smith LLP
June 10, 2019
Quincy, FL

**MANAGEMENT LETTER IN ACCORDANCE WITH
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Honorable City Council,
City of Bristol, Florida:

Report on the Financial Statements

We have audited the financial statements of the City of Bristol, Florida (the "City") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 10, 2019.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated June 10, 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 report. There were no audit findings or recommendations identified in the preceding annual financial 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 the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority is disclosed in the notes to the financial statements.

**MANAGEMENT LETTER IN ACCORDANCE WITH
RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**
(concluded)

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7) *Rules of the Auditor General*, us to apply appropriate procedures and communicate the results of our determination as to whether on no the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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.b. 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 did not have any such recommendations.

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 have any such findings.

Purpose of this Letter

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

Moran & Smith LLP

Moran & Smith LLP

June 10, 2019

Quincy, FL